

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION
PARKE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
04/07/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheri L. Peacock	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Leonard R. Orr	07-01-12 to 06-30-16
President of the School Board	Steven Shawn Brown	07-01-12 to 06-30-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Southwest Parke Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

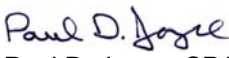
Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is February 18, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 7, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is February 18, 2016



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Southwest Parke Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 7, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is February 18, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Southwest Parke Community School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 7, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is February 18, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,194,588	\$ 7,002,987	\$ 6,748,617	\$ 17,204	\$ 1,466,162	\$ 7,134,041	\$ 7,055,755	\$ -	\$ 1,544,448
Debt Service	376,739	572,261	893,198	-	55,802	1,217,603	854,030	129,092	548,467
Capital Projects	133,164	594,667	640,434	-	87,397	591,121	600,006	-	78,512
School Transportation	33,502	511,843	543,942	-	1,403	542,025	527,817	-	15,611
School Bus Replacement	278,189	245,173	96,355	(20,000)	407,007	177,982	264,884	(129,147)	190,958
Rainy Day	451,592	390,000	476,096	160,000	525,496	-	393,420	-	132,076
Construction	355	140,000	-	(140,000)	355	-	-	-	355
School Lunch	226,043	505,705	515,603	-	216,145	481,077	508,419	-	188,803
Textbook Rental	82,945	172,163	112,442	-	142,666	80,767	11,821	-	211,613
Levy Excess	-	17,276	-	-	17,276	-	17,276	-	-
Child Care Program	6,415	22,540	33,950	-	(4,995)	31,217	21,852	-	4,370
Educational License Plates	(415)	113	-	-	(302)	131	-	-	(171)
Early Intervention Grant	(12,898)	20,298	-	-	7,400	-	3,871	-	3,529
College Success Coalition	1,000	5,000	375	-	5,625	-	202	-	5,423
Professional Development (Rosedale)	27	1,800	-	-	1,827	1,800	1,515	-	2,112
Rosedale Elementary Grants	1,317	440	1,450	-	307	1,300	150	-	1,457
Recreational Activities	200	-	-	-	200	-	-	-	200
Cultural Arts	1,750	-	-	-	1,750	-	553	-	1,197
Welfare Activities	3,365	3,287	2,255	-	4,397	3,890	1,916	-	6,371
Donations Account	1,472	500	-	-	1,972	1,000	1,300	-	1,672
Monsanto Grant	-	10,000	-	-	10,000	-	10,799	-	(799)
Vision Athena Mini Grant	122	-	-	-	122	-	122	-	-
Rosedale PCCF Grants	3,982	9,920	3,802	-	10,100	4,375	6,835	-	7,640
PCCF 4th Grade Grant	2,814	3,597	3,616	-	2,795	2,422	2,037	-	3,180
Rosedale Lilly Grant	1,147	-	267	-	880	-	-	-	880
Scholarships and Awards	194	-	-	-	194	-	224	-	(30)
LLC Grants from Parke County	500	-	-	-	500	-	-	-	500
PCCF Grants at Riverton Parke	3,633	3,860	1,164	-	6,329	1,381	1,549	-	6,161
Construction, Remodeling, and Equipping Buildings	-	630	601	-	29	200	115	-	114
High Ability	-	-	-	-	-	-	3,620	-	(3,620)
High Ability Grant FY 2011	8,051	-	8,051	-	-	-	-	-	-
High Ability Grant FY 2013	-	27,853	26,052	-	1,801	-	1,800	-	1
Quality Improvement Program	-	-	-	-	-	28,313	326	-	27,987
Computer Consortium Advancements	-	-	-	-	-	86,204	86,204	-	-
Medicaid Reimbursement	17,337	27,571	8,085	(17,204)	19,619	14,135	17,956	-	15,798
Secured School Safety Grant	-	-	-	-	-	-	4,127	-	(4,127)
Recreational Activities	869	-	185	-	684	-	570	-	114
School Technology	457	3,621	1,539	-	2,539	3,269	3,078	-	2,730
Technology Planning Grant	56,900	(2,390)	32,341	-	22,169	21,791	25,052	-	18,908
Senator David Ford Technology	-	-	175	-	(175)	33,582	102,753	-	(69,346)
Distance Learning Plan Grant	31	-	-	-	31	-	31	-	-
Title I FY 2012/2013	-	146,802	194,917	-	(48,115)	81,866	38,687	-	(4,936)
Title I FY 2013/2014	-	-	-	-	-	168,836	205,882	-	(37,046)
Title I - FY 2011/12	(99,007)	232,560	133,553	-	-	-	-	-	-
Innovative Education Program Strategies Title V (Part A)	1,026	-	1,019	-	7	-	7	-	-
Title I School Improvement	1,316	-	1,316	-	-	-	-	-	-
Title IV - Drug Free	266	-	-	-	266	-	266	-	-
Drug Free Schools	2,713	-	-	-	2,713	-	-	-	2,713
Improving Teaching Quality, No Child Left, Title II, Part A	(56,608)	56,608	-	-	-	-	21,979	-	(21,979)
ITQ, Enhanced Education Through Technology, Title II, Part D	-	-	-	-	-	-	438	-	(438)
Rural Schools and Low Income Program - Pass Through State	(19,538)	46,418	13,344	-	13,536	10,431	33,170	-	(9,203)
Education Technology	(31,905)	60,173	28,269	-	(1)	-	-	-	(1)
Qualified School Construction Bond	-	-	23,922	23,922	-	-	-	-	-
WWCI Wellness Program	3,184	100	-	-	3,284	50	-	-	3,334
Payroll Clearing	132,259	1,927,919	1,926,353	-	133,824	2,072,134	2,072,285	-	133,673
Skipjack Transactions	-	-	-	-	-	28,714	13,320	-	15,395
Totals	\$ 2,809,093	\$ 12,761,295	\$ 12,473,288	\$ 23,922	\$ 3,121,021	\$ 12,821,658	\$ 12,918,019	\$ (55)	\$ 3,024,605

The notes to the financial statement are and integral part of this statement.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains four funds with deficits in cash at June 30, 2013, and eleven funds with deficits in cash at June 30, 2014. Most of the deficits are a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30 of each school year. However, three regular funds also had deficit balances at June 30 of each year. At June 30, 2013, the Educational License Plates fund had a deficit of \$302; the Child Care Program fund had a deficit of \$4,995; and the Senator David Ford Technology fund had a deficit of \$175. At June 30, 2014, the Educational License Plates fund had a deficit of \$171; the Monsanto Grant fund had a deficit of \$799; and the Scholarships and Awards fund had a deficit of \$30.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Restatement*

For the year ended June 30, 2014, a change was made to the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The WWCI Wellness Program fund had a balance of \$3,184 as of June 30, 2012, and that balance will be added to the July 1, 2012, beginning balance of the current report.

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with the 17Southwest Parke Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$828,866 and \$1,023,814, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning Corrected	\$ 1,194,588	\$ 376,739	\$ 133,164	\$ 33,502	\$ 278,189	\$ 451,592	\$ 355	\$ 226,043
Receipts:								
Local sources	104,309	552,675	592,649	511,843	245,173	-	-	125,136
Intermediate sources	576	-	-	-	-	-	-	-
State sources	6,814,240	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	380,569
Other	83,862	19,586	2,018	-	-	390,000	140,000	-
Total receipts	7,002,987	572,261	594,667	511,843	245,173	390,000	140,000	505,705
Disbursements:								
Current:								
Instruction	4,782,950	-	-	-	-	-	-	-
Support services	1,893,398	-	452,871	543,942	96,355	-	-	-
Noninstructional services	72,269	-	-	-	-	-	-	515,603
Facilities acquisition and construction	-	-	187,563	-	-	476,096	-	-
Debt services	-	893,198	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	6,748,617	893,198	640,434	543,942	96,355	476,096	-	515,603
Excess (deficiency) of receipts over disbursements	254,370	(320,937)	(45,767)	(32,099)	148,818	(86,096)	140,000	(9,898)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	17,204	-	-	-	-	160,000	-	-
Transfers out	-	-	-	-	(20,000)	-	(140,000)	-
Total other financing sources (uses)	17,204	-	-	-	(20,000)	160,000	(140,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	271,574	(320,937)	(45,767)	(32,099)	128,818	73,904	-	(9,898)
Cash and investments - ending	\$ 1,466,162	\$ 55,802	\$ 87,397	\$ 1,403	\$ 407,007	\$ 525,496	\$ 355	\$ 216,145

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Early Intervention Grant	College Success Coalition	Professional Development (Rosedale)
Cash and investments - beginning Corrected	\$ 82,945	\$ -	\$ 6,415	\$ (415)	\$ (12,898)	\$ 1,000	\$ 27
Receipts:							
Local sources	82,470	17,276	22,540	-	-	-	-
Intermediate sources	-	-	-	113	-	-	-
State sources	88,739	-	-	-	20,298	-	-
Federal sources	-	-	-	-	-	-	-
Other	954	-	-	-	-	5,000	1,800
Total receipts	172,163	17,276	22,540	113	20,298	5,000	1,800
Disbursements:							
Current:							
Instruction	-	-	33,950	-	-	375	-
Support services	112,442	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	112,442	-	33,950	-	-	375	-
Excess (deficiency) of receipts over disbursements	59,721	17,276	(11,410)	113	20,298	4,625	1,800
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59,721	17,276	(11,410)	113	20,298	4,625	1,800
Cash and investments - ending	\$ 142,666	\$ 17,276	\$ (4,995)	\$ (302)	\$ 7,400	\$ 5,625	\$ 1,827

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Rosedale Elementary Grants	Recreational Activities	Cultural Arts	Welfare Activities	Donations Account	Monsanto Grant	Vision Athena Mini Grant
Cash and investments - beginning Corrected	\$ 1,317	\$ 200	\$ 1,750	\$ 3,365	\$ 1,472	\$ -	\$ 122
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	440	-	-	3,287	500	10,000	-
Total receipts	440	-	-	3,287	500	10,000	-
Disbursements:							
Current:							
Instruction	1,450	-	-	2,255	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,450	-	-	2,255	-	-	-
Excess (deficiency) of receipts over disbursements	(1,010)	-	-	1,032	500	10,000	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,010)	-	-	1,032	500	10,000	-
Cash and investments - ending	\$ 307	\$ 200	\$ 1,750	\$ 4,397	\$ 1,972	\$ 10,000	\$ 122

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Rosedale PCCF Grants	PCCF 4th Grade Grant	Rosedale Lilly Grant	Scholarships and Awards	LLC Grants From Parke County	PCCF Grants at Riverton Parke	Construction, Remodeling and Equipping Buildings
Cash and investments - beginning Corrected	\$ 3,982	\$ 2,814	\$ 1,147	\$ 194	\$ 500	\$ 3,633	\$ -
Receipts:							
Local sources	-	-	-	-	-	3,560	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	9,920	3,597	-	-	-	300	630
Total receipts	9,920	3,597	-	-	-	3,860	630
Disbursements:							
Current:							
Instruction	3,802	3,616	-	-	-	1,164	601
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	267	-	-	-	-
Total disbursements	3,802	3,616	267	-	-	1,164	601
Excess (deficiency) of receipts over disbursements	6,118	(19)	(267)	-	-	2,696	29
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,118	(19)	(267)	-	-	2,696	29
Cash and investments - ending	\$ 10,100	\$ 2,795	\$ 880	\$ 194	\$ 500	\$ 6,329	\$ 29

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	High Ability Grant FY 2011	High Ability Grant FY 2013	Medicaid Reimbursement	Recreational Activities	School Technology	Technology Planning Grant	Senator David Ford Technology
Cash and investments - beginning Corrected	\$ 8,051	\$ -	\$ 17,337	\$ 869	\$ 457	\$ 56,900	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	27,853	27,571	-	3,621	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	(2,390)	-
Total receipts	-	27,853	27,571	-	3,621	(2,390)	-
Disbursements:							
Current:							
Instruction	8,051	26,052	-	185	-	32,341	-
Support services	-	-	-	-	1,539	-	175
Noninstructional services	-	-	8,085	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	8,051	26,052	8,085	185	1,539	32,341	175
Excess (deficiency) of receipts over disbursements	(8,051)	1,801	19,486	(185)	2,082	(34,731)	(175)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(17,204)	-	-	-	-
Total other financing sources (uses)	-	-	(17,204)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,051)	1,801	2,282	(185)	2,082	(34,731)	(175)
Cash and investments - ending	\$ -	\$ 1,801	\$ 19,619	\$ 684	\$ 2,539	\$ 22,169	\$ (175)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Distance Learning Plan Grant	Title 1 FY 2012/2013	Title 1 FY 2011/2012	Innovative Education Program Strategies Title V (Part A)	Title 1 School Improvement	Title IV - Drug Free	Drug Free Schools
Cash and investments - beginning Corrected	\$ 31	\$ -	\$ (99,007)	\$ 1,026	\$ 1,316	\$ 266	\$ 2,713
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	146,802	232,560	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	146,802	232,560	-	-	-	-
Disbursements:							
Current:							
Instruction	-	188,292	98,673	1,019	1,316	-	-
Support services	-	6,625	34,880	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	194,917	133,553	1,019	1,316	-	-
Excess (deficiency) of receipts over disbursements	-	(48,115)	99,007	(1,019)	(1,316)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(48,115)	99,007	(1,019)	(1,316)	-	-
Cash and investments - ending	\$ 31	\$ (48,115)	\$ -	\$ 7	\$ -	\$ 266	\$ 2,713

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Education Technology	Qualified School Construction Bond	WWCI Wellness Program	Payroll Clearing	Totals
Cash and investments - beginning Corrected	\$ (56,608)	\$ (19,538)	\$ (31,905)	\$ -	\$ 3,184	\$ 132,259	\$ 2,809,093
Receipts:							
Local sources	-	-	-	-	-	-	2,257,631
Intermediate sources	-	-	-	-	-	-	689
State sources	-	-	-	-	-	-	6,982,322
Federal sources	-	46,418	60,173	-	-	-	866,522
Other	56,608	-	-	-	100	1,927,919	2,654,131
Total receipts	56,608	46,418	60,173	-	100	1,927,919	12,761,295
Disbursements:							
Current:							
Instruction	-	-	28,269	-	-	-	5,214,361
Support services	-	13,344	-	-	-	-	3,155,571
Noninstructional services	-	-	-	-	-	-	595,957
Facilities acquisition and construction	-	-	-	23,922	-	-	687,581
Debt services	-	-	-	-	-	-	893,198
Nonprogrammed charges	-	-	-	-	-	1,926,353	1,926,620
Total disbursements	-	13,344	28,269	23,922	-	1,926,353	12,473,288
Excess (deficiency) of receipts over disbursements	56,608	33,074	31,904	(23,922)	100	1,565	288,006
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	23,922	-	-	23,922
Transfers in	-	-	-	-	-	-	177,204
Transfers out	-	-	-	-	-	-	(177,204)
Total other financing sources (uses)	-	-	-	23,922	-	-	23,922
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56,608	33,074	31,904	-	100	1,565	311,928
Cash and investments - ending	\$ -	\$ 13,536	\$ (1)	\$ -	\$ 3,284	\$ 133,824	\$ 3,121,021

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,466,162	\$ 55,802	\$ 87,397	\$ 1,403	\$ 407,007	\$ 525,496	\$ 355	\$ 216,145
Receipts:								
Local sources	14,289	1,217,603	586,229	542,025	177,982	-	-	116,850
Intermediate sources	576	-	-	-	-	-	-	-
State sources	7,008,176	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	364,227
Other	111,000	-	4,892	-	-	-	-	-
Total receipts	7,134,041	1,217,603	591,121	542,025	177,982	-	-	481,077
Disbursements:								
Current:								
Instruction	4,734,725	-	-	-	-	-	-	-
Support services	2,247,034	-	345,951	527,817	264,884	-	-	50
Noninstructional services	73,996	-	-	-	-	-	-	508,369
Facilities acquisition and construction	-	-	254,055	-	-	229,429	-	-
Debt services	-	854,030	-	-	-	163,991	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,055,755	854,030	600,006	527,817	264,884	393,420	-	508,419
Excess (deficiency) of receipts over disbursements	78,286	363,573	(8,885)	14,208	(86,902)	(393,420)	-	(27,342)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	129,092	-	-	-	-	-	-
Transfers out	-	-	-	-	(129,147)	-	-	-
Total other financing sources (uses)	-	129,092	-	-	(129,147)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	78,286	492,665	(8,885)	14,208	(216,049)	(393,420)	-	(27,342)
Cash and investments - ending	\$ 1,544,448	\$ 548,467	\$ 78,512	\$ 15,611	\$ 190,958	\$ 132,076	\$ 355	\$ 188,803

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Early Intervention Grant	College Success Coalition	Professional Development (Rosedale)	Rosedale Elementary Grants
Cash and investments - beginning	\$ 142,666	\$ 17,276	\$ (4,995)	\$ (302)	\$ 7,400	\$ 5,625	\$ 1,827	\$ 307
Receipts:								
Local sources	32,988	-	31,217	-	-	-	-	-
Intermediate sources	-	-	-	131	-	-	-	-
State sources	45,303	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	2,476	-	-	-	-	-	1,800	1,300
Total receipts	80,767	-	31,217	131	-	-	1,800	1,300
Disbursements:								
Current:								
Instruction	-	-	21,852	-	3,871	202	1,515	150
Support services	11,821	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	17,276	-	-	-	-	-	-
Total disbursements	11,821	17,276	21,852	-	3,871	202	1,515	150
Excess (deficiency) of receipts over disbursements	68,946	(17,276)	9,365	131	(3,871)	(202)	285	1,150
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	68,946	(17,276)	9,365	131	(3,871)	(202)	285	1,150
Cash and investments - ending	\$ 211,613	\$ -	\$ 4,370	\$ (171)	\$ 3,529	\$ 5,423	\$ 2,112	\$ 1,457

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Recreational Activities	Cultural Arts	Welfare Activities	Donations Account	Monsanto Grant	Vision Athena Mini Grant	Rosedale PCCF Grants	PCCF 4th Grade Grant
Cash and investments - beginning	\$ 200	\$ 1,750	\$ 4,397	\$ 1,972	\$ 10,000	\$ 122	\$ 10,100	\$ 2,795
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	3,890	1,000	-	-	4,375	2,422
Total receipts	-	-	3,890	1,000	-	-	4,375	2,422
Disbursements:								
Current:								
Instruction	-	510	1,916	1,300	-	122	6,835	2,037
Support services	-	43	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	10,799	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	553	1,916	1,300	10,799	122	6,835	2,037
Excess (deficiency) of receipts over disbursements	-	(553)	1,974	(300)	(10,799)	(122)	(2,460)	385
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(553)	1,974	(300)	(10,799)	(122)	(2,460)	385
Cash and investments - ending	\$ 200	\$ 1,197	\$ 6,371	\$ 1,672	\$ (799)	\$ -	\$ 7,640	\$ 3,180

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Rosedale Lilly Grant	Scholarships and Awards	LLC Grants From Parke County	PCCF Grants at Riverton Parke	Construction, Remodeling and Equipping Buildings	High Ability	High Ability Grant FY 2013	Quality Improvement Program
Cash and investments - beginning	\$ 880	\$ 194	\$ 500	\$ 6,329	\$ 29	\$ -	\$ 1,801	\$ -
Receipts:								
Local sources	-	-	-	1,381	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	28,313
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	200	-	-	-
Total receipts	-	-	-	1,381	200	-	-	28,313
Disbursements:								
Current:								
Instruction	-	224	-	1,549	115	3,620	1,800	326
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	224	-	1,549	115	3,620	1,800	326
Excess (deficiency) of receipts over disbursements	-	(224)	-	(168)	85	(3,620)	(1,800)	27,987
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(224)	-	(168)	85	(3,620)	(1,800)	27,987
Cash and investments - ending	\$ 880	\$ (30)	\$ 500	\$ 6,161	\$ 114	\$ (3,620)	\$ 1	\$ 27,987

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Computer Consortium Advancements	Medicaid Reimbursement	Secured School Safety Grant	Recreational Activities	School Technology	Technology Planning Grant	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ 19,619	\$ -	\$ 684	\$ 2,539	\$ 22,169	\$ (175)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	86,204	14,135	-	-	3,269	-	33,582
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	21,791	-
Total receipts	86,204	14,135	-	-	3,269	21,791	33,582
Disbursements:							
Current:							
Instruction	-	-	-	570	-	25,052	9,453
Support services	86,204	-	4,127	-	3,078	-	93,300
Noninstructional services	-	17,956	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	86,204	17,956	4,127	570	3,078	25,052	102,753
Excess (deficiency) of receipts over disbursements	-	(3,821)	(4,127)	(570)	191	(3,261)	(69,171)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,821)	(4,127)	(570)	191	(3,261)	(69,171)
Cash and investments - ending	\$ -	\$ 15,798	\$ (4,127)	\$ 114	\$ 2,730	\$ 18,908	\$ (69,346)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Distance Learning Plan Grant	Title 1 FY 2012/2013	Title 1 FY 2013/2014	Innovative Education Program Strategies Title V (Part A)	Title IV - Drug Free	Drug Free Schools	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ 31	\$ (48,115)	\$ -	\$ 7	\$ 266	\$ 2,713	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	81,866	168,836	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	81,866	168,836	-	-	-	-
Disbursements:							
Current:							
Instruction	31	37,825	202,457	7	266	-	21,979
Support services	-	862	3,425	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	31	38,687	205,882	7	266	-	21,979
Excess (deficiency) of receipts over disbursements	(31)	43,179	(37,046)	(7)	(266)	-	(21,979)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31)	43,179	(37,046)	(7)	(266)	-	(21,979)
Cash and investments - ending	\$ -	\$ (4,936)	\$ (37,046)	\$ -	\$ -	\$ 2,713	\$ (21,979)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools and Low Income Program - Pass Through State	Education Technology	WWCI Wellness Program	Payroll Clearing	Skipjack Transactions	Totals
Cash and investments - beginning	\$ -	\$ 13,536	\$ (1)	\$ 3,284	\$ 133,824	\$ -	\$ 3,121,021
Receipts:							
Local sources	-	-	-	-	-	-	2,720,564
Intermediate sources	-	-	-	-	-	-	707
State sources	-	-	-	-	-	-	7,218,982
Federal sources	-	10,431	-	-	-	-	625,360
Other	-	-	-	50	2,072,134	28,714	2,256,044
Total receipts	-	10,431	-	50	2,072,134	28,714	12,821,658
Disbursements:							
Current:							
Instruction	438	-	-	-	-	-	5,080,747
Support services	-	33,170	-	-	-	-	3,621,766
Noninstructional services	-	-	-	-	-	-	600,321
Facilities acquisition and construction	-	-	-	-	-	-	494,283
Debt services	-	-	-	-	-	-	1,018,021
Nonprogrammed charges	-	-	-	-	2,072,285	13,320	2,102,881
Total disbursements	438	33,170	-	-	2,072,285	13,320	12,918,019
Excess (deficiency) of receipts over disbursements	(438)	(22,739)	-	50	(151)	15,395	(96,361)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	129,092
Transfers out	-	-	-	-	-	-	(129,147)
Total other financing sources (uses)	-	-	-	-	-	-	(55)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(438)	(22,739)	-	50	(151)	15,395	(96,416)
Cash and investments - ending	<u>\$ (438)</u>	<u>\$ (9,203)</u>	<u>\$ (1)</u>	<u>\$ 3,334</u>	<u>\$ 133,673</u>	<u>\$ 15,395</u>	<u>\$ 3,024,605</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 145,000</u>	<u>\$ 150,695</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Lease Payable	School Buildings	\$ 8,790,000	\$ 959,500
Lease Payable	PVETI & Health Center	127,400	8,000
Loan Payable	Common School Technology Loan	71,837	29,453
Loan Payable	Qualified School Construction Loan	<u>342,000</u>	<u>31,371</u>
Total governmental activities		<u>9,331,237</u>	<u>1,028,325</u>
Totals		<u>\$ 9,331,237</u>	<u>\$ 1,028,325</u>

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SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 2,152,500
Buildings	21,407,299
Improvements other than buildings	4,754,451
Machinery, equipment, and vehicles	<u>5,464,174</u>
Total governmental activities	<u>33,778,424</u>
Total capital assets	<u>\$ 33,778,424</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Southwest Parke Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated April 7, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Special Education Cluster was also audited as a major program due to the change.

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, and 2014-004 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 7, 2015, except for the Special Education Cluster, as to which the date is February 18, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553		\$ 96,061	\$ 88,046
0800 School Lunch					
National School Lunch Program	Indiana Department of Education	10.555		285,003	304,118
0800 School Lunch					
Total - Child Nutrition Cluster				381,064	392,164
Total - Department of Agriculture				381,064	392,164
Department of Education					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I For Year 2010-2011		84.010	10-6260	6,620	-
Title I For Year 2011-2012		84.010	11-6260	259,239	-
Title I For Year 2012-2013		84.010	12-6260	113,504	116,731
Title I For Year 2013-2014		84.010	13-6260	-	133,971
Total - Title I Grants to Local Educational Agencies				379,363	250,702
Total - Title I, Part A Cluster				379,363	250,702
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027			
FY 10-11			14211-008-PN01	13,618	-
FY 11-12			14212-008-PN01	69,839	10,743
FY 12-13			14213-008-PN01	154,837	58,342
FY 13-14			14214-008-PN01	-	172,431
			99999-008-PN01	-	807
				238,294	242,323
Special Education_Preschool Grants	Indiana Department of Education	84.173			
FY 10-11			45711-008-PN01	132	-
FY 11-12			45712-008-PN01	3,686	1,532
FY 12-13			45713-008-PN01	8,367	3,180
FY 13-14			45714-008-PN01	-	9,155
				12,185	13,867
Total - Special Education Cluster (IDEA)				250,479	256,190
Rural Education	Indiana Department of Education				
Rural Education For Year 2011-2012		84.358	10-6260	24,225	-
Rural Education For Year 2012-2013		84.358	11-6260	22,193	-
Rural Education For Year 2013-2014		84.358	12-6260	-	10,431
Total - Rural Education				46,418	10,431
Education Jobs Fund	Indiana Department of Education				
Education Jobs Fund		84.410	10-6260	60,173	-
Total - Department of Education				736,433	517,323
Total federal awards expended				\$ 1,117,497	\$ 909,487

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2 Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 31,329	\$ 30,839

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u> Name of Federal Program or Cluster </u>
Child Nutrition Cluster
Special Education Cluster (IDEA)
Title I, Part A Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
----------------------------------------	----

Section II - Financial Statement Findings

**FINDING 2014-001 - INTERNAL CONTROLS AND COMPLIANCE
OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and, as a result, has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement. The failure to establish these controls and perform the control activities resulted in the Financial Statement containing material errors.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Preparation of the Schedule of Expenditures of Federal Awards (SEFA): The Treasurer did not have a proper system of internal control in place to prevent or detect errors on the SEFA. During the audit of the SEFA, we noted the following errors: The Child Nutrition funds awarded by the Department of Agriculture and the Education Jobs Fund and Special Education funds awarded from the Department of Education were not listed. Title I, Part A and Rural Education awards from the Department of Education were not listed with the proper name of the award or the accurate amount of the award. The SEFA included state grants that should not have been reported. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

***FINDING 2014-002 - INTERNAL CONTROL OVER PROCUREMENT
AND SUSPENSION AND DEBARMENT***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553 and 10.555

Pass-Through Entity Year: For Year 2012-2013 and Year 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's officials establish and implement effective internal controls over procurement and suspension and debarment to ensure compliance and to comply with Procurement and Suspension and Debarment requirements of the programs.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-003 - INTERNAL CONTROL OVER TITLE I - REPORTING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Pass-Through Entity Number and Year: 10-6260, 11-6260, 12-6260; and 13-6260
for Years 2012, 2013, and 2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and reporting for Title I. Control activities should be selected and developed at various levels to reduce risks of error and/or fraud related to federal award programs. The School Corporation has separated incompatible activities within the managing of the requirements for the Title I federal award programs; however, no documentation was available to allow us to determine that the control was implemented and operating effectively. Per the School Corporation, the reimbursement requests are being prepared by the Treasurer and reviewed by the Program Administrator before being sent to the Department of Education. However, no documentation was available to verify this.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including having more than one person review reports being submitted for the Title I program.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-004 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States and Special Education_Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-008-PN01, 14212-008-PN01,
14213-008-PN01, 14214-008-PN01,
99999-008-PN01, 45711-008-PN01,
45712-008-PN01, 45713-008-PN01,
45714-008-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation is a member of the Special Education District (Cooperative). The Cooperative operates the Special Education program and manages the Special Education grant funds.

Management of the Cooperative has not established an effective internal control system, which includes segregation of duties, related to the grant agreement and Cash Management and Reporting compliance requirements that have a direct and material effect on the programs.

Requests for reimbursement were prepared and filed by the Cooperative's Treasurer. The Cooperative has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and that the expenditures submitted for reimbursement were paid prior to the request.

Requests for reimbursement are not based on the actual amounts paid. The Cooperative Treasurer used the year to date expenses paid per the appropriation report less reimbursements already received to request reimbursement.

The failure to establish an effective internal control system places the Cooperative at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 80.21 states in part:

"(b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205. . . .

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

31 CFR 205.12 (b)(5) states:

"Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial Reporting.* Accurate, current and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management develop and implement procedures to establish controls to monitor the Cooperative to ensure compliance with the compliance requirements listed above.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION

Montezuma Elementary

Rosedale Elementary

Riverton Parke Jr./Sr. High School

**4851 S. Coxville Road
Montezuma, Indiana 47862**

Voice 765-569-2073

Fax 765-569-0309

Leonard Orr
Superintendent of Schools

Cheri Peacock
Corporation Treasurer

Leslie Shaffer
*Corporation Deputy Treasurer
Corporation Secretary*

January 30, 2015

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2010-2

Original Assigned SBA Audit Report Number: B38521
Report Period: 07/01/2008 to 06/30/2010
Contact Person Responsible for Corrective Action: Corporation Treasurer
Contact Phone Number: 765-569-2073

Status of Audit Finding: We continue to gain an understanding of reporting requirements each time we are audited. The treasurer and deputy treasurer work together in balancing funds, reports are initialed and given to the superintendent and school board each month. The treasurer and deputy treasurer work together cross checking payroll, receipts, Form 9's, accounts payable vouchers, and bank statement for accuracy on a daily basis. We have strived to meet the recommendation of previous audits to improve our "control" procedures.

FINDING 2012-2

Original Assigned SBA Audit Report Number: B41988
Report Period: 07/01/2010 to 06/30/2012
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Corporation Treasurer
Contact Phone Number: 765-569-2073

Status of Audit Finding: School lunch receipts, disbursements, and balances are now included in the monthly report from Riverton Parke Jr/Sr High Schools ECA ledger. This report is included in the Board Packet given to them prior to each Board meeting.

FINDING 2012-3

Original Assigned SBA Audit Report Number: B41988
Report Period: 07/01/2010 to 06/30/2012
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Corporation Treasurer
Contact Phone Number: 765-569-2073

Status of Audit Finding: This trivial amount was properly reported to the IDOE and was subsequently spent on Title I program. We don't have problems with period of availability since Title I is now a reimbursement grant.

Cheri L. Peacock
(Signature)

Treasurer
(Title)

January 30, 2015
(Date)

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Leonard Orr
Superintendent of Schools

Cheri Peacock
Corporation Treasurer

Leslie Shaffer
*Corporation Deputy Treasurer
Corporation Secretary*

CORRECTIVE ACTION PLAN

March 18, 2015

FINDING 2014-001

Contact Person Responsible for Corrective Action: Cheri Peacock, Corporation Treasurer
Contact Phone Number: 765-569-2073

Description of Corrective Action Plan:

When preparing the financial records the treasurer and deputy treasurer will make sure that the Form 9 reconciles with the June 30 and December 31 fund balances before it is submitted. We will sign off that both of us agree with the totals by initialing and dating our file copies.

Using the prior report for guidance, the treasurer and deputy treasurer will review grants and make sure all grants and related information is included on the SEFA (federal report). If we have questions, we will contact State Board of Accounts for assistance. We will use Catalog of Federal Domestic Assistance website, <https://www.cfda.gov/>, to verify the proper name and CFDA number is used on the report.

Anticipated Completion Date: **We will do this before August 31, 2015, when the annual report is due.**

FINDING 2014-002

Contact Person Responsible for Corrective Action: Cheri Peacock, Corporation Treasurer
Contact Phone Number: 765-569-2073

Description of Corrective Action Plan:

If we use a vendor recommended by Hospital Purchasing Service, we will ask for documentation that the vendor recommended is not suspended or disbarred. If we anticipate spending \$25,000 with a vendor we contact, we will check their status online ourselves at <https://www.sam.gov/portal/public/SAM>. Documentation showing we have checked vendor status will be placed on file.

Anticipated Completion Date: **Immediately**

FINDING 2014-003

Contact Person Responsible for Corrective Action: Cheri Peacock, Corporation Treasurer
Contact Phone Number: 765-569-2073

Description of Corrective Action Plan:

We will prepare a verification sign off sheet for each report submitted to the Indiana Department of Education. Both the Treasurer and the Title I Program Director will check the data and sign off on the sheet.

Anticipated Completion Date: **Immediately**

Cheri L. Peacock
(Signature)

Treasurer
(Title)

March 18, 2015
(Date)

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Leonard Orr
Superintendent of Schools

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Leslie Shaffer
*Corporation Deputy Treasurer
Corporation Secretary*

CORRECTIVE ACTION PLAN

FEBRUARY 18, 2016

FINDING 2014-004 – CASH MANAGEMENT AND REPORTING

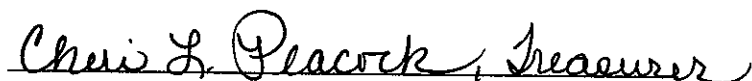
Contact Person(s) Responsible for Corrective Action: Cheri Peacock, Corporation Treasurer
Leonard R. Orr, Superintendent

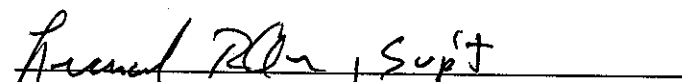
Both Treasurer and Superintendent will work with Covered Bridge Special Education Cooperative to ensure that they will establish internal controls over cash management and reporting.


The Treasurer and Superintendent will work with the Covered Bridge Special Education Cooperative to ensure that reimbursement requests are based on actual expenditures and are reviewed or approved prior to the submission of the requests.

The Treasurer and Superintendent will work with the Covered Bridge Special Education Cooperative to ensure that required reports are accurately prepared.

Anticipated Completion Date: Immediately, effective 02/18/2016,


Cheri L. Peacock, Treasurer


Leonard R. Orr, Superintendent


Steven S. Brown, Board President

Dated this 18th day of February, 2016

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.