

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WARRICK COUNTY SCHOOL CORPORATION
WARRICK COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/22/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sarah L. Evans	07-01-12 to 06-30-15
Superintendent of Schools	Brad Schneider	07-01-12 to 06-30-15
President of the School Board	Gary Hachmeister	07-01-12 to 06-30-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Warrick County 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.

NDEPENDENT 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, 2015, 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, and Schedule of Leases and Debt, 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, 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



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 WARRICK COUNTY SCHOOL
CORPORATION, WARRICK 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 Warrick County 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, 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 items 2014-001 and 2014-002 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.

Warrick County 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

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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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WARRICK COUNTY 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			Other Financing	Cash and Investments			Other Financing	Cash and Investments
	07-01-12	Receipts	Disbursements	Sources (Uses)	06-30-13	Receipts	Disbursements	Sources (Uses)	06-30-14
General	\$ 9,425,342	\$ 58,691,820	\$ 58,675,800	\$ 26,083	\$ 9,467,445	\$ 59,847,492	\$ 60,000,218	\$ 11,570	\$ 9,326,289
Debt Service	4,786,960	6,835,735	8,831,783	-	2,790,912	5,877,701	5,011,282	-	3,657,331
Retirement/Severance Bond Debt Service	234,106	2,067,502	1,923,457	-	378,151	1,672,555	1,926,561	-	124,145
Capital Projects	1,808,719	9,441,425	9,086,049	(873,351)	1,290,744	10,149,653	8,969,227	(1,003,090)	1,468,080
School Transportation	2,053,961	6,618,295	6,119,676	103,718	2,656,298	6,872,401	6,536,727	(372,052)	2,619,920
School Bus Replacement	406,793	589,764	474,144	(110,000)	412,413	613,254	558,258	(100,000)	367,409
Rainy Day	1,483,855	1,450	1,182,646	983,351	1,286,010	1,070	926,256	1,478,121	1,838,945
Retirement/Severance Bond	25,759	-	25,759	-	-	-	-	-	-
Post-Retirement/Severance Future Benefits	238,659	332	19,391	-	219,600	-	36,473	-	183,127
Construction Fund - Technology	20,742	2,047,335	285,247	-	1,782,830	589,371	1,794,190	-	578,011
Construction Fund	36,122	-	33,939	-	2,183	100,000	2,183	-	100,000
School Lunch	1,066,216	4,664,088	4,612,961	-	1,117,343	4,731,236	5,205,382	-	643,197
Textbook Rental	287,099	860,048	669,996	-	477,151	875,563	741,170	-	611,544
Self-Insurance	2,090,852	9,605,500	7,725,506	-	3,970,846	8,648,872	7,542,853	-	5,076,865
Levy Excess	103,297	-	-	(103,297)	-	-	-	-	-
Alternative Education	-	13,410	13,410	-	-	9,574	9,574	-	-
Safe Haven 12-13	-	5,000	10,000	-	(5,000)	5,000	-	-	-
Safe Haven 13-14	-	-	-	-	-	7,000	7,000	-	-
Sage Haven 11-12	(6,000)	6,000	-	-	-	-	-	-	-
Scholarships and Awards	1,150	-	-	-	1,150	-	-	-	1,150
Communities That Care 12-13	-	85,000	130,000	-	(45,000)	45,000	-	-	-
CSMS/Project Lead the Way 12-13	-	15,500	3,403	-	12,097	17,000	29,097	-	-
Monsanto Grant	-	-	-	-	-	10,000	10,000	-	-
Alcoa Foundation	857	-	400	-	457	-	431	-	26
Alcoa - Learn and Serve	1,315	10,000	8,824	-	2,491	-	2,491	-	-
Adult Literacy Grant	-	12,000	11,662	-	338	-	338	-	-
Character Counts/Literacy	-	5,000	4,773	-	227	-	227	-	-
WCSC-Disaster Relief Donation	5	-	-	-	5	-	-	-	5
High Ability 13-14	-	-	-	-	-	62,451	62,451	-	-
Gifted and Talented 12-13	-	62,294	62,294	-	-	-	-	-	-
Non-English Speaking 12-13	-	10,208	9,676	-	532	-	532	-	-
Non-English Speaking 13-14	-	-	-	-	-	8,632	8,632	-	-
School Technology	15,947	8,319	-	-	24,266	8,316	-	-	32,582
Title I - 12-13	-	524,908	594,144	-	(69,236)	337,471	268,235	-	-
Title I - 13-14	-	-	-	-	-	594,066	669,215	-	(75,149)
Title I - 11-12	(99,298)	362,202	262,904	-	-	-	-	-	-
Special Education Grant	(67,810)	67,810	-	-	-	-	-	-	-
Special Education Grant 2013	-	2,125,978	2,154,568	-	(28,590)	28,590	-	-	-
Special Education Grant 2014	-	-	-	-	-	1,895,876	2,115,365	-	(219,489)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	70,000	70,000	-	-	-	-	-	-
Special Education Improvement 2013	-	-	-	-	-	68,276	68,276	-	-
Special Education Technology Assist 2014	-	-	-	-	-	32,060	39,772	-	(7,712)
Preschool Grant	(12,371)	12,371	-	-	-	-	-	-	-
Preschool Grant 2013	-	103,972	113,519	-	(9,547)	9,547	-	-	-
Preschool Grant 2014	-	-	-	-	-	110,721	110,721	-	-
21st Century Learning 11-12	55	-	55	-	-	-	-	-	-
21st Century Learning 12-13	-	169,435	175,001	-	(5,566)	5,566	-	-	-
21st Century Learning 13-14	-	-	-	-	-	175,000	175,000	-	-
Title II, Part A 13-14	-	-	-	-	-	242,441	242,441	-	-
Title II, Part A 12-13	-	256,493	256,493	-	-	5,580	5,580	-	-
Title II, Part A, 11-12	(29,380)	143,918	114,538	-	-	-	-	-	-
Title III- English Proficiency 13-14	-	-	-	-	-	14,701	14,779	-	(78)
Title III - English Proficiency 12-13	-	15,994	15,994	-	-	-	-	-	-
Education Jobs	-	36,075	36,075	-	-	-	-	-	-
Payroll Withholding	-	18,883,708	18,883,708	-	-	18,954,316	18,954,316	-	-
Totals	\$ 23,872,952	\$ 124,428,889	\$ 122,597,795	\$ 26,504	\$ 25,730,550	\$ 122,626,352	\$ 122,045,253	\$ 14,549	\$ 26,326,198

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

WARRICK COUNTY 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.

WARRICK COUNTY 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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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 some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into a capital lease with Castle Middle 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 \$8,671,592 and \$4,855,805, respectively.

Note 9. *Subsequent Events*

The School Corporation approved the issuance of \$15,000,000 in General Obligation Bonds on January 19, 2015. The proceeds are to be used for the following projects: renovation to and improvements to Castle High School, renovation of and improvements to Tecumseh High School, renovation of and improvements to Boonville High School, renovation of and improvements to Oakdale Elementary School, renovation of and improvements to John H. Castle Elementary School, renovation of and improvements to Newburgh Elementary School, renovation of and improvements to Castle North Middle School and renovation of and improvements to the Administration Building.

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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.

WARRICK COUNTY 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 9,425,342	\$ 4,786,960	\$ 234,106	\$ 1,808,719	\$ 2,053,961	\$ 406,793	\$ 1,483,855	\$ 25,759
Receipts:								
Local sources	770,668	6,835,735	2,067,502	9,141,861	6,550,768	589,764	1,450	-
Intermediate sources	833	-	-	-	-	-	-	-
State sources	57,852,268	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	299,564	-	-	-	-
Other	68,051	-	-	-	67,527	-	-	-
Total receipts	<u>58,691,820</u>	<u>6,835,735</u>	<u>2,067,502</u>	<u>9,441,425</u>	<u>6,618,295</u>	<u>589,764</u>	<u>1,450</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	40,676,921	-	-	-	-	-	-	25,759
Support services	16,614,216	-	-	3,264,419	6,119,676	474,144	100,207	-
Noninstructional services	1,381,743	-	-	-	-	-	-	-
Facilities acquisition and construction	1,920	-	-	5,821,630	-	-	1,082,439	-
Debt services	1,000	8,831,783	1,923,457	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>58,675,800</u>	<u>8,831,783</u>	<u>1,923,457</u>	<u>9,086,049</u>	<u>6,119,676</u>	<u>474,144</u>	<u>1,182,646</u>	<u>25,759</u>
Excess (deficiency) of receipts over disbursements	<u>16,020</u>	<u>(1,996,048)</u>	<u>144,045</u>	<u>355,376</u>	<u>498,619</u>	<u>115,620</u>	<u>(1,181,196)</u>	<u>(25,759)</u>
Other financing sources (uses):								
Sale of capital assets	26,083	-	-	-	421	-	-	-
Transfers in	-	-	-	-	103,297	-	983,351	-
Transfers out	-	-	-	(873,351)	-	(110,000)	-	-
Total other financing sources (uses)	<u>26,083</u>	<u>-</u>	<u>-</u>	<u>(873,351)</u>	<u>103,718</u>	<u>(110,000)</u>	<u>983,351</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>42,103</u>	<u>(1,996,048)</u>	<u>144,045</u>	<u>(517,975)</u>	<u>602,337</u>	<u>5,620</u>	<u>(197,845)</u>	<u>(25,759)</u>
Cash and investments - ending	<u>\$ 9,467,445</u>	<u>\$ 2,790,912</u>	<u>\$ 378,151</u>	<u>\$ 1,290,744</u>	<u>\$ 2,656,298</u>	<u>\$ 412,413</u>	<u>\$ 1,286,010</u>	<u>\$ -</u>

WARRICK COUNTY 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)

	Post- Retirement/ Severance Future Benefits	Construction Fund Technology	Construction Fund	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education
Cash and investments - beginning	\$ 238,659	\$ 20,742	\$ 36,122	\$ 1,066,216	\$ 287,099	\$ 2,090,852	\$ 103,297	\$ -
Receipts:								
Local sources	332	-	-	2,814,271	629,816	9,605,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	59,923	230,232	-	-	13,410
Federal sources	-	-	-	1,774,489	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	2,047,335	-	15,405	-	-	-	-
Total receipts	332	2,047,335	-	4,664,088	860,048	9,605,500	-	13,410
Disbursements:								
Current:								
Instruction	11,382	-	-	-	-	-	-	13,410
Support services	8,009	3,680	-	2,264	669,996	-	-	-
Noninstructional services	-	-	-	4,610,697	-	-	-	-
Facilities acquisition and construction	-	281,567	33,939	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	7,725,506	-	-
Total disbursements	19,391	285,247	33,939	4,612,961	669,996	7,725,506	-	13,410
Excess (deficiency) of receipts over disbursements	(19,059)	1,762,088	(33,939)	51,127	190,052	1,879,994	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(103,297)	-
Total other financing sources (uses)	-	-	-	-	-	-	(103,297)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,059)	1,762,088	(33,939)	51,127	190,052	1,879,994	(103,297)	-
Cash and investments - ending	\$ 219,600	\$ 1,782,830	\$ 2,183	\$ 1,117,343	\$ 477,151	\$ 3,970,846	\$ -	\$ -

WARRICK COUNTY 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)

	Safe Haven 12-13	Safe Haven 13-14	Safe Haven 11-12	Scholarships and Awards	Communities That Care 12-13	CSMS/Project Lead the Way 12-13	Monsanto Grant	Alcoa Foundation
Cash and investments - beginning	\$ -	\$ -	\$ (6,000)	\$ 1,150	\$ -	\$ -	\$ -	\$ 857
Receipts:								
Local sources	-	-	-	-	85,000	15,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,000	-	6,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>85,000</u>	<u>15,500</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	3,403	-	400
Support services	10,000	-	-	-	130,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>3,403</u>	<u>-</u>	<u>400</u>
Excess (deficiency) of receipts over disbursements	<u>(5,000)</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>(45,000)</u>	<u>12,097</u>	<u>-</u>	<u>(400)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,000)</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>(45,000)</u>	<u>12,097</u>	<u>-</u>	<u>(400)</u>
Cash and investments - ending	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ (45,000)</u>	<u>\$ 12,097</u>	<u>\$ -</u>	<u>\$ 457</u>

WARRICK COUNTY 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)

	Alcoa - Learn and Serve	Adult Literacy Grant	Character Counts/ Literacy	WCSC-Disaster Relief Donation	High Ability 13-14	Gifted and Talented 12-13	Non-English Speaking 12-13	Non-English Speaking 13-14
Cash and investments - beginning	\$ 1,315	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	10,000	12,000	5,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	62,294	10,208	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>10,000</u>	<u>12,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>62,294</u>	<u>10,208</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	7,373	11,662	-	-	-	62,294	9,676	-
Support services	1,451	-	4,773	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,824</u>	<u>11,662</u>	<u>4,773</u>	<u>-</u>	<u>-</u>	<u>62,294</u>	<u>9,676</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,176</u>	<u>338</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>532</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,176</u>	<u>338</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>532</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,491</u>	<u>\$ 338</u>	<u>\$ 227</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532</u>	<u>\$ -</u>

WARRICK COUNTY 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)

	School Technology	Title I 12-13	Title I 13-14	Title I 11-12	Special Education Grant	Special Education Grant 2013	Special Education Grant 2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 15,947	\$ -	\$ -	\$ (99,298)	\$ (67,810)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,319	-	-	-	-	-	-	-
Federal sources	-	524,908	-	362,202	67,810	2,125,978	-	70,000
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>8,319</u>	<u>524,908</u>	<u>-</u>	<u>362,202</u>	<u>67,810</u>	<u>2,125,978</u>	<u>-</u>	<u>70,000</u>
Disbursements:								
Current:								
Instruction	-	553,090	-	229,324	-	1,617,120	-	-
Support services	-	30,952	-	33,200	-	507,598	-	70,000
Noninstructional services	-	10,102	-	380	-	29,850	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>594,144</u>	<u>-</u>	<u>262,904</u>	<u>-</u>	<u>2,154,568</u>	<u>-</u>	<u>70,000</u>
Excess (deficiency) of receipts over disbursements	<u>8,319</u>	<u>(69,236)</u>	<u>-</u>	<u>99,298</u>	<u>67,810</u>	<u>(28,590)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8,319</u>	<u>(69,236)</u>	<u>-</u>	<u>99,298</u>	<u>67,810</u>	<u>(28,590)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 24,266</u>	<u>\$ (69,236)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,590)</u>	<u>\$ -</u>	<u>\$ -</u>

WARRICK COUNTY 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)

	Special Education Improvement 2013	Special Education Technology Assist 2014	Preschool Grant	Preschool Grant 2013	Preschool Grant 2014	21st Century Learning 11-12	21st Century Learning 12-13	21st Century Learning 13-14
Cash and investments - beginning	\$ -	\$ -	\$ (12,371)	\$ -	\$ -	\$ 55	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	12,371	103,972	-	-	169,435	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	12,371	103,972	-	-	169,435	-
Disbursements:								
Current:								
Instruction	-	-	-	111,946	-	55	119,594	-
Support services	-	-	-	-	-	-	55,407	-
Noninstructional services	-	-	-	1,573	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	113,519	-	55	175,001	-
Excess (deficiency) of receipts over disbursements	-	-	12,371	(9,547)	-	(55)	(5,566)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	12,371	(9,547)	-	(55)	(5,566)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (9,547)	\$ -	\$ -	\$ (5,566)	\$ -

WARRICK COUNTY 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)

	Title II Part A 13-14	Title II Part A 12-13	Title II Part A 11-12	Title III English Proficiency 13-14	Title III English Proficiency 12-13	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (29,380)	\$ -	\$ -	\$ -	\$ -	\$ 23,872,952
Receipts:								
Local sources	-	-	-	-	-	-	-	39,135,167
Intermediate sources	-	-	-	-	-	-	-	833
State sources	-	-	-	-	-	-	-	58,247,654
Federal sources	-	256,493	143,918	-	15,994	36,075	-	5,663,645
Temporary loans	-	-	-	-	-	-	-	299,564
Other	-	-	-	-	-	-	18,883,708	21,082,026
Total receipts	-	256,493	143,918	-	15,994	36,075	18,883,708	124,428,889
Disbursements:								
Current:								
Instruction	-	254,694	109,461	-	15,994	36,075	-	43,869,633
Support services	-	-	-	-	-	-	-	28,099,992
Noninstructional services	-	1,799	5,077	-	-	-	-	6,041,221
Facilities acquisition and construction	-	-	-	-	-	-	-	7,221,495
Debt services	-	-	-	-	-	-	-	10,756,240
Nonprogrammed charges	-	-	-	-	-	-	18,883,708	26,609,214
Total disbursements	-	256,493	114,538	-	15,994	36,075	18,883,708	122,597,795
Excess (deficiency) of receipts over disbursements	-	-	29,380	-	-	-	-	1,831,094
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	26,504
Transfers in	-	-	-	-	-	-	-	1,086,648
Transfers out	-	-	-	-	-	-	-	(1,086,648)
Total other financing sources (uses)	-	-	-	-	-	-	-	26,504
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	29,380	-	-	-	-	1,857,598
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,730,550

WARRICK COUNTY 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 9,467,445	\$ 2,790,912	\$ 378,151	\$ 1,290,744	\$ 2,656,298	\$ 412,413	\$ 1,286,010	\$ -
Receipts:								
Local sources	515,770	5,877,701	1,672,555	10,149,653	6,821,479	613,254	1,070	-
Intermediate sources	833	-	-	-	-	-	-	-
State sources	59,299,649	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	31,240	-	-	-	50,922	-	-	-
Total receipts	59,847,492	5,877,701	1,672,555	10,149,653	6,872,401	613,254	1,070	-
Disbursements:								
Current:								
Instruction	41,212,988	-	-	-	-	-	-	-
Support services	17,384,181	-	-	3,272,345	6,515,890	558,258	135,915	-
Noninstructional services	1,401,320	-	-	-	-	-	-	-
Facilities acquisition and construction	1,728	-	-	5,696,882	20,837	-	790,341	-
Debt services	1	5,011,282	1,926,561	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	60,000,218	5,011,282	1,926,561	8,969,227	6,536,727	558,258	926,256	-
Excess (deficiency) of receipts over disbursements	(152,726)	866,419	(254,006)	1,180,426	335,674	54,996	(925,186)	-
Other financing sources (uses):								
Sale of capital assets	11,570	-	-	2,531	448	-	-	-
Transfers in	-	-	-	-	-	-	1,478,121	-
Transfers out	-	-	-	(1,005,621)	(372,500)	(100,000)	-	-
Total other financing sources (uses)	11,570	-	-	(1,003,090)	(372,052)	(100,000)	1,478,121	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(141,156)	866,419	(254,006)	177,336	(36,378)	(45,004)	552,935	-
Cash and investments - ending	\$ 9,326,289	\$ 3,657,331	\$ 124,145	\$ 1,468,080	\$ 2,619,920	\$ 367,409	\$ 1,838,945	\$ -

WARRICK COUNTY 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)

	Post- Retirement/ Severance Future Benefits	Construction Fund Technology	Construction Fund	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education
Cash and investments - beginning	\$ 219,600	\$ 1,782,830	\$ 2,183	\$ 1,117,343	\$ 477,151	\$ 3,970,846	\$ -	\$ -
Receipts:								
Local sources	-	-	-	2,786,981	639,512	8,648,872	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	57,905	236,051	-	-	9,574
Federal sources	-	-	-	1,869,751	-	-	-	-
Other	-	589,371	100,000	16,599	-	-	-	-
Total receipts	-	589,371	100,000	4,731,236	875,563	8,648,872	-	9,574
Disbursements:								
Current:								
Instruction	6,050	-	-	-	-	-	-	9,574
Support services	30,423	57,000	-	2,734	741,170	-	-	-
Noninstructional services	-	-	-	5,202,648	-	-	-	-
Facilities acquisition and construction	-	1,737,190	2,183	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	7,542,853	-	-
Total disbursements	36,473	1,794,190	2,183	5,205,382	741,170	7,542,853	-	9,574
Excess (deficiency) of receipts over disbursements	(36,473)	(1,204,819)	97,817	(474,146)	134,393	1,106,019	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,473)	(1,204,819)	97,817	(474,146)	134,393	1,106,019	-	-
Cash and investments - ending	\$ 183,127	\$ 578,011	\$ 100,000	\$ 643,197	\$ 611,544	\$ 5,076,865	\$ -	\$ -

WARRICK COUNTY 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)

	Safe Haven 12-13	Safe Haven 13-14	Safe Haven 11-12	Scholarships and Awards	Communities That Care 12-13	CSMS/Project Lead the Way 12-13	Monsanto Grant	Alcoa Foundation
Cash and investments - beginning	\$ (5,000)	\$ -	\$ -	\$ 1,150	\$ (45,000)	\$ 12,097	\$ -	\$ 457
Receipts:								
Local sources	-	-	-	-	45,000	17,000	10,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,000	7,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	5,000	7,000	-	-	45,000	17,000	10,000	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	29,097	10,000	431
Support services	-	7,000	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	7,000	-	-	-	29,097	10,000	431
Excess (deficiency) of receipts over disbursements	5,000	-	-	-	45,000	(12,097)	-	(431)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,000	-	-	-	45,000	(12,097)	-	(431)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,150	\$ -	\$ -	\$ -	\$ 26

WARRICK COUNTY 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)

	Alcoa - Learn and Serve	Adult Literacy Grant	Character Counts/ Literacy	WCSC-Disaster Relief Donation	High Ability 13-14	Gifted and Talented 12-13	Non-English Speaking 12-13	Non-English Speaking 13-14
Cash and investments - beginning	\$ 2,491	\$ 338	\$ 227	\$ 5	\$ -	\$ -	\$ 532	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	62,451	-	-	8,632
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	62,451	-	-	8,632
Disbursements:								
Current:								
Instruction	304	338	-	-	62,451	-	532	8,632
Support services	2,187	-	227	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,491	338	227	-	62,451	-	532	8,632
Excess (deficiency) of receipts over disbursements	(2,491)	(338)	(227)	-	-	-	(532)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,491)	(338)	(227)	-	-	-	(532)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -

WARRICK COUNTY 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)

	School Technology	Title I 12-13	Title I 13-14	Title I 11-12	Special Education Grant	Special Education Grant 2013	Special Education Grant 2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 24,266	\$ (69,236)	\$ -	\$ -	\$ -	\$ (28,590)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,316	-	-	-	-	-	-	-
Federal sources	-	337,471	594,066	-	-	28,590	1,895,876	-
Other	-	-	-	-	-	-	-	-
Total receipts	8,316	337,471	594,066	-	-	28,590	1,895,876	-
Disbursements:								
Current:								
Instruction	-	229,002	593,470	-	-	-	1,618,868	-
Support services	-	39,233	65,686	-	-	-	444,022	-
Noninstructional services	-	-	10,059	-	-	-	52,475	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	268,235	669,215	-	-	-	2,115,365	-
Excess (deficiency) of receipts over disbursements	8,316	69,236	(75,149)	-	-	28,590	(219,489)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,316	69,236	(75,149)	-	-	28,590	(219,489)	-
Cash and investments - ending	\$ 32,582	\$ -	\$ (75,149)	\$ -	\$ -	\$ -	\$ (219,489)	\$ -

WARRICK COUNTY 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)

	Special Education Improvement 2013	Special Education Technology Assist 2014	Preschool Grant	Preschool Grant 2013	Preschool Grant 2014	21st Century Learning 11-12	21st Century Learning 12-13	21st Century Learning 13-14
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (9,547)	\$ -	\$ -	\$ (5,566)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	68,276	32,060	-	9,547	110,721	-	5,566	175,000
Other	-	-	-	-	-	-	-	-
Total receipts	68,276	32,060	-	9,547	110,721	-	5,566	175,000
Disbursements:								
Current:								
Instruction	-	-	-	-	110,721	-	-	128,547
Support services	68,276	39,772	-	-	-	-	-	46,453
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	68,276	39,772	-	-	110,721	-	-	175,000
Excess (deficiency) of receipts over disbursements	-	(7,712)	-	9,547	-	-	5,566	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,712)	-	9,547	-	-	5,566	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ (7,712)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WARRICK COUNTY 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)

	Title II Part A 13-14	Title II Part A 12-13	Title II Part A 11-12	Title III English Proficiency 13-14	Title III English Proficiency 12-13	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,730,550
Receipts:								
Local sources	-	-	-	-	-	-	-	37,798,847
Intermediate sources	-	-	-	-	-	-	-	833
State sources	-	-	-	-	-	-	-	59,694,578
Federal sources	242,441	5,580	-	14,701	-	-	-	5,389,646
Other	-	-	-	-	-	-	18,954,316	19,742,448
Total receipts	<u>242,441</u>	<u>5,580</u>	<u>-</u>	<u>14,701</u>	<u>-</u>	<u>-</u>	<u>18,954,316</u>	<u>122,626,352</u>
Disbursements:								
Current:								
Instruction	242,441	-	-	14,779	-	-	-	44,278,225
Support services	-	-	-	-	-	-	-	29,410,772
Noninstructional services	-	5,580	-	-	-	-	-	6,672,082
Facilities acquisition and construction	-	-	-	-	-	-	-	8,249,161
Debt services	-	-	-	-	-	-	-	6,937,844
Nonprogrammed charges	-	-	-	-	-	-	18,954,316	26,497,169
Total disbursements	<u>242,441</u>	<u>5,580</u>	<u>-</u>	<u>14,779</u>	<u>-</u>	<u>-</u>	<u>18,954,316</u>	<u>122,045,253</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581,099</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	14,549
Transfers in	-	-	-	-	-	-	-	1,478,121
Transfers out	-	-	-	-	-	-	-	(1,478,121)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,549</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,648</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (78)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,326,198</u>

WARRICK COUNTY 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>\$ 1,175,655</u>	<u>\$ 302,428</u>

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Castle Middle School Building Corporation	Build Castle South Middle School	\$ 5,252,520	7/15/2008	12/31/2016
Castle Middle School Building Corporation	Build Castle South Middle School	<u>375,480</u>	7/15/2008	6/30/2018
Total governmental activities		<u>5,628,000</u>		
Total of annual lease payments		<u>\$ 5,628,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension/Retirement bonds	<u>\$ 701,748</u>	<u>\$ 701,748</u>
Totals		<u>\$ 701,748</u>	<u>\$ 701,748</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Warrick County 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)

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 2014-003, 2014-004, 2014-005, and 2014-006 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.

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

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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.

WARRICK COUNTY 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 Award Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12/13	\$ 306,645	\$ -
			FY 13/14	-	305,161
				<u>306,645</u>	<u>305,161</u>
Total - School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 12/13	1,713,359	-
			FY 13/14	-	1,824,885
				<u>1,713,359</u>	<u>1,824,885</u>
Total - National School Lunch Program					
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 12/13	31,721	-
			FY 13/14	-	34,199
				<u>31,721</u>	<u>34,199</u>
Total - Summer Food Service Program for Children					
Total - Child Nutrition Cluster				<u>2,051,725</u>	<u>2,164,245</u>
Total - U.S. Department of Agriculture				<u>2,051,725</u>	<u>2,164,245</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	FY 11/12	67,810	-
Special Education 2012			FY 12/13	2,125,978	28,590
Special Education 2013			FY 13/14	-	1,895,876
Special Education 2014				<u>-</u>	<u>1,895,876</u>
Total - Special Education Grants to State				<u>2,193,788</u>	<u>1,924,466</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	FY 11/12	12,371	-
Preschool 2012			FY 12/13	103,972	9,547
Preschool 2013			FY 13/14	-	110,721
Preschool 2014				<u>-</u>	<u>110,721</u>
Total - Special Education - Preschool Grants				<u>116,343</u>	<u>120,268</u>
Total - Special Education Cluster (IDEA)				<u>2,310,131</u>	<u>2,044,734</u>
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 11/12	362,202	-
Title I 12			FY 12/13	524,908	337,471
Title I 13			FY 13/14	-	594,063
Title I 14				<u>-</u>	<u>594,063</u>
Total - Title I, Part A Cluster				<u>887,110</u>	<u>931,534</u>

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

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

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 Award Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Twenty First Century Community Learning Centers	Indiana Department of Education	84.287			
Twenty First Century 12-13			FY 12/13	169,435	5,565
Twenty First Century 13-14			FY 13/14	-	175,000
				<u>169,435</u>	<u>180,565</u>
Total - Twenty First Century Community Learning Centers					
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Indiana Department of Education	84.326			
			FY 12/13	70,000	-
			FY 13/14	-	68,276
				<u>70,000</u>	<u>68,276</u>
Total - Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities					
English Language Acquisition State Grants	Indiana Department of Education	84.365			
Title III 12/13			FY 12/13	15,994	-
Title III 13/14			FY 13/14	-	14,701
				<u>15,994</u>	<u>14,701</u>
Total - English Language Acquisition State Grants					
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II A 11-12			FY 11/12	143,918	-
Title II A 12-13			FY 12/13	256,493	5,580
Title II A 13-14			FY 13/14	-	242,441
				<u>400,411</u>	<u>248,021</u>
Total - Improving Teacher Quality State Grants					
Special Education - Technical Assistance on State Data Collection Special Ed Tech Assist 2014	Indiana Department of Education	84.373			
			FY 13/14	-	32,060
				<u>-</u>	<u>32,060</u>
Education Jobs Fund	Indiana Department of Education	84.410			
				<u>36,075</u>	<u>-</u>
Total - U.S. Department of Education				<u>3,889,156</u>	<u>3,519,891</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Block Grants for Prevention and Treatment of Substance Abuse	Indiana Family and Social Services Administration	93.959	2012	85,000	45,000
Total - U.S. Department of Health and Human Services				<u>85,000</u>	<u>45,000</u>
Total federal awards expended				<u>\$ 6,025,881</u>	<u>\$ 5,729,136</u>

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

WARRICK COUNTY 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	2013	2014
National School Lunch Program	\$ 277,236	\$ 294,494

WARRICK COUNTY 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:

CFDA Number	Name of Federal Program or Cluster
84.367	Child Nutrition Cluster Title I, Part A Cluster Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$352,651

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: one major program and one non-major program were not reported, several state grants were reported that should not have been, one cluster was not reported as a cluster, some amounts reported were incorrect, and some grant names were not reported correctly. 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:

"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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

We noted the following deficiency in the internal control system of the School Corporation related to financial transactions. The School Corporation has not separated incompatible activities related to cash and investments and receipts. The School Corporation Treasurer writes receipts, makes bank deposits, posts transactions and reconciles the bank accounts. The failure to establish proper controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROL OVER REPORTING - CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, and 10.559
Federal Award Number and Year: FY 12/13 and FY 13/14
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 Reporting compliance requirement.

The Annual Financial Reports, monthly claims for reimbursement and the verification reports are filed online. Each report is completed and filed with no review or approval process.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the compliance requirement. 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.

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. Non-compliance with 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 segregation of duties, related to the compliance requirement listed above.

***FINDING 2014-004 - INTERNAL CONTROL OVER REPORTING -
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: FY 11/12, FY 12/13, and FY 13/14
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 Reporting compliance requirement.

The final expenditure report and monthly request for reimbursement are filed online. Each report is completed and filed with no review or approval process.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with 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."

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

We recommended that the School Corporation management establish controls, including segregation of duties, related to the compliance requirement listed above.

***FINDING 2014-005 - INTERNAL CONTROL OVER PROCUREMENT AND
SUSPENSION AND DEBARMENT - CHILD NUTRITION CLUSTER***

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year: FY 12/13 and FY 13/14

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 Procurement and Suspension and Debarment compliance requirement.

No contracts were signed by the School Corporation with successful bidders for food and non-food products purchased by the food service department. Bids were solicited and awarded to the lowest and most responsive bidder at a public meeting. Also, the School Corporation was charged and paid the agreed-upon prices, but no contract was signed by the School Board and the vendor. Also, the food service employees were not aware of the requirement to verify that successful bidders were not on the suspended and debarred list before a contract is awarded.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with 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."

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with 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 segregation of duties, related to the compliance requirement listed above.

***FINDING 2014-006 - INTERNAL CONTROL OVER REPORTING -
IMPROVING TEACHER QUALITY STATE GRANTS***

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number and Year: FY 11/12, FY 12/13, and FY 13/14
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 Reporting compliance requirement.

The monthly request for reimbursement report is completed and filed with no review or approval process.

The failure to establish an effective internal control system places the school at risk of noncompliance with the compliance requirement. 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:

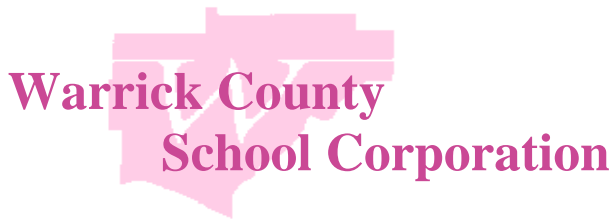
"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with 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 segregation of duties, related to the compliance requirement listed above.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



Brad Schneider, Superintendent
Todd Armstrong, Assistant Superintendent
Rick Reid, Director of Human Resources
Jane Wilhelmus, Director of Elementary Curriculum
Tad Powless, Director of Special Education Services
Walter Lambert, Director of Secondary Curriculum

SUPERINTENDENT'S OFFICE

P. O. Box 809/Boonville, Indiana 47601/812-897-0400

FINDING 2014-001-PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Todd A Armstrong
Title: Assistant Superintendent
Phone Number: (812) 897-6036

Effective immediately, Warrick County School Corporation will include all Federal Awards as required. SEFA will be prepared by the treasurer, verified for accuracy by the assistant superintendent, and information will be uploaded into Gateway by the assistant superintendent as required.

FINDING 2014-002-INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Contact Person: Todd A Armstrong
Title: Assistant Superintendent
Phone Number: (812) 897-6036
Anticipated Completion Date: September 2015

Effective immediately, Warrick County School Corporation will create a segregation of duties by assigning the reconciliation of the bank statement each month to another facilitator in the business office; hence, removing that duty from the treasurer who writes receipts, makes deposits, and posts transactions.

FINDING 2014-003-INTERNAL CONTROL OVER REPORTING – CHILD NUTRITION CLUSTER

Contact Person: Shenae Rowe
Title: Food and Nutrition Manager
Phone Number: (812) 897-1341
Anticipated Completion Date: September 2015

Effective immediately, Warrick County School Corporation will create a segregation of duties by assigning a review process to another facilitator for the annual financial statement (completed by F&N Manager and reviewed by Assistant F&N Manager), monthly claims for reimbursement (Completed by F&N Administrative Assistant and reviewed by F&N Manager) and the verification reports (completed by the F&N Assistant Manager and reviewed by the F&N Manager).

FINDING 2014-004-INTERNAL CONTROL OVER REPORTING-TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Contact Person: Todd A Armstrong
Title: Assistant Superintendent
Phone Number: (812) 897-6036
Anticipated Completion Date: September 2015

Effective immediately, Warrick County School Corporation will segregate the duties related to the final expenditure reports and the monthly requests for reimbursement. The deputy treasurer will prepare the reports and requests, the federal program supervisor and federal program secretary will review for accuracy, and the treasurer will submit aforementioned reports.

FINDING 2004-005-INTERNAL CONTROL OVER PROCUREMENT, SUSPENSION AND DEBARMENT-CHILD NUTRITION CLUSTER

Contact Person: Shenae Rowe
Title: Food and Nutrition Manager
Phone Number: (812) 897-1341
Anticipated Completion Date: September 2015

Effective immediately, Warrick County School Corporation Food and Nutrition Manager will develop and implement procedures addressing proper procurement procedures in the area of suspension and debarment as stipulated by the Department of Agriculture.

Contract agreements will be signed by the school board and all successful bidders.

FINDING 2014-006-INTERNAL CONTROL OVER REPORTING-IMPROVING TEACHER QUALITY GRANTS

Contact Person: Todd A Armstrong
Title: Assistant Superintendent
Phone Number: (812) 897-6036
Anticipated Completion Date: September 2015

Effective immediately, Warrick County School Corporation will segregate the duties related to Improving Teacher Quality Grants including the monthly requests for reimbursement and related reports. The deputy treasurer will compile and prepare information, the federal programs supervisor and federal programs secretary will review for accuracy, and the treasurer will submit aforementioned documents.

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/>.