

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
09/25/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie D. Wake	07-01-12 to 06-30-16
Superintendent of Schools	Bryan Rausch	07-01-12 to 06-30-16
President of the School Board	Keith Davis	07-01-12 to 06-30-16



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis 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 July 22, 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

July 22, 2015



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

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE 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 Liberty-Perry Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated July 22, 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.

Liberty-Perry Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 22, 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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LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 458,172	\$ 7,158,925	\$ 7,188,386	\$ 33,359	\$ 462,070	\$ 7,005,380	\$ 7,042,793	\$ 89,398	\$ 514,055	
Debt Service	184,747	629,338	483,228	-	330,857	682,199	767,894	-	245,162	
Retirement/Severance Bond Debt Service	189,988	314,746	319,166	-	185,568	314,338	317,945	-	181,961	
Capital Projects	202,589	682,615	792,865	-	92,339	716,038	808,377	-	-	
School Transportation	375,106	448,324	363,863	-	459,567	545,334	415,128	-	589,773	
School Bus Replacement	70,443	104,476	81,599	-	93,320	98,477	79,289	-	112,508	
Rainy Day	365,682	-	54,836	-	310,846	-	48,670	(17,794)	244,382	
Retirement/Severance Bond	164,090	-	40,176	-	123,914	-	44,068	-	79,846	
School Lunch	91,252	528,633	554,233	-	65,652	586,719	537,164	-	115,207	
Textbook Rental	32,084	105,833	68,573	-	69,344	101,612	76,083	-	94,873	
Levy Excess	11,497	-	-	-	11,497	-	-	-	11,497	
SAFE School Haven	164	-	-	-	164	-	-	-	164	
Cape Grant	12	-	-	-	12	-	-	-	12	
Gifted and Talented	-	29,155	-	(29,155)	-	28,614	28,614	-	-	
Medicaid Reimbursement	29	-	-	-	29	13,646	-	-	13,675	
School Technology	3,015	2,541	2,630	-	2,926	3,857	3,611	-	3,172	
Technology Grants [IC 20-40-15]	36	-	-	-	36	-	-	-	36	
Performance Based Awards	138	-	-	-	138	-	-	-	138	
Indiana Teachers Tech Grant	1	-	-	-	1	-	-	-	1	
Library Media Spec Cadre	28	-	-	-	28	-	-	-	28	
Wellness Program GRIC	1,514	10,800	9,757	-	2,557	-	2,557	-	-	
Selma Safety Grant	-	-	-	-	-	26,176	26,176	-	-	
Title I 2012/13	750	164,826	170,275	4,699	-	-	2,028	2,028	-	
Title I 2011/12	-	41,574	40,384	(1,190)	-	131,848	152,069	20,221	-	
Title VI	174	-	-	-	174	-	-	-	174	
Title V Part A	190	-	-	-	190	-	-	-	190	
Title V Supplemental	174	-	-	-	174	-	-	-	174	
IDEA	-	348,986	336,627	(12,359)	-	290,351	290,180	-	171	
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	1,383	1,383	-	-	
Drug Free FY 2010-11	2,470	-	2,470	-	-	-	-	-	-	
Drug Free FY 2011-12	271	-	271	-	-	-	-	-	-	
Project Lead the Way	18	3,013	2,289	-	742	-	725	-	17	
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	27	-	-	-	27	-	-	-	27	
Tobacco Free Coalition	1,209	-	-	-	1,209	-	-	-	1,209	
Medicaid Reimbursement - Federal	47	-	-	-	47	-	-	-	47	
Physical EDU Grant	-	241,571	241,571	-	-	300,456	300,456	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A	-	13,324	25,114	11,790	-	34,188	34,188	-	-	
ITQ, Enhanced Education Through Technology, Title II, Part D	67	-	32	-	35	-	-	-	35	
Technology Literacy Challenge, Title III	62	-	-	-	62	-	-	-	62	
Education Jobs	-	4,560	4,560	-	-	-	-	-	-	
Agency	35,923	1,867,563	1,895,726	-	7,760	2,091,827	2,083,399	-	16,188	
Totals	\$ 2,191,969	\$ 12,700,803	\$ 12,678,631	\$ 7,144	\$ 2,221,285	\$ 12,972,443	\$ 13,062,797	\$ 93,853	\$ 2,224,784	

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may 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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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 may 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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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 may include the following:

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

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. *Negative Receipts and Disbursements*

The financial statement may contain some receipts and/or disbursements which appear as negative entries. This is a result of errors made in the prior period that were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

Note 8. *Holding Corporation*

The School Corporation has entered into capital leases with the Liberty-Perry Wapahani High 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 \$466,875 and \$757,000, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: health insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 458,172	\$ 184,747	\$ 189,988	\$ 202,589	\$ 375,106	\$ 70,443	\$ 365,682	\$ 164,090	\$ 91,252
Receipts:									
Local sources	30,824	623,878	314,746	681,371	447,243	104,476	-	-	252,616
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,870,630	-	-	-	-	-	-	-	5,886
Federal sources	-	-	-	-	-	-	-	-	264,100
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	112,310	-	-	-	-	-	-	-	-
Other	145,161	5,460	-	1,244	1,081	-	-	-	6,031
Total receipts	<u>7,158,925</u>	<u>629,338</u>	<u>314,746</u>	<u>682,615</u>	<u>448,324</u>	<u>104,476</u>	<u>-</u>	<u>-</u>	<u>528,633</u>
Disbursements:									
Current:									
Instruction	4,459,560	-	-	-	-	-	-	18,590	-
Support services	2,260,237	-	-	354,541	363,863	81,599	-	21,586	100
Noninstructional services	98,593	-	-	-	-	-	-	-	554,133
Facilities acquisition and construction	134,184	-	-	438,324	-	-	54,836	-	-
Debt services	175	483,228	319,166	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	235,637	-	-	-	-	-	-	-	-
Total disbursements	<u>7,188,386</u>	<u>483,228</u>	<u>319,166</u>	<u>792,865</u>	<u>363,863</u>	<u>81,599</u>	<u>54,836</u>	<u>40,176</u>	<u>554,233</u>
Excess (deficiency) of receipts over disbursements	<u>(29,461)</u>	<u>146,110</u>	<u>(4,420)</u>	<u>(110,250)</u>	<u>84,461</u>	<u>22,877</u>	<u>(54,836)</u>	<u>(40,176)</u>	<u>(25,600)</u>
Other financing sources (uses):									
Transfers in	73,807	-	-	-	-	-	-	-	-
Transfers out	(40,448)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>33,359</u>	<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>3,898</u>	<u>146,110</u>	<u>(4,420)</u>	<u>(110,250)</u>	<u>84,461</u>	<u>22,877</u>	<u>(54,836)</u>	<u>(40,176)</u>	<u>(25,600)</u>
Cash and investments - ending	<u>\$ 462,070</u>	<u>\$ 330,857</u>	<u>\$ 185,568</u>	<u>\$ 92,339</u>	<u>\$ 459,567</u>	<u>\$ 93,320</u>	<u>\$ 310,846</u>	<u>\$ 123,914</u>	<u>\$ 65,652</u>

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

	Textbook Rental	Levy Excess	SAFE School Haven	Cape Grant	Gifted and Talented	Medicaid Reimbursement	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards
Cash and investments - beginning	\$ 32,084	\$ 11,497	\$ 164	\$ 12	\$ -	\$ 29	\$ 3,015	\$ 36	\$ 138
Receipts:									
Local sources	66,024	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	38,994	-	-	-	29,155	-	2,541	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	815	-	-	-	-	-	-	-	-
Total receipts	105,833	-	-	-	29,155	-	2,541	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	68,573	-	-	-	-	-	2,630	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	68,573	-	-	-	-	-	2,630	-	-
Excess (deficiency) of receipts over disbursements	37,260	-	-	-	29,155	-	(89)	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(29,155)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(29,155)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,260	-	-	-	-	-	(89)	-	-
Cash and investments - ending	\$ 69,344	\$ 11,497	\$ 164	\$ 12	\$ -	\$ 29	\$ 2,926	\$ 36	\$ 138

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

	Indiana Teachers Tech Grant	Library Media Spec Cadre	Wellness Program GRIC	Selma Safety Grant	Title I 2012/13	Title I 2011/12	Title VI	Title V Part A
Cash and investments - beginning	\$ 1	\$ 28	\$ 1,514	\$ -	\$ 750	\$ -	\$ 174	\$ 190
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	10,800	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	154,944	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	9,882	41,574	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	10,800	-	164,826	41,574	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	118,818	40,384	-	-
Support services	-	-	9,757	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	51,457	-	-	-
Total disbursements	-	-	9,757	-	170,275	40,384	-	-
Excess (deficiency) of receipts over disbursements	-	-	1,043	-	(5,449)	1,190	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	4,858	17,074	-	-
Transfers out	-	-	-	-	(159)	(18,264)	-	-
Total other financing sources (uses)	-	-	-	-	4,699	(1,190)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,043	-	(750)	-	-	-
Cash and investments - ending	\$ 1	\$ 28	\$ 2,557	\$ -	\$ -	\$ -	\$ 174	\$ 190

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

	Title V Supplemental	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free FY 2010-11	Drug Free FY 2011-12	Project Lead the Way	Title II - Dwight D. Eisenhower - Science and Math Technology Grants	Tobacco Free Coalition
Cash and investments - beginning	\$ 174	\$ -	\$ -	\$ 2,470	\$ 271	\$ 18	\$ 27	\$ 1,209
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	241,111	-	-	-	3,013	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	107,875	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	348,986	-	-	-	3,013	-	-
Disbursements:								
Current:								
Instruction	-	275,775	-	1,900	-	2,289	-	-
Support services	-	-	-	570	271	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	60,852	-	-	-	-	-	-
Total disbursements	-	336,627	-	2,470	271	2,289	-	-
Excess (deficiency) of receipts over disbursements	-	12,359	-	(2,470)	(271)	724	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(12,359)	-	-	-	-	-	-
Total other financing sources (uses)	-	(12,359)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,470)	(271)	724	-	-
Cash and investments - ending	\$ 174	\$ -	\$ -	\$ -	\$ -	\$ 742	\$ 27	\$ 1,209

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

	Medicaid Reimbursement - Federal	Physical EDU Grant	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Technology Literacy Challenge, Title III	Education Jobs	Agency	Totals
Cash and investments - beginning	\$ 47	\$ -	\$ -	\$ 67	\$ 62	\$ -	\$ 35,923	\$ 2,191,969
Receipts:								
Local sources	-	-	-	-	-	-	-	2,521,178
Intermediate sources	-	-	-	-	-	-	-	10,800
State sources	-	-	-	-	-	-	-	6,947,206
Federal sources	-	166,989	11,600	-	-	4,560	-	846,317
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	74,582	1,724	-	-	-	-	347,947
Other	-	-	-	-	-	-	1,867,563	2,027,355
Total receipts	-	241,571	13,324	-	-	4,560	1,867,563	12,700,803
Disbursements:								
Current:								
Instruction	-	-	-	-	-	4,560	-	4,921,876
Support services	-	241,571	25,114	32	-	-	-	3,430,444
Noninstructional services	-	-	-	-	-	-	-	652,726
Facilities acquisition and construction	-	-	-	-	-	-	-	627,344
Debt services	-	-	-	-	-	-	-	802,569
Nonprogrammed charges	-	-	-	-	-	-	1,895,726	1,895,726
Interfund loans	-	-	-	-	-	-	-	347,946
Total disbursements	-	241,571	25,114	32	-	4,560	1,895,726	12,678,631
Excess (deficiency) of receipts over disbursements	-	-	(11,790)	(32)	-	-	(28,163)	22,172
Other financing sources (uses):								
Transfers in	-	-	18,675	-	-	-	-	114,414
Transfers out	-	-	(6,885)	-	-	-	-	(107,270)
Total other financing sources (uses)	-	-	11,790	-	-	-	-	7,144
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(32)	-	-	(28,163)	29,316
Cash and investments - ending	\$ 47	\$ -	\$ -	\$ 35	\$ 62	\$ -	\$ 7,760	\$ 2,221,285

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 462,070	\$ 330,857	\$ 185,568	\$ 92,339	\$ 459,567	\$ 93,320	\$ 310,846	\$ 123,914	\$ 65,652
Receipts:									
Local sources	7,045	682,199	314,338	685,376	544,779	98,477	-	-	242,987
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,955,237	-	-	-	-	-	-	-	6,091
Federal sources	-	-	-	-	-	-	-	-	332,498
Temporary loans	-	-	-	9,802	-	-	-	-	-
Interfund loans	-	-	-	14,201	-	-	-	-	-
Other	43,098	-	-	6,659	555	-	-	-	5,143
Total receipts	<u>7,005,380</u>	<u>682,199</u>	<u>314,338</u>	<u>716,038</u>	<u>545,334</u>	<u>98,477</u>	<u>-</u>	<u>-</u>	<u>586,719</u>
Disbursements:									
Current:									
Instruction	4,367,375	-	-	-	-	-	-	17,131	-
Support services	2,271,435	-	-	510,298	415,128	79,289	-	26,937	660
Noninstructional services	93,848	-	-	-	-	-	-	-	536,504
Facilities acquisition and construction	136,030	-	-	298,079	-	-	48,670	-	-
Debt services	78,501	767,894	317,945	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	95,604	-	-	-	-	-	-	-	-
Total disbursements	<u>7,042,793</u>	<u>767,894</u>	<u>317,945</u>	<u>808,377</u>	<u>415,128</u>	<u>79,289</u>	<u>48,670</u>	<u>44,068</u>	<u>537,164</u>
Excess (deficiency) of receipts over disbursements	<u>(37,413)</u>	<u>(85,695)</u>	<u>(3,607)</u>	<u>(92,339)</u>	<u>130,206</u>	<u>19,188</u>	<u>(48,670)</u>	<u>(44,068)</u>	<u>49,555</u>
Other financing sources (uses):									
Transfers in	186,299	-	-	-	-	-	-	-	-
Transfers out	(96,901)	-	-	-	-	-	(17,794)	-	-
Total other financing sources (uses)	<u>89,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,794)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>51,985</u>	<u>(85,695)</u>	<u>(3,607)</u>	<u>(92,339)</u>	<u>130,206</u>	<u>19,188</u>	<u>(66,464)</u>	<u>(44,068)</u>	<u>49,555</u>
Cash and investments - ending	<u>\$ 514,055</u>	<u>\$ 245,162</u>	<u>\$ 181,961</u>	<u>\$ -</u>	<u>\$ 589,773</u>	<u>\$ 112,508</u>	<u>\$ 244,382</u>	<u>\$ 79,846</u>	<u>\$ 115,207</u>

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

	Textbook Rental	Levy Excess	SAFE School Haven	Cape Grant	Gifted and Talented	Medicaid Reimbursement	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards
Cash and investments - beginning	\$ 69,344	\$ 11,497	\$ 164	\$ 12	\$ -	\$ 29	\$ 2,926	\$ 36	\$ 138
Receipts:									
Local sources	82,062	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	19,220	-	-	-	28,614	13,646	3,857	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	330	-	-	-	-	-	-	-	-
Total receipts	101,612	-	-	-	28,614	13,646	3,857	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	28,614	-	-	-	-
Support services	76,083	-	-	-	-	-	3,611	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	76,083	-	-	-	28,614	-	3,611	-	-
Excess (deficiency) of receipts over disbursements	25,529	-	-	-	-	13,646	246	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,529	-	-	-	-	13,646	246	-	-
Cash and investments - ending	\$ 94,873	\$ 11,497	\$ 164	\$ 12	\$ -	\$ 13,675	\$ 3,172	\$ 36	\$ 138

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

	Indiana Teachers Tech Grant	Library Media Spec Cadre	Wellness Program GRIC	Selma Safety Grant	Title I 2012/13	Title I 2011/12	Title VI	Title V Part A
Cash and investments - beginning	\$ 1	\$ 28	\$ 2,557	\$ -	\$ -	\$ -	\$ 174	\$ 190
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	131,848	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	26,176	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	26,176	-	131,848	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	2,028	152,069	-	-
Support services	-	-	2,557	26,176	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,557	26,176	2,028	152,069	-	-
Excess (deficiency) of receipts over disbursements	-	-	(2,557)	-	(2,028)	(20,221)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	2,028	38,100	-	-
Transfers out	-	-	-	-	-	(17,879)	-	-
Total other financing sources (uses)	-	-	-	-	2,028	20,221	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,557)	-	-	-	-	-
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 190</u>

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

	Title V Supplemental	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free FY 2010-11	Drug Free FY 2011-12	Project Lead the Way	Title II - Dwight D. Eisenhower - Science and Math Technology Grants	Tobacco Free Coalition
Cash and investments - beginning	\$ 174	\$ -	\$ -	\$ -	\$ -	\$ 742	\$ 27	\$ 1,209
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	238,619	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	51,732	1,383	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	290,351	1,383	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	253,116	383	-	-	725	-	-
Support services	-	-	1,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	37,064	-	-	-	-	-	-
Total disbursements	-	290,180	1,383	-	-	725	-	-
Excess (deficiency) of receipts over disbursements	-	171	-	-	-	(725)	-	-
Other financing sources (uses):								
Transfers in	-	60,934	-	-	-	-	-	-
Transfers out	-	(60,934)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	171	-	-	-	(725)	-	-
Cash and investments - ending	\$ 174	\$ 171	\$ -	\$ -	\$ -	\$ 17	\$ 27	\$ 1,209

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

	Medicaid Reimbursement - Federal	Physical EDU Grant	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Technology Literacy Challenge, Title III	Education Jobs	Agency	Totals
Cash and investments - beginning	\$ 47	\$ -	\$ -	\$ 35	\$ 62	\$ -	\$ 7,760	\$ 2,221,285
Receipts:								
Local sources	-	-	-	-	-	-	-	2,657,263
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	7,026,665
Federal sources	-	297,759	33,049	-	-	-	-	1,033,773
Temporary loans	-	-	-	-	-	-	-	9,802
Interfund loans	-	2,697	1,139	-	-	-	-	97,328
Other	-	-	-	-	-	-	2,091,827	2,147,612
Total receipts	-	300,456	34,188	-	-	-	2,091,827	12,972,443
Disbursements:								
Current:								
Instruction	-	-	27,000	-	-	-	-	4,848,441
Support services	-	225,874	5,464	-	-	-	-	3,644,512
Noninstructional services	-	-	-	-	-	-	-	630,352
Facilities acquisition and construction	-	-	-	-	-	-	-	482,779
Debt services	-	-	-	-	-	-	-	1,164,340
Nonprogrammed charges	-	-	-	-	-	-	2,083,399	2,083,399
Interfund loans	-	74,582	1,724	-	-	-	-	208,974
Total disbursements	-	300,456	34,188	-	-	-	2,083,399	13,062,797
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	8,428	(90,354)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	287,361
Transfers out	-	-	-	-	-	-	-	(193,508)
Total other financing sources (uses)	-	-	-	-	-	-	-	93,853
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	8,428	3,499
Cash and investments - ending	\$ 47	\$ -	\$ -	\$ 35	\$ 62	\$ -	\$ 16,188	\$ 2,224,784

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LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Konica Minolta Premier	copiers	\$ 12,057	9/27/2013	9/27/2018
Apple Financial Service	I-pads	78,501	5/19/2013	12/31/2018
Liberty-Perry Wapahani High School Building Corporation	High school roof	516,000	6/30/2012	12/31/2016
Liberty-Perry Wapahani High School Building Corporation	High school renovations	<u>232,118</u>	6/30/2011	12/31/2021
Total of annual lease payments		<u>\$ 838,676</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	pension	<u>\$ 2,575,000</u> <u>\$ 317,794</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 LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2014-003, 2014-004, 2014-006, and 2014-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Eligibility, Procurement, and Special Tests and Provisions that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on the Other 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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

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

Report on Internal Control Over Compliance

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


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

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

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, 2014-006, 2014-007, and 2014-008 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

July 22, 2015

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 2012-2013	\$ 50,911	\$ -
			FY 2013-2014	-	60,484
				<u>50,911</u>	<u>60,484</u>
Total - School Breakfast Program				<u>50,911</u>	<u>60,484</u>
National School Lunch Program		10.555			
			FY 2012-2013	245,438	-
			FY 2013-2014	-	319,135
				<u>245,438</u>	<u>319,135</u>
Total - National School Lunch Program				<u>245,438</u>	<u>319,135</u>
Summer Food Service Program for Children		10.559			
			FY 2011-2012	8,504	-
			FY 2012-2013	-	8,161
				<u>8,504</u>	<u>8,161</u>
Total - Summer Food Service Program for Children				<u>8,504</u>	<u>8,161</u>
Total - Child Nutrition Cluster				<u>304,853</u>	<u>387,780</u>
Total U.S. Department of Agriculture				<u>304,853</u>	<u>387,780</u>
<u>U.S. Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			13-1895	154,944	-
			14-1895	-	131,848
				<u>154,944</u>	<u>131,848</u>
Total - Title I Part A Cluster				<u>154,944</u>	<u>131,848</u>
Special Education Cluster					
Special Education Grants to States	Indiana Department of Education	84.027			
			14212-066-ON01	43,871	-
			14213-066-PN01	197,240	54,385
			14214-066-PN01	-	184,234
				<u>241,111</u>	<u>238,619</u>
Total - Special Education Cluster				<u>241,111</u>	<u>238,619</u>

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

LIBERTY-PERRY COMMUNITY 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 Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Education (continued)</u>					
Safe and Drug Free Schools and Communities - State Grants	Indiana Department of Education	84.186	1895 FY 10-11	2,470	-
			1895 FY 11-12	271	-
				<u>2,741</u>	<u>-</u>
Total - Safe and Drug Free Schools and Communities - State Grants					
Fund for the Improvement of Education	Direct Grant	84.215			
Physical Ed Grant			Q215F120034	166,989	245,995
Physical Ed Grant			Q215F120034-12A	-	15,000
Project Lead the Way			Q215F120034-13	-	36,764
				<u>166,989</u>	<u>297,759</u>
Total - Fund for the Improvement of Education					
Projects with Industry	Muncie Community Schools	84.234	1895 FY 10-11	2,289	725.00
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	1895 FY 10-12	32	-
			1895 FY 11-13	11,600	-
			1895 FY 12-14	-	33,049
				<u>11,632</u>	<u>33,049</u>
Total - Improving Teacher Quality State Grants					
Education Jobs Fund	Indiana Department of Education	84.410	1895 FY 11-12	4,560	-
Total - U.S. Department of Education					
				<u>584,266</u>	<u>702,000</u>
Total federal awards expended				<u>\$ 889,119</u>	<u>\$ 1,089,780</u>

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 40,754	\$ 47,121

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Child Nutrition Cluster; Unmodified for Fund for the Improvement of Education
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
84.215	Child Nutrition Cluster Fund for the Improvement of Education

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - 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 Treasurer prepared and submitted the SEFA through the Gateway system. However, there was no additional oversight of the SEFA information. 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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: (a) total federal expenditures were incorrectly reported due to several federal grants being omitted from the SEFA, including the Child Nutrition Cluster and the Funds of the Improvement of Education, and several posting errors; (b) information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards. 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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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."

FINDING 2014-002 - INTERNAL CONTROL OVER DISBURSEMENTS

We noted several deficiencies in the internal control system of the School Corporation related to payroll transactions. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties:

The School Corporation has not separated incompatible activities related to payroll. There were no controls in place to ensure the accuracy of hourly payroll time records. The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in payroll transactions.

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 - ALLOWABLE COSTS/COST PRINCIPLES

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 (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Allowable Costs/Cost Principles compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the Grant Agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. An internal control system 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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit, we noted that 5 of the 53 claims examined did not have the proper documentation included. Without the proper documentation we were unable to verify if these claims were allowable. The total amount of the 5 claims without proper documentation was \$1,045. We consider this amount to be questioned costs.

OMB Circular A-87, Attachment A, paragraph C(1) states in part:

"Factors affecting allowability of costs: To be allowable under Federal awards, costs must meet the following general criteria: . . .

j. Be adequately documented."

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 enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - VERIFICATION
OF FREE AND REDUCED PRICE APPLICATIONS***

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 (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Special Tests and Provisions - Verifications of Free and Reduced Price Applications.

For the Fiscal Year 2014 the Elementary Principal reviewed the verifications performed by the Food Service Director before being submitted to the state. This review did not detect that two of the free and reduced applications which were verified by using the net income instead of the gross income. This led to ineligible children getting benefits from a free or reduced lunch through the Child Nutrition Cluster Grant.

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with the Grant Agreement and the special tests and provisions - verifications of free and reduced price applications compliance requirements.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

Eligibility Manual for School Meals, Part 4, Income Eligibility, Section C, Determining Household Reportable Income states in part:

"Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by statute. Gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. "

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

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

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

We recommended that the School's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2014-005 - ACTIVITIES ALLOWED OR UNALLOWED, CASH
MANAGEMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS***

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 (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Reporting, and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the Grant Agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Activities Allowed or Unallowed

Activities Allowed or Unallowed internal control for payroll were not adequate. The payroll secretary is the sole person who prepares payroll. There is no review of the payrolls to determine if the individuals paid from the Child Nutrition Cluster grant are allowable. With no review of the individual payroll postings, unallowable payroll costs could be posted as an expense and go undetected.

Cash Management

There are no internal controls over Cash Management since there is no review being done to verify that the cash balance does not exceed 3 months of average expenditures.

Reporting

The Reporting compliance requirement has no controls in place. The Food Service Director is the sole person who prepares and submits the reimbursement claim and the verification summary to the Indiana Department of Education. The Cafe Manager is the sole person who prepares and submits the Annual Financial Report to the Indiana Department of Education.

Special Tests and Provisions

Special Tests and Provisions for paid lunch equity have no controls in place. The Food Service Director is the sole person involved in the calculation of the paid lunch equity amounts, which determine if the lunch prices for the next fiscal year need to be adjusted.

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

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

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

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-006 - ELIGIBILITY

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 (or Other Identifying Number): FY 2012-2013 and FY 2013-2014
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Eligibility. The Food Service Director is the sole person involved in determining whether or not a student is eligible for free or reduced lunch.

The School Corporation notifies the families who applied for assistance with school lunch of their status, however, they were unable to provide evidence that the families were notified of their free, reduced, or denied eligibility status for the fiscal year 2012-2013. The failure to provide the documentation resulted in the School Corporation being in noncompliance with the grant agreement and the eligibility compliance requirement.

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.

Eligibility Manual for School Meals, Part 3, Processing Applications, Section J, Notification of Eligibility Determination states:

"Households must be notified of their eligibility status. Households with children who are approved for free or reduced price meal benefits may be notified in writing or verbally.

Households with children who are denied benefits must be provided with written notification of the denial. LEAs that use an automated telephone information system must also give written notification of denial. The notification must advise the household of:

- Reason for denial of benefits;
- Right to appeal;
- Instructions on how to appeal; and
- Their ability to re-apply for free and reduced price benefits at any time during the school year."

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation's management establish controls, including segregation of duties, related to their grant agreements and compliance requirements as listed above.

FINDING 2014-007 - PROCUREMENT AND SUSPENSION AND DEBARMENT

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 (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the Grant Agreement and the Procurement and Suspension and Debarment compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. An internal control system 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.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required Procurement, or Suspension and Debarment procedures were applied to all applicable purchases. Proper procurement procedures were not employed when purchasing bread and milk/dairy products. No bids were sought for bread and milk contracts awarded. In addition, there was no evidence that officials verified compliance with Suspension and Debarment requirements for bread and milk/dairy vendors.

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."

7 CFR 3016.35 states:

"Grantees and sub-grantees must not make any award or permit any award (sub-grant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, Debarment and Suspension."

7 CFR 3016.36 states in part:

"(b) *Procurement standards:*

- (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

Indiana Code 5-22-7-2 states:

- "(a) A purchasing agent shall issue an invitation for bids.
- (b) An invitation for bids must include the following:
- (1) A purchase description.
 - (2) All contractual terms and conditions that apply to the purchase.
 - (3) A statement of the evaluation criteria that will be used, including any of the following:
 - (A) Inspection.
 - (B) Testing.
 - (C) Quality.
 - (D) Workmanship.
 - (E) Delivery.
 - (F) Suitability for a particular purpose.
 - (G) The requirement imposed under IC 5-22-3-5.
 - (4) The time and place for opening the bids.
 - (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
 - (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under IC 5-22-18-2."

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

We recommended that the School Corporation's officials establish and implement effective internal controls over Procurement and Suspension and Debarment requirements of the program.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

**FINDING 2014-008 - ACTIVITIES ALLOWED OR UNALLOWED
AND ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: U.S. Department of Education
Federal Program: Fund for the Improvement of Education
CFDA Number: 84.215
Federal Award Number and Year (or Other Identifying Number): Q215F120034, Q215F120034-12A,
Q215F120034-13

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Activities Allowed or Unallowed and Allowable Costs internal controls for payroll were not adequate. There is no review of individuals paid from the Fund for the Improvement of Education fund. Without a review of the individual payroll postings, unallowable payroll costs could be posted as an expense and go undetected.

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

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

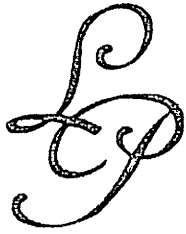
"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal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

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above and follow state statute in regards to obtaining bids.

AUDITEE PREPARED DOCUMENT

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



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Finding 2014-001

Julie Wake

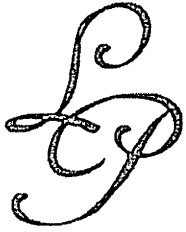
765-282-5615

I will in the future make sure that I have included all the federal grants when entering the information into Gateway for SEFA. I will also make sure that I have all the other information included (grantor agency, program title, pass through entity, CFDA numbers, pass through identifying numbers). I will make notes and keep copies of any transfers or adjustments made to the grants.


Julie Wake

Treasurer

July 22, 2015



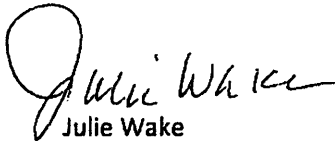
LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Finding 2014-002

Julie Wake

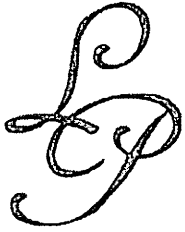
765-282-5615

In the future we will be having our principal approve the time cards for his building. We also will have the Cafeteria Director approve the payroll that is paid from that fund and we will have the person in charge of the grants approve the payroll paid from the grants.


Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Finding 2014-003

Julie Wake

765-282-5615

I have talked with the Cafeteria Director about claims. I have told her that I will not pay anymore claims without detailed receipts for the items purchased. I also will not pay for anymore items purchased without correct documents to pay from. If she does want to purchase items from an auction she must first have permission from Mr. Rausch.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

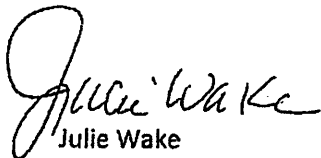
Corrective Action Plan

Findings 2014-004

Julie Wake

765-282-5615

For the free and reduced verifications we will be having them verified at the Corporation office by Cindy Perry. She did all the free and reduced at Monroe Central for several years. She understands what is required on the forms so she will be able to assist the Cafeteria Director on these. She will check to make sure the correct figures for the income of the households are used on the applications and that all the information used is correct.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Findings 2014-005

Julie Wake

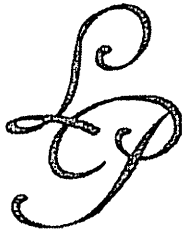
765-282-5615

We will be involving Cindy Perry more into the cafeteria internal controls. She will prepare a payroll report every month for the Cafeteria Director. The director can then verify that just cafeteria workers were paid from the fund. We will also verify that we are not carrying more than a 3 month average of expenditures in our Cafeteria fund by documenting that we have checked it at the end of each year. Cindy will also assist the Cafeteria Director with the reimbursement claims, verifications and the annual financial reports. She will also see to it that the correct information is presented to the board so that they can make a decision as to adjusting lunch prices for the corporation.

Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

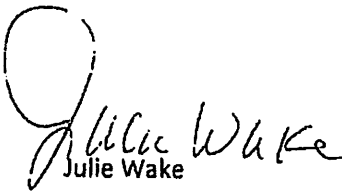
Corrective Action Plan

Findings 2014-006

Julie Wake

765-282-5615

We will make sure that we keep copies of the letters sent to families who apply for help with school lunch. We hired a new cafeteria director and I believe the letters are in the corporation somewhere but in the change they were misplaced but the cafeteria director will make sure they are available in the future.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Findings 2014-007

Julie Wake

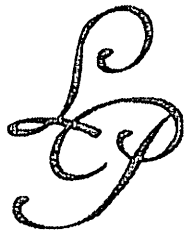
765-282-5615

Mr. Rausch talked to the Cafeteria Director about verifying milk and bread vendors. She must verify each vendor to make sure that they are not suspended or debarred before she presents the milk and bread bids to the board for approval each year. She will also make sure to have the milk and bread contracts approved by the board each year.


Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Findings 2014-008

Julie Wake

765-282-5615

The PEP grant is ending but we will go back and run a history report to make sure that Suzanne Crouch was the only employee paid from that grant.



Julie Wake

Treasurer

July 22, 2015

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/>.