

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SWITZERLAND COUNTY SCHOOL CORPORATION
SWITZERLAND COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/20/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	11
Notes to Financial Statement	12-16
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	18-27
Schedule of Payables and Receivables	29
Schedule of Leases and Debt	30
Schedule of Capital Assets	31
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	34-35
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	38-39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41-48
Auditee Prepared Document:	
Corrective Action Plan	50-53
Other Reports	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Wilma S. Swango	07-01-12 to 06-30-16
Superintendent of Schools	Michael L. Jones	07-01-12 to 06-30-16
President of the School Board	James Phipps	01-01-12 to 12-31-12
	Nancy Peters	01-01-13 to 12-31-13
	Andy Truitt	01-01-14 to 12-31-14
	Wayne Daugherty	01-01-15 to 12-31-15
	Nancy Peters	01-01-16 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

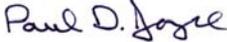
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 25, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 SWITZERLAND COUNTY SCHOOL
CORPORATION, SWITZERLAND 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 Switzerland County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 25, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be a 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

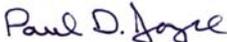
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Switzerland County School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 25, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 3,214,314	\$ 9,719,975	\$ 10,401,334	\$ 80	\$ 2,533,035	\$ 10,192,654	\$ 10,330,690	\$ (702,000)	\$ 1,692,999
Debt Service	187,154	-	538,096	538,175	187,233	-	547,898	816,924	456,259
Capital Projects	2,051,632	1,851,479	2,648,258	1,140	1,255,993	1,895,973	2,100,937	(184,000)	867,029
School Transportation	495,531	1,210,441	1,229,610	-	476,362	1,252,761	1,045,662	(138,000)	545,461
School Bus Replacement	756,858	191,147	131,506	-	816,499	213,463	315,556	(6,000)	708,406
Rainy Day	203,305	1,800	-	-	205,105	2,094	-	1,028,000	1,235,199
School Lunch	216,281	703,968	757,553	-	162,696	739,867	736,303	-	166,260
Textbook Rental	125,219	1,767	-	-	126,986	64,728	78,189	-	113,525
Self-Insurance	484,027	909,004	929,085	-	463,946	83	1,552	-	462,477
Educational License Plates	267	75	-	-	342	56	-	-	398
Instruction Support	-	11,961	23,272	-	(11,311)	21,828	10,517	-	-
CenturyLink Foundation 2013-14	-	-	-	-	-	2,300	2,300	-	-
Pioneer Case Grant 2014	-	-	-	-	-	5,000	2,937	-	2,063
Com Found Des Endow Fund 14-15	-	-	-	-	-	9,000	-	-	9,000
Vevay Switzerland County Foundation Grants	4,091	-	4,091	-	-	-	-	-	-
Vevay Switz Fndtn 2012-13	-	30,381	23,330	-	7,051	100	7,151	-	-
Vevay Switz Foundation 2013-14	-	-	-	-	-	1,453	382	-	1,071
Community Foundation	(250)	2,821	2,571	-	-	-	-	-	-
Community Fndtn of SC 2012-13	-	11,647	7,509	-	4,138	-	1,938	-	2,200
Com Foundation 2013-14	-	-	-	-	-	4,600	941	-	3,659
Jeff Township Trustee Grant	-	2,000	-	-	2,000	-	2,000	-	-
Special Needs Local Program	-	4,211	1,567	-	2,644	-	1,458	-	1,186
Special Needs Local 13-14	-	-	-	-	-	2,520	1,776	-	744
Football Start Up Program	-	33,707	9,495	-	24,212	27,749	42,026	-	9,935
Non-English Speaking Prm 13	-	566	35	-	531	-	531	-	-
School Technology	4,701	90,881	-	-	95,582	28,266	39,080	-	84,768
Community Foundation Technology	2,106	-	2,106	-	-	-	-	-	-
Community Technology 2012-13	43,750	-	12,900	-	30,850	-	850	-	30,000
Com Fnd School Tech Fund 13-14	-	50,000	550	-	49,450	-	8,905	-	40,545
Com Fnd School Tech Fund 14-15	-	-	-	-	-	90,000	-	-	90,000
Excel In Perf Awards SCE 2014	-	-	-	-	-	-	12,006	-	(12,006)
Title I 2011-12	(253,896)	258,664	4,768	-	-	-	-	-	-
Title I 2012-13	-	295,138	457,430	-	(162,292)	162,292	-	-	-
Title I 2013-14	-	-	-	-	-	362,016	423,736	-	(61,720)
Title I Sch Improv Grant JC 14	-	-	-	-	-	-	5,681	-	(5,681)
Nutrnl Grt St Pl 95-166 14-15	-	-	-	-	-	-	183	-	(183)
Title II-A Teacher Quality 2010-12	(41,583)	41,583	-	-	-	-	-	-	-
Title II-A Teacher Quality FY 11	(18,292)	33,928	19,261	-	(3,625)	45,348	41,723	-	-
T IIA FY 12 Tchr Qual 9/30/14	-	-	-	-	-	57,299	69,938	-	(12,639)
T IIA Teacher Quality 2013-15	-	-	-	-	-	-	10,750	-	(10,750)
Title VI-B Rural School 2010-12	(23,786)	23,786	-	-	-	-	-	-	-
Title VI-B Rural Schl 9/30/13	-	25,856	35,313	-	(9,457)	9,457	-	-	-
Title VI-B Rural School FY 12	-	-	-	-	-	17,273	23,739	-	(6,466)
Education Jobs	(121,611)	187,295	65,684	-	-	-	-	-	-
Payroll Deductions	(889)	2,593,243	2,592,354	-	-	2,454,636	2,454,583	-	53
Totals	\$ 7,328,929	\$ 18,287,324	\$ 19,897,678	\$ 539,395	\$ 6,257,970	\$ 17,662,816	\$ 18,321,918	\$ 814,924	\$ 6,413,792

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

SWITZERLAND COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

SWITZERLAND COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

SWITZERLAND COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

SWITZERLAND COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SWITZERLAND COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of disbursements made prior to disbursements being reimbursed from grant proceeds as directed by the Department of Education effective during the current audit period. These deficits are to be repaid from future receipts.

Note 8. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: \$3,500 per year into a retirement account for a maximum of 5 years for eligible certified retirees and \$2,500 per year towards health insurance premiums for qualifying certified retirees. 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.

SUPPLEMENTARY 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 supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates
Cash and investments - beginning	\$ 3,214,314	\$ 187,154	\$ 2,051,632	\$ 495,531	\$ 756,858	\$ 203,305	\$ 216,281	\$ 125,219	\$ 484,027	\$ 267
Receipts:										
Local sources	107,415	-	1,818,917	1,209,600	191,147	1,800	302,204	1,767	909,004	-
Intermediate sources	-	-	-	-	-	-	-	-	-	75
State sources	9,612,560	-	-	-	-	-	5,382	-	-	-
Federal sources	-	-	-	-	-	-	396,382	-	-	-
Other	-	-	32,562	841	-	-	-	-	-	-
Total receipts	<u>9,719,975</u>	<u>-</u>	<u>1,851,479</u>	<u>1,210,441</u>	<u>191,147</u>	<u>1,800</u>	<u>703,968</u>	<u>1,767</u>	<u>909,004</u>	<u>75</u>
Disbursements:										
Current:										
Instruction	7,031,523	-	-	-	-	-	-	-	-	-
Support services	3,295,084	-	443,231	1,229,610	131,506	-	454	-	929,085	-
Noninstructional services	74,727	-	-	-	-	-	757,099	-	-	-
Facilities acquisition and construction	-	-	2,205,027	-	-	-	-	-	-	-
Debt services	-	538,096	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,401,334</u>	<u>538,096</u>	<u>2,648,258</u>	<u>1,229,610</u>	<u>131,506</u>	<u>-</u>	<u>757,553</u>	<u>-</u>	<u>929,085</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(681,359)</u>	<u>(538,096)</u>	<u>(796,779)</u>	<u>(19,169)</u>	<u>59,641</u>	<u>1,800</u>	<u>(53,585)</u>	<u>1,767</u>	<u>(20,081)</u>	<u>75</u>
Other financing sources (uses):										
Sale of capital assets	80	538,175	1,140	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>80</u>	<u>538,175</u>	<u>1,140</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>(681,279)</u>	<u>79</u>	<u>(795,639)</u>	<u>(19,169)</u>	<u>59,641</u>	<u>1,800</u>	<u>(53,585)</u>	<u>1,767</u>	<u>(20,081)</u>	<u>75</u>
Cash and investments - ending	<u>\$ 2,533,035</u>	<u>\$ 187,233</u>	<u>\$ 1,255,993</u>	<u>\$ 476,362</u>	<u>\$ 816,499</u>	<u>\$ 205,105</u>	<u>\$ 162,696</u>	<u>\$ 126,986</u>	<u>\$ 463,946</u>	<u>\$ 342</u>

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

	Instruction Support	CenturyLink Foundation 2013-14	Pioneer Case Grant 2014	Com Found Des Endow Fund 14-15	Vevay Switzerland County Foundation Grants	Vevay Switz Fndtn 2012-13	Vevay Switz Foundation 2013-14	Community Foundation	Community Fndtn of SC 2012-13
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 4,091	\$ -	\$ -	\$ (250)	\$ -
Receipts:									
Local sources	11,961	-	-	-	-	30,381	-	2,821	11,647
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	11,961	-	-	-	-	30,381	-	2,821	11,647
Disbursements:									
Current:									
Instruction	-	-	-	-	1,516	17,760	-	2,571	3,509
Support services	-	-	-	-	75	-	-	-	4,000
Noninstructional services	-	-	-	-	-	99	-	-	-
Facilities acquisition and construction	23,272	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,500	5,471	-	-	-
Total disbursements	23,272	-	-	-	4,091	23,330	-	2,571	7,509
Excess (deficiency) of receipts over disbursements	(11,311)	-	-	-	(4,091)	7,051	-	250	4,138
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,311)	-	-	-	(4,091)	7,051	-	250	4,138
Cash and investments - ending	\$ (11,311)	\$ -	\$ -	\$ -	\$ -	\$ 7,051	\$ -	\$ -	\$ 4,138

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

	Com Foundation 2013-14	Jeff Township Trustee Grant	Special Needs Local Program	Special Needs Local 13-14	Football Start Up Program	Non-English Speaking Prm 13	School Technology	Community Foundation Technology	Community Technology 2012-13
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,701	\$ 2,106	\$ 43,750
Receipts:									
Local sources	-	2,000	4,211	-	33,707	-	85,280	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	566	5,601	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	2,000	4,211	-	33,707	566	90,881	-	-
Disbursements:									
Current:									
Instruction	-	-	1,567	-	9,495	35	-	2,106	12,900
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,567	-	9,495	35	-	2,106	12,900
Excess (deficiency) of receipts over disbursements	-	2,000	2,644	-	24,212	531	90,881	(2,106)	(12,900)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,000	2,644	-	24,212	531	90,881	(2,106)	(12,900)
Cash and investments - ending	\$ -	\$ 2,000	\$ 2,644	\$ -	\$ 24,212	\$ 531	\$ 95,582	\$ -	\$ 30,850

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

	Com Fnd School Tech Fund 13-14	Com Fnd School Tech Fund 14-15	Excel In Perf Awards SCE 2014	Title I 2011-12	Title I 2012-13	Title I 2013-14	Title I Sch Improv Grant JC 14	Nutrnl Grt St PI 95-166 14-15	Title II-A Teacher Quality 2010-12
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (253,896)	\$ -	\$ -	\$ -	\$ -	\$ (41,583)
Receipts:									
Local sources	50,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	258,664	295,138	-	-	-	41,583
Other	-	-	-	-	-	-	-	-	-
Total receipts	50,000	-	-	258,664	295,138	-	-	-	41,583
Disbursements:									
Current:									
Instruction	550	-	-	1,906	385,548	-	-	-	-
Support services	-	-	-	-	71,849	-	-	-	-
Noninstructional services	-	-	-	2,862	33	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	550	-	-	4,768	457,430	-	-	-	-
Excess (deficiency) of receipts over disbursements	49,450	-	-	253,896	(162,292)	-	-	-	41,583
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,450	-	-	253,896	(162,292)	-	-	-	41,583
Cash and investments - ending	\$ 49,450	\$ -	\$ -	\$ -	\$ (162,292)	\$ -	\$ -	\$ -	\$ -

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

	Title II-A Teacher Quality FY 11	T IIA FY 12 Tchr Qual 9/30/14	T IIA Teacher Quality 2013-15	Title VI-B Rural School 2010-12	Title VI-B Rural Schl 9/30/13	Title VI-B Rural School FY 12	Education Jobs	Payroll Deductions	Totals
Cash and investments - beginning	\$ (18,292)	\$ -	\$ -	\$ (23,786)	\$ -	\$ -	\$ (121,611)	\$ (889)	\$ 7,328,929
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,773,862
Intermediate sources	-	-	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	-	-	9,624,109
Federal sources	33,928	-	-	23,786	25,856	-	187,295	-	1,262,632
Other	-	-	-	-	-	-	-	2,593,243	2,626,646
Total receipts	<u>33,928</u>	<u>-</u>	<u>-</u>	<u>23,786</u>	<u>25,856</u>	<u>-</u>	<u>187,295</u>	<u>2,593,243</u>	<u>18,287,324</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	35,313	-	65,684	-	7,571,983
Support services	19,261	-	-	-	-	-	-	-	6,124,155
Noninstructional services	-	-	-	-	-	-	-	-	834,820
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,228,299
Debt services	-	-	-	-	-	-	-	-	538,096
Nonprogrammed charges	-	-	-	-	-	-	-	2,592,354	2,600,325
Total disbursements	<u>19,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,313</u>	<u>-</u>	<u>65,684</u>	<u>2,592,354</u>	<u>19,897,678</u>
Excess (deficiency) of receipts over disbursements	<u>14,667</u>	<u>-</u>	<u>-</u>	<u>23,786</u>	<u>(9,457)</u>	<u>-</u>	<u>121,611</u>	<u>889</u>	<u>(1,610,354)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	539,395
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,395</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>14,667</u>	<u>-</u>	<u>-</u>	<u>23,786</u>	<u>(9,457)</u>	<u>-</u>	<u>121,611</u>	<u>889</u>	<u>(1,070,959)</u>
Cash and investments - ending	<u>\$ (3,625)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,257,970</u>

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates
Cash and investments - beginning	\$ 2,533,035	\$ 187,233	\$ 1,255,993	\$ 476,362	\$ 816,499	\$ 205,105	\$ 162,696	\$ 126,986	\$ 463,946	\$ 342
Receipts:										
Local sources	72,316	-	1,895,460	1,251,649	213,463	2,094	287,728	1,883	83	-
Intermediate sources	48	-	-	-	-	-	-	-	-	56
State sources	10,120,290	-	-	-	-	-	5,312	62,845	-	-
Federal sources	-	-	-	-	-	-	446,827	-	-	-
Other	-	-	513	1,112	-	-	-	-	-	-
Total receipts	10,192,654	-	1,895,973	1,252,761	213,463	2,094	739,867	64,728	83	56
Disbursements:										
Current:										
Instruction	7,042,449	-	-	-	-	-	-	-	-	-
Support services	3,190,802	-	619,720	1,045,662	315,556	-	28	78,189	1,552	-
Noninstructional services	97,439	-	-	-	-	-	736,275	-	-	-
Facilities acquisition and construction	-	-	1,481,217	-	-	-	-	-	-	-
Debt services	-	547,898	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,330,690	547,898	2,100,937	1,045,662	315,556	-	736,303	78,189	1,552	-
Excess (deficiency) of receipts over disbursements	(138,036)	(547,898)	(204,964)	207,099	(102,093)	2,094	3,564	(13,461)	(1,469)	56
Other financing sources (uses):										
Sale of capital assets	-	816,924	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,028,000	-	-	-	-
Transfers out	(702,000)	-	(184,000)	(138,000)	(6,000)	-	-	-	-	-
Total other financing sources (uses)	(702,000)	816,924	(184,000)	(138,000)	(6,000)	1,028,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(840,036)	269,026	(388,964)	69,099	(108,093)	1,030,094	3,564	(13,461)	(1,469)	56
Cash and investments - ending	\$ 1,692,999	\$ 456,259	\$ 867,029	\$ 545,461	\$ 708,406	\$ 1,235,199	\$ 166,260	\$ 113,525	\$ 462,477	\$ 398

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

	Instruction Support	CenturyLink Foundation 2013-14	Pioneer Case Grant 2014	Com Found Des Endow Fund 14-15	Vevay Switzerland County Foundation Grants	Vevay Switz Fndtn 2012-13	Vevay Switz Foundation 2013-14	Community Foundation	Community Fndtn of SC 2012-13
Cash and investments - beginning	\$ (11,311)	\$ -	\$ -	\$ -	\$ -	\$ 7,051	\$ -	\$ -	\$ 4,138
Receipts:									
Local sources	21,828	2,300	5,000	9,000	-	100	1,453	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>21,828</u>	<u>2,300</u>	<u>5,000</u>	<u>9,000</u>	<u>-</u>	<u>100</u>	<u>1,453</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	2,300	-	-	-	7,051	382	-	1,938
Support services	-	-	2,937	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	10,517	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	100	-	-	-
Total disbursements	<u>10,517</u>	<u>2,300</u>	<u>2,937</u>	<u>-</u>	<u>-</u>	<u>7,151</u>	<u>382</u>	<u>-</u>	<u>1,938</u>
Excess (deficiency) of receipts over disbursements	<u>11,311</u>	<u>-</u>	<u>2,063</u>	<u>9,000</u>	<u>-</u>	<u>(7,051)</u>	<u>1,071</u>	<u>-</u>	<u>(1,938)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,311</u>	<u>-</u>	<u>2,063</u>	<u>9,000</u>	<u>-</u>	<u>(7,051)</u>	<u>1,071</u>	<u>-</u>	<u>(1,938)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,063</u>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,071</u>	<u>\$ -</u>	<u>\$ 2,200</u>

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

	Com Foundation 2013-14	Jeff Township Trustee Grant	Special Needs Local Program	Special Needs Local 13-14	Football Start Up Program	Non-English Speaking Prm 13	School Technology	Community Foundation Technology	Community Technology 2012-13
Cash and investments - beginning	\$ -	\$ 2,000	\$ 2,644	\$ -	\$ 24,212	\$ 531	\$ 95,582	\$ -	\$ 30,850
Receipts:									
Local sources	4,600	-	-	2,520	27,749	-	24,649	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	3,617	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	4,600	-	-	2,520	27,749	-	28,266	-	-
Disbursements:									
Current:									
Instruction	741	2,000	1,458	1,000	41,526	43	-	-	850
Support services	200	-	-	-	500	488	39,080	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	776	-	-	-	-	-
Total disbursements	941	2,000	1,458	1,776	42,026	531	39,080	-	850
Excess (deficiency) of receipts over disbursements	3,659	(2,000)	(1,458)	744	(14,277)	(531)	(10,814)	-	(850)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,659	(2,000)	(1,458)	744	(14,277)	(531)	(10,814)	-	(850)
Cash and investments - ending	\$ 3,659	\$ -	\$ 1,186	\$ 744	\$ 9,935	\$ -	\$ 84,768	\$ -	\$ 30,000

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

	Com Fnd School Tech Fund 13-14	Com Fnd School Tech Fund 14-15	Excel In Perf Awards SCE 2014	Title I 2011-12	Title I 2012-13	Title I 2013-14	Title I Sch Improv Grant JC 14	Nutrnl Grt St PI 95-166 14-15	Title II-A Teacher Quality 2010-12
Cash and investments - beginning	\$ 49,450	\$ -	\$ -	\$ -	\$ (162,292)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	90,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	162,292	362,016	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	90,000	-	-	162,292	362,016	-	-	-
Disbursements:									
Current:									
Instruction	8,875	-	12,006	-	-	330,547	-	-	-
Support services	30	-	-	-	-	92,204	5,681	-	-
Noninstructional services	-	-	-	-	-	985	-	183	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,905	-	12,006	-	-	423,736	5,681	183	-
Excess (deficiency) of receipts over disbursements	(8,905)	90,000	(12,006)	-	162,292	(61,720)	(5,681)	(183)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,905)	90,000	(12,006)	-	162,292	(61,720)	(5,681)	(183)	-
Cash and investments - ending	\$ 40,545	\$ 90,000	\$ (12,006)	\$ -	\$ -	\$ (61,720)	\$ (5,681)	\$ (183)	\$ -

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

	Title II-A Teacher Quality FY 11	T IIA FY 12 Tchr Qual 9/30/14	T IIA Teacher Quality 2013-15	Title VI-B Rural School 2010-12	Title VI-B Rural Schl 9/30/13	Title VI-B Rural School FY 12	Education Jobs	Payroll Deductions	Totals
Cash and investments - beginning	\$ (3,625)	\$ -	\$ -	\$ -	\$ (9,457)	\$ -	\$ -	\$ -	\$ 6,257,970
Receipts:									
Local sources	-	30	-	-	-	-	-	-	3,913,905
Intermediate sources	-	-	-	-	-	-	-	-	104
State sources	-	-	-	-	-	-	-	-	10,192,064
Federal sources	45,348	57,269	-	-	9,457	17,273	-	-	1,100,482
Other	-	-	-	-	-	-	-	2,454,636	2,456,261
Total receipts	<u>45,348</u>	<u>57,299</u>	<u>-</u>	<u>-</u>	<u>9,457</u>	<u>17,273</u>	<u>-</u>	<u>2,454,636</u>	<u>17,662,816</u>
Disbursements:									
Current:									
Instruction	33,600	41,183	-	-	-	23,739	-	-	7,551,688
Support services	8,123	28,755	10,750	-	-	-	-	-	5,440,257
Noninstructional services	-	-	-	-	-	-	-	-	834,882
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,491,734
Debt services	-	-	-	-	-	-	-	-	547,898
Nonprogrammed charges	-	-	-	-	-	-	-	2,454,583	2,455,459
Total disbursements	<u>41,723</u>	<u>69,938</u>	<u>10,750</u>	<u>-</u>	<u>-</u>	<u>23,739</u>	<u>-</u>	<u>2,454,583</u>	<u>18,321,918</u>
Excess (deficiency) of receipts over disbursements	<u>3,625</u>	<u>(12,639)</u>	<u>(10,750)</u>	<u>-</u>	<u>9,457</u>	<u>(6,466)</u>	<u>-</u>	<u>53</u>	<u>(659,102)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	816,924
Transfers in	-	-	-	-	-	-	-	-	1,028,000
Transfers out	-	-	-	-	-	-	-	-	(1,030,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,924</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,625</u>	<u>(12,639)</u>	<u>(10,750)</u>	<u>-</u>	<u>9,457</u>	<u>(6,466)</u>	<u>-</u>	<u>53</u>	<u>155,822</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (12,639)</u>	<u>\$ (10,750)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,466)</u>	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 6,413,792</u>

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SWITZERLAND COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,933,327</u>	<u>\$ 106,444</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: ProSource	Copiers/Accessories	\$ 47,818	3/15/2013	3/14/2018
Total of annual lease payments		<u>\$ 47,818</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Jefferson Craig QZAB Bonds 2009	\$ 1,085,000	\$ 104,883
General obligation bonds	Middle School Common School Bonds 1999	<u>3,983,432</u>	<u>442,604</u>
Totals		<u>\$ 5,068,432</u>	<u>\$ 547,487</u>

SWITZERLAND COUNTY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 414,615
Infrastructure	2,750,383
Buildings	18,449,318
Improvements other than buildings	1,360,744
Machinery, equipment, and vehicles	3,632,308
Total capital assets	\$ 26,607,368

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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 SWITZERLAND COUNTY SCHOOL
CORPORATION, SWITZERLAND COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

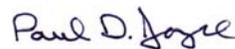
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, and 2014-006 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SWITZERLAND COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
FY 13			FY 12-13	\$ 104,001	\$ -
FY 14			FY 13-14	-	111,735
Total for program				<u>104,001</u>	<u>111,735</u>
National School Lunch Program	Indiana Department of Education	10.555			
FY 13			FY 12-13	334,400	-
FY 14			FY 13-14	-	379,407
Total for program				<u>334,400</u>	<u>379,407</u>
Total - Child Nutrition Cluster				<u>438,401</u>	<u>491,142</u>
Total - Department of Agriculture				<u>438,401</u>	<u>491,142</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 2011-12			12-7775	258,664	-
FY 2012-13			13-7775	295,138	162,292
FY 2013-14			14-7775	-	362,016
Total - Title I, Part A Cluster				<u>553,802</u>	<u>524,308</u>
Special Education Cluster (IDEA)					
Special Education - Grants To States	Indiana Department of Education	84.027			
			14211-038-PN01	29,244	-
			14212-038-PN01	192,605	34,196
			14213-038-PN01	93,608	206,480
			14214-038-PN01	-	82,553
			99914-038-TA01	-	1,157
Total for program				<u>315,457</u>	<u>324,386</u>

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45711-038-PN01	4,857	-
			45712-038-PN01	9,403	4,891
			45713-038-PN01	42	12,894
			45714-038-PN01	-	45
				<u>14,302</u>	<u>17,830</u>
				<u>329,759</u>	<u>342,216</u>
Total - Special Education Cluster (IDEA)					
Rural Education					
Title VI Part B-Rural Education Achievement Program	Indiana Department of Education	84.358			
Project Period 10-12			FY010	23,786	-
Project Period 11-13			7000SS358B110014	25,856	9,457
Project Period 12-14			7000SS358B120014	-	17,273
				<u>49,642</u>	<u>26,730</u>
Total for program					
Improving Teacher Quality State Grants					
SY 11-12	Indiana Department of Education	84.367	10-7775	41,583	-
SY 12-13			11-7775	33,928	45,348
SY 13-14			12-7775	-	57,269
				<u>75,511</u>	<u>102,617</u>
Total for program					
Education Jobs Fund					
	Indiana Department of Education	84.410			
			FY 12-13	187,295	-
Total - Department of Education					
				<u>1,196,009</u>	<u>995,871</u>
Total federal awards expended				<u>\$ 1,634,410</u>	<u>\$ 1,487,013</u>

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

SWITZERLAND COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 42,019	\$ 44,315

SWITZERLAND COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

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

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce the risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

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)

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We noted the following deficiency in the internal control system of the School Corporation related to the reporting of federal awards. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce the risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to the preparation of the Schedule of Expenditures of Federal Awards. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Program Income, and Reporting.

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

Cash Management and Reporting

The claims for reimbursement reports and the annual financial reports were prepared and submitted by the Food Service Director, who also monitors the cash balance in the School Lunch fund when submitting reports. There was no control in place to ensure the reimbursement reports or the annual financial reports were accurate prior to submission, and that the School Corporation complied with Cash Management requirements.

Eligibility

The free or reduced price lunch applications were approved by the Food Service Director. The applications were also verified by the Food Service Director. There was no control in place to ensure the eligibility determinations were accurate.

Program Income

Cafeteria collections for school lunch accounts are remitted monthly to the School Corporation by the Extra-Curricular Account Treasurer. There was no control in place to ensure the amount remitted was accurate and in agreement with the Extra-Curricular Account records.

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

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance 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.

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

FINDING 2014-004 - SPECIAL TEST AND PROVISIONS

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY12-13, FY13-14
Pass-Through Entity: Indiana Department of Education

Internal Control

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 Special Test and Provisions compliance requirements for Verification of Free and Reduced Price Applications and Paid Lunch Equity.

Special Test and Provision - Verification of Free and Reduced Price Applications

The free or reduced price lunch applications were approved by the Food Service Director. The applications were also verified by the Food Service Director. There was no control in place to ensure the verifications were properly completed.

Special Test and Provision - Paid Lunch Equity

The annual calculation for paid lunch equity was prepared by the Food Service Director. There was no control in place to ensure the calculation was accurate.

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

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

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

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

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

Compliance

The School Corporation did not retain the Paid Lunch Equity calculations for the fiscal years ended June 30, 2013 and 2014, to demonstrate compliance with Paid Lunch Equity requirements.

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e) . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement 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 requirement listed above that have a direct and material effect to the programs.

FINDING 2014-005 - SPECIAL TEST AND PROVISIONS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-7775, 13-7775, 14-7775

Pass-Through Entity: Indiana Department of Education

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

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 Special Test and Provisions compliance requirements for Schoolwide Programs; Comparability; Highly Qualified Teachers and Paraprofessionals; and Annual Report Card, High School Graduation Rate.

Schoolwide Programs

The Title I Director is responsible for revisions to the school wide plan and submission to the state. No evidence was presented to indicate that a control was in place to ensure that these items were completed.

Comparability

The Title I Director is responsible for comparability calculations and submission to the state. There was no control in place to ensure the comparability calculation was accurate prior to submission.

Highly Qualified Teachers and Paraprofessionals

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with the Special Test and Provisions for highly qualified teachers and paraprofessionals.

Annual Report Card, High School Graduation Rate

The High School Guidance Counselor obtains documentation to support a student's removal from the cohort. There was no oversight or review process in place to ensure compliance with the Special Test and Provisions for Annual Report Card, High School Graduation Rate.

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

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

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

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

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

SWITZERLAND COUNTY 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 the grant agreement and compliance requirements listed above.

FINDING 2014-006 - INTERNAL CONTROLS OVER SPECIAL EDUCATION CLUSTER (IDEA)

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-038-PN01, 14212-038-PN01,
14213-038-PN01, 14214-038-PN01,
99914-038-TA01, 45711-038-PN01,
45712-038-PN01, 45713-038-PN01,
45714-038-PN01

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: Cash Management, Period of Availability of Federal Funds, and Reporting.

The School Corporation designated Madison Area Educational Special Services Unit (MAESSU) as the fiscal agent to receive and manage the funding of the Special Education programs. We noted the following deficiencies in the internal control system:

Cash Management

Requests for Reimbursement are prepared by MAESSU's Business Manager. There was no segregation of duties, such as oversight, review, or approval process in place at the School Corporation to ensure that expenditures were paid prior to requesting reimbursement.

Period of Availability of Federal Funds

MAESSU's Business Manager monitors expenditures for compliance with Period of Availability of Federal Fund requirements. There was no segregation of duties, such as oversight, review, or approval process in place at the School Corporation to ensure expenditures were incurred within the period of availability.

Reporting

The Requests for Reimbursement and Final Expenditure Reports are prepared and submitted by MAESSU's Business Manager. There was no segregation of duties, such as oversight, review, or approval process in place at the School Corporation to ensure that the Requests for Reimbursement and Final Expenditure Reports were accurate prior to submission.

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

SWITZERLAND COUNTY 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 programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance 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.

AUDITEE PREPARED DOCUMENT

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

Switzerland County School Corporation

Switzerland Co. High School
1020 W. Main Street
Vevay, Indiana 47043

Office of Superintendent
1040 W. Main Street
Vevay, Indiana 47043
(812) 427-2611 / 2612
Fax (812) 427-2044

Jefferson - Craig Elementary School
1002 W. Main Street
Vevay, Indiana 47043

Switzerland Co. Middle School
1004 W. Main Street
Vevay, Indiana 47043

Switzerland Co. Elementary School
P.O. Box 87
East Enterprise, Indiana 47019

CORRECTIVE ACTION PLAN

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND RECORDING

Contact Person Responsible for Corrective Action: Wilma Swango, Business Manager
Contact Phone Number: 812-427-2673

Description of Corrective Action Plan:

Lack of Segregation of Duties: Control activities will be developed at various levels of Switzerland County School Corporation to reduce the risks to achievement of financial reporting objectives. All receipts will be signed by the Treasurer. Receipts will be keyed into the financial accounting system by the Business Office Assistant who will balance the edit to the receipts and sign it. For all manual deposits, a tape showing the total of the receipts will be signed. A similar tape of the deposit ticket total with all cash itemized will be signed by the depositor who will be a different person.

SCSC will strive to maintain controls over receipting, disbursing, recording and accounting for financial activities in order to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

Anticipated Completion Date: January 1, 2016

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Wilma Swango, Business Manager
Contact Phone Number: 812-427-2673

Description of Corrective Action Plan:

Lack of Segregation of Duties: Switzerland County School Corporation will separate incompatible activities related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). When SEFA is recorded and uploaded into Gateway, the recorder will print and sign the report. In addition, the report will be reviewed by either the Grant Writer or the Superintendent will also review and sign the printed report.

SCSC will continue to improve internal controls to provide reasonable assurance regarding the reliability of financial records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations.

Anticipated Completion Date: February 1, 2016

Switzerland County School Corporation is committed to equal opportunity and does not discriminate on the basis of age, race, color, sex, handicapping conditions, or national origin including limited English proficiency, in any employment opportunity. No person is excluded from participation in, denied the benefits of, or otherwise subjected to unlawful discrimination on such basis under any educational program or student activity.

A Commitment To Excellence

www.switzerland.k12.in.us

FINDING 2014-003 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Contact Person Responsible for Corrective Action: Wilma Swango, Business Manager and Gayla Bullock, Food Service Director
Contact Phone Number: 812-427-2611 and 812-427-2626

Description of Corrective Action Plan:

Cash Management and Reporting: Claims for reimbursement will continue to be prepared by the Food Service Director. They will be reviewed and signed by the Café Secretary. Annual financial reports will continue to be submitted by the Food Service Director. They will be verified by the Corporation Treasurer.

Eligibility: Free and reduced lunch applications will be approved by the Food Service Director. They will be verified by the Café Secretary.

Program Income: Cafeteria collections for school lunch accounts will continue to be remitted monthly by the School ECA Treasurers. The ECA Treasurers will include a signed monthly report showing daily income. In addition, the Food Service Director and Café Secretaries will sign and submit a monthly report showing revenue received by Food Service for the month. A Business Office representative will verify the amounts submitted by the ECA Treasurer and the Café reports balance.

This internal control system should 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.

Anticipated Completion Date: January 1, 2016

FINDING 2014-004 - SPECIAL TEST AND PROVISIONS

Contact Person Responsible for Corrective Action: Wilma Swango, Business Manager and Gayla Bullock, Food Service Director
Contact Phone Number: 812-427-2611 and 812-427-2626

Description of Corrective Action Plan:

Verification of Free and Reduced Price Applications: Free and reduced price lunch applications will continue to be approved by the Food Service Director. Three percent of the applications will be verified by the Café Secretary.

Paid Lunch Equity: The annual calculation for paid lunch equity will still be prepared by the Food Service Director. The documentation will be reviewed and signed by the Business Manager. We will retain these records to demonstrate compliance.

It is our goal to make sure that proper oversight, reviews and approvals take place and to have a separation of functions over certain activities related to the program.

Anticipated Completion Date: March 1, 2016

FINDING 2014-005 SPECIAL TEST AND PROVISIONS

Contact Person Responsible for Corrective Action: Wilma Swango, Business Manager; Mona Crabtree, Administrative Secretary; Marla Edwards, High School Guidance Director ; Gregg Goewertt, High School Principal; and Michael Jones, Superintendent

Contact Phone Number: 812-427-2611, 812-427-2626

Description of Corrective Action Plan:

Management of Switzerland County School Corporation will establish an effective internal control system which will include segregation of duties, related to the grant agreement and the Special Test and Compliance Requirements for Schoolwide Programs; Comparability; Highly Qualified Teachers and Paraprofessionals; and Annual Report, High School Graduation Rate.

Schoolwide Programs: The Title I Director will continue to be responsible for revisions to the school wide plan and submission to the state. Revisions will be documented and signed by the Director. The Superintendent will review the revisions and submission and sign the documentation.

Comparability: The Title I Director will make comparability calculations between schools and submit them to the state. Calculations will be verified by the Business Manager.

Highly Qualified Teachers and Paraprofessionals: Adequate procedures will be implemented to ensure compliance with the Special Test and Provisions for highly qualified teachers and paraprofessionals. Such documentation will be kept by the Administrative Secretary with copies in each school.

Annual Report Card, High School Graduation Rate: The High School Guidance Counselor will obtain documentation to support a student's removal from the cohort. She meets monthly with the guidance secretary and the attendance secretary to review any enrollees and withdrawals for the month. They maintain documentation of requests for records for both. She provides information to the Tech Director for updates in STN. The Tech Director uploads student data and signs the changes. The Guidance Director keeps that with her cohort records. The High School Principal or Assistant will verify the graduation rate information prior to submission of the Annual Report Card.

Anticipated Completion Date: June 1, 2016

Finding 2014-006 – INTERNAL CONTROLS OVER SPECIAL EDUCATION CLUSTER (IDEA)

Contact Person Responsible for Corrective Action: Wilma Swango, Business Manager and Michael Jones, Superintendent

Contact Phone Number: 812-427-2611

Description of Corrective Action Plan:

Switzerland County School Corporation has designated Madison Area Special Services Unit as the fiscal agent to receive and manage the funding of the Special Education programs.

Switzerland County School Corporation management is working to maintain an effective internal control system which includes segregation of duties, related to the grant agreement and the following compliance requirements.

Cash Management: Requests for reimbursements are prepared by MAESSU's Business Manager. In October 2015 the Business Manager began obtaining the signatures of Board Members on reports.

Period of Availability: The Business Manager of MAESSU monitors expenditures for compliance with Period of Availability for Federal Fund Requirements. In October 2015 the Business Manager began having the MAESSU Board sign reports.

Reporting: The Requests for Reimbursement and Final Expenditure Reports are prepared and submitted by the MAESSU Business Manager. In October 2015, the Board Members began signing these reports.

Madison Special Services Unit will work towards maintaining 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 the Federal program as stated in OMB Circular A-133, Subpart C, Section 300. Switzerland County School Corporation has been assured by MAESSU's Business Manager and Board that every effort will be maintained to accomplish fulfilling these requirements.

Anticipated Completion Date: October 31, 2015

Michael L. Jones
(Signature)

Superintendent
(Title)

2-19-2016
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.