

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WARSAW COMMUNITY SCHOOLS
KOSCIUSKO COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
02/18/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Erica M. Purvis	01-01-12 to 12-31-15
Superintendent of Schools	Dr. Craig J Hintz Dr. David A. Hoffert	01-01-12 to 06-30-14 07-01-14 to 06-30-17
President of the School Board	Jennifer K. Tandy	01-01-12 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WARSAW COMMUNITY SCHOOLS, KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Warsaw Community Schools (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 as listed in the Table of Contents.

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 November 18, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

November 18, 2015



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

TO: THE OFFICIALS OF THE WARSAW COMMUNITY SCHOOLS, KOSCIUSKO 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 Warsaw Community Schools (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 November 18, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Warsaw Community School'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

November 18, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements	Sources (Uses)	Sources (Uses)	Receipts	Disbursements	Sources (Uses)	Sources (Uses)	Receipts	Disbursements
General	\$ 3,534,379	\$ 44,619,180	\$ 43,919,166	\$ (296,551)	\$ 3,937,842	\$ 46,627,354	\$ 45,335,832	\$ (698,419)	\$ 4,530,945	
Debt Service	5,155,490	8,269,758	8,309,153	(431,653)	4,684,442	8,537,278	8,313,143	63,414	4,971,991	
Retirement/Severance Bond Debt Service	315,209	550,947	545,382	(17,178)	303,596	536,311	547,280	17,178	309,805	
Capital Projects	2,110,491	7,253,793	7,386,616	(214,551)	1,763,117	6,666,252	7,069,215	215,551	1,575,705	
School Transportation	790,532	2,889,131	2,828,782	(90,560)	760,321	2,862,140	2,862,949	90,560	850,072	
School Bus Replacement	579,376	604,950	718,241	(18,986)	447,099	597,720	704,538	18,986	359,267	
Rainy Day	3,153,430	-	259,214	-	2,894,216	-	400,000	400,000	2,894,216	
Construction	805,895	478,166	576,543	-	707,518	62,750	692,595	-	77,673	
School Lunch	1,200,849	3,324,834	3,515,273	-	1,010,410	3,778,827	3,313,779	-	1,475,458	
Textbook Rental	(613,106)	767,403	651,310	173,835	(323,178)	826,822	1,189,970	194,404	(491,922)	
Self-Insurance	5,815,298	7,282,937	7,178,454	-	5,919,781	7,166,745	7,253,201	-	5,833,325	
Levy Excess	-	-	-	600,093	600,093	-	-	(600,093)	-	
Joint Services and Supply - Special Education Cooperative	353,657	265	17,596	(1,971)	334,355	156	7,673	(4,609)	322,229	
WCS Joint Service	(1,971)	-	4,609	1,971	(4,609)	-	594	4,609	(594)	
Alternative Education	21,702	67,870	338,226	296,551	47,897	46,440	408,679	298,419	(15,923)	
Time Technology Integration	6,133	-	1,800	-	4,333	-	1,445	-	2,888	
Adult and Continuing Education	223,863	11,002	3,364	-	231,501	1,766	-	-	233,267	
Extra-Curricular Activities	(7,134)	40,525	37,328	-	(3,937)	41,726	43,251	-	(5,462)	
NCI In/Out	22,844	1,781	4,997	(19,628)	-	-	-	-	-	
General In/Out	55,778	-	4,577	-	51,201	-	51,201	-	-	
Driver's Ed	37,393	19,880	21,225	-	36,048	20,116	16,467	-	39,697	
In/Out	147,714	291,818	259,392	-	180,140	253,102	322,890	-	110,352	
Vocational	55,225	8,517	9,117	-	54,625	6,440	9,265	-	51,800	
Literacy	11,406	-	85	-	11,321	-	9,229	-	2,092	
Spec Education In/Out	-	13,981	12,557	19,628	21,052	18,214	26,746	-	12,520	
DEKKO Stem Grant	-	30,000	-	-	30,000	10,000	14,086	-	25,914	
Redefining Excellence Award	-	10,000	-	-	10,000	-	399	-	9,601	
Medtronic STEM Grant	-	16,600	-	-	16,600	-	3,473	-	13,127	
K Countdown United Way Grant	-	-	6,582	-	(6,582)	17,200	14,550	-	(3,932)	
Orthoworx STEM Grant	-	112,065	-	-	112,065	-	77,726	-	34,339	
e3 Tech Conference	-	6,325	-	-	6,325	10,065	2,748	-	13,642	
Kos Com Foundation STEM Grant	-	-	-	-	-	300,000	94,992	-	205,008	
Gifted/Talented Grant 2011-2012	35,248	-	35,248	-	-	-	-	-	-	
Gifted/Talented Grant	-	47,328	22,245	-	25,083	-	25,083	-	-	
High Ability Grant 2013-2014	-	-	-	-	-	50,750	38,593	-	12,157	
Non-English Speaking Programs P.L. 273-1999	19,467	-	19,467	-	-	-	-	-	-	
Non-English Speaking Program 3711	-	72,313	71,317	-	996	-	996	-	-	
Non-English Speaking Program	-	-	-	-	-	71,592	67,812	-	3,780	
School Technology	155,961	-	155,961	-	-	-	9,492	-	(9,492)	
State Connectivity Grant	1,113	4,665	3,302	-	2,476	4,661	4,030	-	3,107	
Technology Grants [IC 20-40-15]	-	5,750	5,750	-	-	-	-	-	-	

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

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

	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
Innovation Grant (STEM)	(86,121)	378,754	340,444	-	(47,811)	60,780	12,969	-	-
Title I 2011-2012	(25,101)	155,199	130,098	-	-	-	-	-	-
Title I 2012-2013	-	744,084	928,780	-	(184,696)	319,451	134,755	-	-
Title I 2013-2014	-	-	-	-	-	891,660	1,018,887	-	(127,227)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(163,392)	1,193,133	1,034,414	-	(4,673)	18,617	13,944	-	-
Special ED FED PT B 2010-2011	(5,935)	82,459	76,524	-	-	-	-	-	-
IDEA Technical Assistance Grant	-	-	-	-	-	39,169	38,452	-	717
IDEA Part B 2012-2013	-	2,240,745	2,547,368	-	(306,623)	1,274,847	967,357	-	867
IDEA Part B 2013-2014	-	-	-	-	-	2,536,424	2,567,327	-	(30,903)
Special Ed Improv Award	-	67,797	67,797	-	-	-	-	-	-
Federal Assistance Educational Preschool Handicapped	(4,181)	20,743	16,562	-	-	2,051	2,051	-	-
IDEA Preschool 2011-2012	-	9,407	9,407	-	-	-	-	-	-
IDEA Preschool 2012-2013	-	57,609	70,416	-	(12,807)	39,211	26,209	-	195
IDEA Preschool 2013-2014	-	-	-	-	-	64,911	66,306	-	(1,395)
Adult Education and Family Literacy, Title II	(79,565)	106,538	26,973	-	-	-	-	-	-
Adult Ed 2012-2013 CFDA 84.002	-	222,371	281,632	-	(59,261)	109,129	49,868	-	-
Adult Ed 2013-2014	-	-	-	-	-	294,382	350,826	-	(56,444)
Carl Perkins 2011-2012	(11,302)	48,902	37,600	-	-	-	-	-	-
Carl Perkins 2012-2013	-	33,528	52,664	-	(19,136)	109,631	90,495	-	-
Carl Perkins 2013-2014	-	-	-	-	-	91,318	91,318	-	-
Technology Resource Grant 2013	-	-	-	-	-	14,999	14,999	-	-
CTE Tech Prep Grant 2012	-	4,015	4,015	-	-	-	-	-	-
Adult ED EL/Civics 2011-2012	(8,573)	37,911	29,338	-	-	-	-	-	-
Career Pathway Welding Grant	-	7,263	7,263	-	-	-	-	-	-
Medicaid Reimbursement - Federal	30,979	41,147	7,350	-	64,776	73,551	34,874	-	103,453
Improving Teaching Quality, No Child Left, Title II, Part A	(6,718)	90,348	83,630	-	-	-	-	-	-
Title II Part A 2012-2013	-	90,882	95,490	-	(4,608)	84,803	80,195	-	-
Title II Part A 2013-2014	-	-	-	-	-	86,208	85,593	-	615
Title II MSP Grant 2013-2014	-	-	-	-	-	159,242	159,300	-	(58)
Title II Elearning Grant	-	-	425	-	(425)	16,000	17,075	-	(1,500)
Title III 2011-2012	(1,978)	8,677	6,699	-	-	-	-	-	-
Title III 2012-2013	-	61,274	91,631	-	(30,357)	28,518	2,819	-	(4,658)
Title III 2013-2014	-	-	-	-	-	62,583	94,389	-	(31,806)
Education Jobs	(963)	69,955	68,992	-	-	-	-	-	-
Prepaid Lunch	-	703,560	643,086	-	60,474	1,280,835	1,274,123	-	67,186
Payroll Clearing	512,171	36,606,534	36,965,711	-	152,994	40,407,590	40,556,623	-	3,961
Totals	\$ 24,135,563	\$ 119,884,619	\$ 120,547,188	\$ 1,000	\$ 23,473,994	\$ 126,580,337	\$ 126,684,676	\$ -	\$ 23,369,655

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

WARSAW COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WARSAW COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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:

WARSAW COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

WARSAW COMMUNITY SCHOOLS
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.

WARSAW COMMUNITY SCHOOLS
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. For reimbursable grant funds, this is the result of expenditures being made prior to the receipt of the reimbursement. For other funds, this is a result of expenditures exceeding current cash and receipts. These deficits will be repaid from future receipts.

Note 8. Holding Corporations

The School Corporation has entered into two capital leases, the 2003 Multi-School Improvements and the 2008 Multi-School Improvements with the Warsaw Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the school years 2013 and 2014 totaled \$3,501,000 and \$4,389,500, and \$3,500,000 and \$4,388,500, respectively.

WARSAW COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Special Education Cooperative*

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the Schedule of Expenditures of Federal Awards for the School Corporation.

Note 10. *Subsequent Events*

Warsaw Community Schools pursued a construction referendum and was successful in May 2015. The referendum amount was \$39,900,000. Work approved by the referendum includes the construction of a replacement Lincoln Elementary School and the renovation of and improvements to Washington Elementary School and Edgewood Middle School. In terms of logistics, the Warsaw Multi-School Building Corporation borrows the money, constructs and renovates the buildings included in the project, and in turn leases the facilities to Warsaw Community Schools. Warsaw Community Schools has budgeted for lease payments in the 2016 budget year. Series 2015 Bonds were sold on November 9, 2015, and are expected to generate approximately \$30,600,000. Construction is expected to begin in December 2015. The remaining bond issue is expected to occur in the first quarter of 2016.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,534,379	\$ 5,155,490	\$ 315,209	\$ 2,110,491	\$ 790,532	\$ 579,376	\$ 3,153,430	\$ 805,895	\$ 1,200,849	\$ (613,106)
Receipts:										
Local sources	962,199	8,269,758	550,947	7,051,183	2,889,131	604,950	-	478,166	1,410,058	506,208
Intermediate sources	224	-	-	-	-	-	-	-	-	-
State sources	43,652,328	-	-	-	-	-	-	-	95,705	261,195
Federal sources	-	-	-	-	-	-	-	-	1,818,646	-
Temporary loans	-	-	-	202,610	-	-	-	-	-	-
Other	4,429	-	-	-	-	-	-	-	425	-
Total receipts	<u>44,619,180</u>	<u>8,269,758</u>	<u>550,947</u>	<u>7,253,793</u>	<u>2,889,131</u>	<u>604,950</u>	<u>-</u>	<u>478,166</u>	<u>3,324,834</u>	<u>767,403</u>
Disbursements:										
Current:										
Instruction	29,932,774	-	-	-	-	-	-	-	-	-
Support services	13,582,903	-	-	3,707,386	2,828,782	718,241	259,214	-	105,022	651,310
Noninstructional services	380,094	-	-	-	-	-	-	-	3,160,667	-
Facilities acquisition and construction	23,395	-	-	3,313,710	-	-	-	576,543	-	-
Debt services	-	8,309,153	545,382	365,520	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	249,584	-
Total disbursements	<u>43,919,166</u>	<u>8,309,153</u>	<u>545,382</u>	<u>7,386,616</u>	<u>2,828,782</u>	<u>718,241</u>	<u>259,214</u>	<u>576,543</u>	<u>3,515,273</u>	<u>651,310</u>
Excess (deficiency) of receipts over disbursements	<u>700,014</u>	<u>(39,395)</u>	<u>5,565</u>	<u>(132,823)</u>	<u>60,349</u>	<u>(113,291)</u>	<u>(259,214)</u>	<u>(98,377)</u>	<u>(190,439)</u>	<u>116,093</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	1,000	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	10,159	-	173,835
Transfers out	(296,551)	(431,653)	(17,178)	(215,551)	(90,560)	(18,986)	-	(10,159)	-	-
Total other financing sources (uses)	<u>(296,551)</u>	<u>(431,653)</u>	<u>(17,178)</u>	<u>(214,551)</u>	<u>(90,560)</u>	<u>(18,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,835</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>403,463</u>	<u>(471,048)</u>	<u>(11,613)</u>	<u>(347,374)</u>	<u>(30,211)</u>	<u>(132,277)</u>	<u>(259,214)</u>	<u>(98,377)</u>	<u>(190,439)</u>	<u>289,928</u>
Cash and investments - ending	<u>\$ 3,937,842</u>	<u>\$ 4,684,442</u>	<u>\$ 303,596</u>	<u>\$ 1,763,117</u>	<u>\$ 760,321</u>	<u>\$ 447,099</u>	<u>\$ 2,894,216</u>	<u>\$ 707,518</u>	<u>\$ 1,010,410</u>	<u>\$ (323,178)</u>

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

	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	WCS Joint Service	Alternative Education	Time Technology Integration	Adult and Continuing Education	Extra- Curricular Activities	NCI In/Out	General In/Out
Cash and investments - beginning	\$ 5,815,298	\$ -	\$ 353,657	\$ (1,971)	\$ 21,702	\$ 6,133	\$ 223,863	\$ (7,134)	\$ 22,844	\$ 55,778
Receipts:										
Local sources	7,282,937	-	265	-	-	-	11,002	40,525	1,781	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	67,870	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>7,282,937</u>	<u>-</u>	<u>265</u>	<u>-</u>	<u>67,870</u>	<u>-</u>	<u>11,002</u>	<u>40,525</u>	<u>1,781</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	-	-	-	4,458	338,226	-	3,364	37,328	1,252	-
Support services	-	-	17,596	151	-	1,800	-	-	3,745	4,553
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	24
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	7,178,454	-	-	-	-	-	-	-	-	-
Total disbursements	<u>7,178,454</u>	<u>-</u>	<u>17,596</u>	<u>4,609</u>	<u>338,226</u>	<u>1,800</u>	<u>3,364</u>	<u>37,328</u>	<u>4,997</u>	<u>4,577</u>
Excess (deficiency) of receipts over disbursements	<u>104,483</u>	<u>-</u>	<u>(17,331)</u>	<u>(4,609)</u>	<u>(270,356)</u>	<u>(1,800)</u>	<u>7,638</u>	<u>3,197</u>	<u>(3,216)</u>	<u>(4,577)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	600,093	4,577	1,971	296,551	-	-	-	-	-
Transfers out	-	-	(6,548)	-	-	-	-	-	(19,628)	-
Total other financing sources (uses)	<u>-</u>	<u>600,093</u>	<u>(1,971)</u>	<u>1,971</u>	<u>296,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,628)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>104,483</u>	<u>600,093</u>	<u>(19,302)</u>	<u>(2,638)</u>	<u>26,195</u>	<u>(1,800)</u>	<u>7,638</u>	<u>3,197</u>	<u>(22,844)</u>	<u>(4,577)</u>
Cash and investments - ending	<u>\$ 5,919,781</u>	<u>\$ 600,093</u>	<u>\$ 334,355</u>	<u>\$ (4,609)</u>	<u>\$ 47,897</u>	<u>\$ 4,333</u>	<u>\$ 231,501</u>	<u>\$ (3,937)</u>	<u>\$ -</u>	<u>\$ 51,201</u>

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

	Driver's Ed	In/Out	Vocational	Literacy	Spec Educational In/Out	DEKKO Stem Grant	Redefining Excellence Award	Medtronic STEM Grant	K Countdown United Way Grant	Orthoworx STEM Grant
Cash and investments - beginning	\$ 37,393	\$ 147,714	\$ 55,225	\$ 11,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	19,880	267,953	8,517	-	13,981	30,000	10,000	16,600	-	112,065
Intermediate sources	-	20,404	-	-	-	-	-	-	-	-
State sources	-	3,461	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>19,880</u>	<u>291,818</u>	<u>8,517</u>	<u>-</u>	<u>13,981</u>	<u>30,000</u>	<u>10,000</u>	<u>16,600</u>	<u>-</u>	<u>112,065</u>
Disbursements:										
Current:										
Instruction	21,225	88,285	8,789	85	12,557	-	-	-	6,582	-
Support services	-	139,164	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	31,943	328	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>21,225</u>	<u>259,392</u>	<u>9,117</u>	<u>85</u>	<u>12,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,582</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,345)</u>	<u>32,426</u>	<u>(600)</u>	<u>(85)</u>	<u>1,424</u>	<u>30,000</u>	<u>10,000</u>	<u>16,600</u>	<u>(6,582)</u>	<u>112,065</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	19,628	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,345)</u>	<u>32,426</u>	<u>(600)</u>	<u>(85)</u>	<u>21,052</u>	<u>30,000</u>	<u>10,000</u>	<u>16,600</u>	<u>(6,582)</u>	<u>112,065</u>
Cash and investments - ending	<u>\$ 36,048</u>	<u>\$ 180,140</u>	<u>\$ 54,625</u>	<u>\$ 11,321</u>	<u>\$ 21,052</u>	<u>\$ 30,000</u>	<u>\$ 10,000</u>	<u>\$ 16,600</u>	<u>\$ (6,582)</u>	<u>\$ 112,065</u>

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

	e3 Tech Conference	Kos Com Foundation STEM Grant	Gifted/Talented Grant 2011-2012	Gifted/Talented Grant	High Ability Grant 2013-2014	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Program 3711	Non-English Speaking Program	School Technology	State Connectivity Grant
Cash and investments - beginning	\$ -	\$ -	\$ 35,248	\$ -	\$ -	\$ 19,467	\$ -	\$ -	\$ 155,961	\$ 1,113
Receipts:										
Local sources	6,325	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	47,328	-	-	72,313	-	-	4,665
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,325</u>	<u>-</u>	<u>-</u>	<u>47,328</u>	<u>-</u>	<u>-</u>	<u>72,313</u>	<u>-</u>	<u>-</u>	<u>4,665</u>
Disbursements:										
Current:										
Instruction	-	-	33,689	22,245	-	19,467	71,317	-	-	-
Support services	-	-	1,559	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	155,961	3,302
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>35,248</u>	<u>22,245</u>	<u>-</u>	<u>19,467</u>	<u>71,317</u>	<u>-</u>	<u>155,961</u>	<u>3,302</u>
Excess (deficiency) of receipts over disbursements	<u>6,325</u>	<u>-</u>	<u>(35,248)</u>	<u>25,083</u>	<u>-</u>	<u>(19,467)</u>	<u>996</u>	<u>-</u>	<u>(155,961)</u>	<u>1,363</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,325</u>	<u>-</u>	<u>(35,248)</u>	<u>25,083</u>	<u>-</u>	<u>(19,467)</u>	<u>996</u>	<u>-</u>	<u>(155,961)</u>	<u>1,363</u>
Cash and investments - ending	<u>\$ 6,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,476</u>

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

	Technology Grants [IC 20-40-15]	Innovation Grant (STEM)	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special ED FED PT B 2010-2011	IDEA Technical Assistance Grant	IDEA Part B 2012-2013	IDEA Part B 2013-2014
Cash and investments - beginning	\$ -	\$ (86,121)	\$ (25,101)	\$ -	\$ -	\$ (163,392)	\$ (5,935)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	5,750	378,754	-	-	-	-	-	-	-	-
Federal sources	-	-	155,199	744,084	-	1,193,133	82,459	-	2,240,745	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,750</u>	<u>378,754</u>	<u>155,199</u>	<u>744,084</u>	<u>-</u>	<u>1,193,133</u>	<u>82,459</u>	<u>-</u>	<u>2,240,745</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	-	20,069	90,138	831,846	-	975,342	9,136	-	1,735,608	-
Support services	-	151,815	39,960	96,934	-	59,072	67,388	-	811,760	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	5,750	168,560	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,750</u>	<u>340,444</u>	<u>130,098</u>	<u>928,780</u>	<u>-</u>	<u>1,034,414</u>	<u>76,524</u>	<u>-</u>	<u>2,547,368</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>38,310</u>	<u>25,101</u>	<u>(184,696)</u>	<u>-</u>	<u>158,719</u>	<u>5,935</u>	<u>-</u>	<u>(306,623)</u>	<u>-</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>38,310</u>	<u>25,101</u>	<u>(184,696)</u>	<u>-</u>	<u>158,719</u>	<u>5,935</u>	<u>-</u>	<u>(306,623)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (47,811)</u>	<u>\$ -</u>	<u>\$ (184,696)</u>	<u>\$ -</u>	<u>\$ (4,673)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306,623)</u>	<u>\$ -</u>

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

	Special Ed Improv Award	Federal Assistance Educational Preschool Handicapped	IDEA Preschool 2011-2012	IDEA Preschool 2012-2013	IDEA Preschool 2013-2014	Adult Education and Family Literacy, Title II	Adult Ed 2012-2013 CFDA 84.002	Adult Ed 2013-2014	Carl Perkins 2011-2012	Carl Perkins 2012-2013
Cash and investments - beginning	\$ -	\$ (4,181)	\$ -	\$ -	\$ -	\$ (79,565)	\$ -	\$ -	\$ (11,302)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	30,916	204,736	-	-	-
Federal sources	67,797	20,743	9,407	57,609	-	75,622	17,635	-	48,902	33,528
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>67,797</u>	<u>20,743</u>	<u>9,407</u>	<u>57,609</u>	<u>-</u>	<u>106,538</u>	<u>222,371</u>	<u>-</u>	<u>48,902</u>	<u>33,528</u>
Disbursements:										
Current:										
Instruction	-	16,562	-	70,416	-	26,787	259,981	-	37,600	52,664
Support services	67,797	-	9,407	-	-	186	21,651	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>67,797</u>	<u>16,562</u>	<u>9,407</u>	<u>70,416</u>	<u>-</u>	<u>26,973</u>	<u>281,632</u>	<u>-</u>	<u>37,600</u>	<u>52,664</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>4,181</u>	<u>-</u>	<u>(12,807)</u>	<u>-</u>	<u>79,565</u>	<u>(59,261)</u>	<u>-</u>	<u>11,302</u>	<u>(19,136)</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>4,181</u>	<u>-</u>	<u>(12,807)</u>	<u>-</u>	<u>79,565</u>	<u>(59,261)</u>	<u>-</u>	<u>11,302</u>	<u>(19,136)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,807)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,261)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,136)</u>

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

	Carl Perkins 2013-2014	Technology Resource Grant 2013	CTE Tech Prep Grant 2012	Adult Ed EL/Civics 2011-2012	Career Pathway Welding Grant	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Tite II Part A 2012-2013	Title II Part A 2013-2014	Title II MSP Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (8,573)	\$ -	\$ 30,979	\$ (6,718)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	7,263	41,147	-	-	-	-
Federal sources	-	-	4,015	37,911	-	-	90,348	90,882	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,015	37,911	7,263	41,147	90,348	90,882	-	-
Disbursements:										
Current:										
Instruction	-	-	4,015	29,338	7,263	7,165	-	-	-	-
Support services	-	-	-	-	-	185	83,630	95,490	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,015	29,338	7,263	7,350	83,630	95,490	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	8,573	-	33,797	6,718	(4,608)	-	-
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	-	-	-	8,573	-	33,797	6,718	(4,608)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,776	\$ -	\$ (4,608)	\$ -	\$ -

WARSAW COMMUNITY SCHOOLS
 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 Elearning Grant	Title III 2011-2012	Title III 2012-2013	Title III 2013-2014	Education Jobs	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (1,978)	\$ -	\$ -	\$ (963)	\$ -	\$ 512,171	\$ 24,135,563
Receipts:								
Local sources	-	-	-	-	-	-	-	30,544,431
Intermediate sources	-	-	-	-	-	-	-	20,628
State sources	-	-	-	-	-	-	-	44,873,431
Federal sources	-	8,677	61,274	-	69,955	-	-	6,928,571
Temporary loans	-	-	-	-	-	-	-	202,610
Other	-	-	-	-	-	703,560	36,606,534	37,314,948
Total receipts	<u>-</u>	<u>8,677</u>	<u>61,274</u>	<u>-</u>	<u>69,955</u>	<u>703,560</u>	<u>36,606,534</u>	<u>119,884,619</u>
Disbursements:								
Current:								
Instruction	-	6,485	91,631	-	25,028	-	-	34,898,717
Support services	425	214	-	-	43,964	-	-	23,571,304
Noninstructional services	-	-	-	-	-	-	-	3,540,761
Facilities acquisition and construction	-	-	-	-	-	-	-	4,279,516
Debt services	-	-	-	-	-	-	-	9,220,055
Nonprogrammed charges	-	-	-	-	-	643,086	36,965,711	45,036,835
Total disbursements	<u>425</u>	<u>6,699</u>	<u>91,631</u>	<u>-</u>	<u>68,992</u>	<u>643,086</u>	<u>36,965,711</u>	<u>120,547,188</u>
Excess (deficiency) of receipts over disbursements	<u>(425)</u>	<u>1,978</u>	<u>(30,357)</u>	<u>-</u>	<u>963</u>	<u>60,474</u>	<u>(359,177)</u>	<u>(662,569)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,000
Transfers in	-	-	-	-	-	-	-	1,106,814
Transfers out	-	-	-	-	-	-	-	(1,106,814)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(425)</u>	<u>1,978</u>	<u>(30,357)</u>	<u>-</u>	<u>963</u>	<u>60,474</u>	<u>(359,177)</u>	<u>(661,569)</u>
Cash and investments - ending	<u>\$ (425)</u>	<u>\$ -</u>	<u>\$ (30,357)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,474</u>	<u>\$ 152,994</u>	<u>\$ 23,473,994</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,937,842	\$ 4,684,442	\$ 303,596	\$ 1,763,117	\$ 760,321	\$ 447,099	\$ 2,894,216	\$ 707,518	\$ 1,010,410	\$ (323,178)
Receipts:										
Local sources	800,640	8,537,278	536,311	6,666,252	2,862,140	597,720	-	62,750	1,314,650	557,671
Intermediate sources	447	-	-	-	-	-	-	-	-	-
State sources	45,825,201	-	-	-	-	-	-	-	28,816	269,151
Federal sources	-	-	-	-	-	-	-	-	2,434,911	-
Other	1,066	-	-	-	-	-	-	-	450	-
Total receipts	46,627,354	8,537,278	536,311	6,666,252	2,862,140	597,720	-	62,750	3,778,827	826,822
Disbursements:										
Current:										
Instruction	30,422,772	-	-	-	-	-	-	-	-	-
Support services	14,488,465	-	-	4,230,843	2,862,949	704,538	400,000	-	13,946	1,189,970
Noninstructional services	369,489	-	-	-	-	-	-	-	3,096,031	-
Facilities acquisition and construction	48,406	-	-	2,472,852	-	-	-	692,595	-	-
Debt services	-	8,313,143	547,280	365,520	-	-	-	-	-	-
Nonprogrammed charges	6,700	-	-	-	-	-	-	-	203,802	-
Total disbursements	45,335,832	8,313,143	547,280	7,069,215	2,862,949	704,538	400,000	692,595	3,313,779	1,189,970
Excess (deficiency) of receipts over disbursements	1,291,522	224,135	(10,969)	(402,963)	(809)	(106,818)	(400,000)	(629,845)	465,048	(363,148)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	257,818	17,178	215,551	90,560	18,986	400,000	-	-	194,404
Transfers out	(698,419)	(194,404)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(698,419)	63,414	17,178	215,551	90,560	18,986	400,000	-	-	194,404
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	593,103	287,549	6,209	(187,412)	89,751	(87,832)	-	(629,845)	465,048	(168,744)
Cash and investments - ending	\$ 4,530,945	\$ 4,971,991	\$ 309,805	\$ 1,575,705	\$ 850,072	\$ 359,267	\$ 2,894,216	\$ 77,673	\$ 1,475,458	\$ (491,922)

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

	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	WCS Joint Service	Alternative Education	Time Technology Integration	Adult and Continuing Education	Extra- Curricular Activities	NCI In/Out	General In/Out
Cash and investments - beginning	\$ 5,919,781	\$ 600,093	\$ 334,355	\$ (4,609)	\$ 47,897	\$ 4,333	\$ 231,501	\$ (3,937)	\$ -	\$ 51,201
Receipts:										
Local sources	7,166,745	-	156	-	-	-	1,766	41,726	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	46,440	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	7,166,745	-	156	-	46,440	-	1,766	41,726	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	408,679	-	-	43,251	-	-
Support services	-	-	7,673	594	-	1,445	-	-	-	51,201
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	7,253,201	-	-	-	-	-	-	-	-	-
Total disbursements	7,253,201	-	7,673	594	408,679	1,445	-	43,251	-	51,201
Excess (deficiency) of receipts over disbursements	(86,456)	-	(7,517)	(594)	(362,239)	(1,445)	1,766	(1,525)	-	(51,201)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	4,609	298,419	-	-	-	-	-
Transfers out	-	(600,093)	(4,609)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(600,093)	(4,609)	4,609	298,419	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(86,456)	(600,093)	(12,126)	4,015	(63,820)	(1,445)	1,766	(1,525)	-	(51,201)
Cash and investments - ending	\$ 5,833,325	\$ -	\$ 322,229	\$ (594)	\$ (15,923)	\$ 2,888	\$ 233,267	\$ (5,462)	\$ -	\$ -

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

	Driver's Ed	In/Out	Vocational	Literacy	Spec Educational In/Out	DEKKO Stem Grant	Redefining Excellence Award	Medtronic STEM Grant	K Countdown United Way Grant	Orthoworx STEM Grant
Cash and investments - beginning	\$ 36,048	\$ 180,140	\$ 54,625	\$ 11,321	\$ 21,052	\$ 30,000	\$ 10,000	\$ 16,600	\$ (6,582)	\$ 112,065
Receipts:										
Local sources	20,116	270,914	6,440	-	18,214	10,000	-	-	17,200	-
Intermediate sources	-	(19,261)	-	-	-	-	-	-	-	-
State sources	-	1,449	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	20,116	253,102	6,440	-	18,214	10,000	-	-	17,200	-
Disbursements:										
Current:										
Instruction	16,467	143,405	8,515	9,229	24,445	14,086	-	-	14,550	8,112
Support services	-	170,159	-	-	2,301	-	399	2,423	-	52,107
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	9,326	750	-	-	-	-	1,050	-	17,507
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	16,467	322,890	9,265	9,229	26,746	14,086	399	3,473	14,550	77,726
Excess (deficiency) of receipts over disbursements	3,649	(69,788)	(2,825)	(9,229)	(8,532)	(4,086)	(399)	(3,473)	2,650	(77,726)
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	3,649	(69,788)	(2,825)	(9,229)	(8,532)	(4,086)	(399)	(3,473)	2,650	(77,726)
Cash and investments - ending	\$ 39,697	\$ 110,352	\$ 51,800	\$ 2,092	\$ 12,520	\$ 25,914	\$ 9,601	\$ 13,127	\$ (3,932)	\$ 34,339

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

	e3 Tech Conference	Kos Com Foundation STEM Grant	Gifted/Talented Grant 2011-2012	Gifted/Talented Grant	High Ability Grant 2013-2014	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Program 3711	Non-English Speaking Program	School Technology	State Connectivity Grant
Cash and investments - beginning	\$ 6,325	\$ -	\$ -	\$ 25,083	\$ -	\$ -	\$ 996	\$ -	\$ -	\$ 2,476
Receipts:										
Local sources	10,065	300,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	50,750	-	-	71,592	-	4,661
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	10,065	300,000	-	-	50,750	-	-	71,592	-	4,661
Disbursements:										
Current:										
Instruction	-	910	-	21,260	38,593	-	996	63,846	-	-
Support services	2,748	25,597	-	3,823	-	-	-	3,500	9,492	-
Noninstructional services	-	-	-	-	-	-	-	466	-	-
Facilities acquisition and construction	-	68,485	-	-	-	-	-	-	-	4,030
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,748	94,992	-	25,083	38,593	-	996	67,812	9,492	4,030
Excess (deficiency) of receipts over disbursements	7,317	205,008	-	(25,083)	12,157	-	(996)	3,780	(9,492)	631
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,317	205,008	-	(25,083)	12,157	-	(996)	3,780	(9,492)	631
Cash and investments - ending	\$ 13,642	\$ 205,008	\$ -	\$ -	\$ 12,157	\$ -	\$ -	\$ 3,780	\$ (9,492)	\$ 3,107

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

	Technology Grants [IC 20-40-15]	Innovation Grant (STEM)	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special ED FED PT B 2010-2011	IDEA Technical Assistance Grant	IDEA Part B 2012-2013	IDEA Part B 2013-2014
Cash and investments - beginning	\$ -	\$ (47,811)	\$ -	\$ (184,696)	\$ -	\$ (4,673)	\$ -	\$ -	\$ (306,623)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	60,780	-	-	-	-	-	-	-	-
Federal sources	-	-	-	319,451	891,660	18,617	-	39,169	1,274,847	2,536,424
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	60,780	-	319,451	891,660	18,617	-	39,169	1,274,847	2,536,424
Disbursements:										
Current:										
Instruction	-	4,250	-	85,690	888,213	8,950	-	22,936	919,465	1,704,287
Support services	-	4,830	-	49,065	79,953	4,994	-	15,516	47,892	863,040
Noninstructional services	-	-	-	-	50,721	-	-	-	-	-
Facilities acquisition and construction	-	3,889	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	12,969	-	134,755	1,018,887	13,944	-	38,452	967,357	2,567,327
Excess (deficiency) of receipts over disbursements	-	47,811	-	184,696	(127,227)	4,673	-	717	307,490	(30,903)
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	-	47,811	-	184,696	(127,227)	4,673	-	717	307,490	(30,903)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (127,227)	\$ -	\$ -	\$ 717	\$ 867	\$ (30,903)

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

	Special Ed Improv Award	Federal Assistance Educational Preschool Handicapped	IDEA Preschool 2011-2012	IDEA Preschool 2012-2013	IDEA Preschool 2013-2014	Adult Education and Family Literacy, Title II	Adult Ed 2012-2013 CFDA 84.002	Adult Ed 2013-2014	Carl Perkins 2011-2012	Carl Perkins 2012-2013
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (12,807)	\$ -	\$ -	\$ (59,261)	\$ -	\$ -	\$ (19,136)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	116,669	-	-
Federal sources	-	2,051	-	39,211	64,911	-	109,129	177,713	-	109,631
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	2,051	-	39,211	64,911	-	109,129	294,382	-	109,631
Disbursements:										
Current:										
Instruction	-	2,051	-	26,209	66,306	-	49,868	326,190	-	90,495
Support services	-	-	-	-	-	-	-	24,636	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,051	-	26,209	66,306	-	49,868	350,826	-	90,495
Excess (deficiency) of receipts over disbursements	-	-	-	13,002	(1,395)	-	59,261	(56,444)	-	19,136
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	-	-	-	13,002	(1,395)	-	59,261	(56,444)	-	19,136
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 195	\$ (1,395)	\$ -	\$ -	\$ (56,444)	\$ -	\$ -

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

	Carl Perkins 2013-2014	Technology Resource Grant 2013	CTE Tech Prep Grant 2012	Adult Ed EL/Civics 2011-2012	Career Pathway Welding Grant	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Tite II Part A 2012-2013	Title II Part A 2013-2014	Title II MSP Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,776	\$ -	\$ (4,608)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	73,551	-	-	-	-
Federal sources	91,318	14,999	-	-	-	-	84,803	86,208	159,242	
Other	-	-	-	-	-	-	-	-	-	
Total receipts	91,318	14,999	-	-	-	73,551	84,803	86,208	159,242	
Disbursements:										
Current:										
Instruction	91,318	14,999	-	-	-	28,509	-	-	-	-
Support services	-	-	-	-	-	6,365	-	80,195	85,593	159,300
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	91,318	14,999	-	-	-	34,874	80,195	85,593	159,300	
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	38,677	4,608	615	(58)	
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	-	-	-	-	-	38,677	4,608	615	(58)	
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,453	\$ -	\$ -	\$ 615	\$ (58)

WARSAW COMMUNITY SCHOOLS
 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 Elearning Grant	Title III 2011-2012	Title III 2012-2013	Title III 2013-2014	Education Jobs	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (425)	\$ -	\$ (30,357)	\$ -	\$ -	\$ 60,474	\$ 152,994	\$ 23,473,994
Receipts:								
Local sources	-	-	-	-	-	-	-	29,798,754
Intermediate sources	-	-	-	-	-	-	-	(18,814)
State sources	-	-	-	-	-	-	-	46,549,060
Federal sources	16,000	-	28,518	62,583	-	-	-	8,561,396
Other	-	-	-	-	-	1,280,835	40,407,590	41,689,941
Total receipts	16,000	-	28,518	62,583	-	1,280,835	40,407,590	126,580,337
Disbursements:								
Current:								
Instruction	-	-	2,819	81,292	-	-	-	35,652,963
Support services	17,075	-	-	13,097	-	-	-	25,675,724
Noninstructional services	-	-	-	-	-	-	-	3,516,707
Facilities acquisition and construction	-	-	-	-	-	-	-	3,318,890
Debt services	-	-	-	-	-	-	-	9,225,943
Nonprogrammed charges	-	-	-	-	-	1,274,123	40,556,623	49,294,449
Total disbursements	17,075	-	2,819	94,389	-	1,274,123	40,556,623	126,684,676
Excess (deficiency) of receipts over disbursements	(1,075)	-	25,699	(31,806)	-	6,712	(149,033)	(104,339)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,497,525
Transfers out	-	-	-	-	-	-	-	(1,497,525)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,075)	-	25,699	(31,806)	-	6,712	(149,033)	(104,339)
Cash and investments - ending	\$ (1,500)	\$ -	\$ (4,658)	\$ (31,806)	\$ -	\$ 67,186	\$ 3,961	\$ 23,369,655

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WARSAW COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,529,054</u>	<u>\$ 61,314</u>

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Warsaw Multi-School Building Corp	2003 Multi School Improvements	\$ 3,500,000	6/30/2004	6/30/2024
Warsaw Multi-School Building Corp	2008 Multi School Improvements	<u>4,388,500</u>	6/30/2008	12/31/2031
Total governmental activities		<u>7,888,500</u>		
Total of annual lease payments		<u>\$ 7,888,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 2,304,837	\$ 537,938
General obligation bonds	2009 QSCB	1,500,000	149,882
General obligation bonds	2010 QSCB	1,070,000	192,666
Notes and loans payable	Energy Savings Installment Agreement	<u>1,482,058</u>	<u>365,520</u>
Total governmental activities		<u>6,356,895</u>	<u>1,246,006</u>
Totals		<u>\$ 6,356,895</u>	<u>\$ 1,246,006</u>

WARSAW COMMUNITY SCHOOLS
 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	\$ 1,976,655
Buildings	228,618,240
Improvements other than buildings	5,320,170
Machinery, equipment, and vehicles	36,461,446
Books and other	1,984,256
Total governmental activities	274,360,767
Total capital assets	\$ 274,360,767

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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 WARSAW COMMUNITY SCHOOLS, KOSCIUSKO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Warsaw Community School'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 items 2014-004, 2014-005, 2014-006, 2014-009, 2014-010, 2014-011, 2014-012, 2014-013, and 2014-015. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, 2014-010, 2014-011, 2014-012, 2014-013, 2014-014, and 2014-015 to be material weaknesses.

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

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

November 18, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WARSAW COMMUNITY SCHOOLS
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	Indiana Department of Education				
School Breakfast Program		10.553	4415	\$ 401,556	\$ 457,274
National School Lunch Program		10.555	4415	1,610,233	1,839,394
Summer Food Service Program for Children		10.559	4415	<u>137,797</u>	<u>138,244</u>
Total - Department of Agriculture				<u>2,149,586</u>	<u>2,434,912</u>
<u>Department of Education</u>					
Title I, Part A Cluster	Indiana Department of Education	84.010			
Title I Grant to Local Educational Agencies			12-4415	155,199	-
			13-4415	744,084	319,451
			14-4415	<u>-</u>	<u>891,660</u>
Total - Title I, Part A Cluster				<u>899,283</u>	<u>1,211,111</u>
Special Education Cluster (IDEA)	Indiana Department of Education	84.027			
Special Education_Grants to States			14211-045-PN01	54,731	-
			14212-045-PN01	243,386	5,752
			14213-045-PN01	1,076,505	328,067
			45214-045-PN01	-	1,263,051
			A58-3-13DL-0068	67,797	-
			99914-045-TA01	<u>-</u>	<u>14,537</u>
Total - Special Education_Grants to States				<u>1,442,419</u>	<u>1,611,407</u>
Special Education_Preschool Grants	Indiana Department of Education	84.173			
			45712-045-PN01	8,806	-
			45713-045-PN01	23,456	18,316
			45714-045-PN01	<u>-</u>	<u>23,969</u>
Total - Special Education_Preschool Grants				<u>32,262</u>	<u>42,285</u>
Total - Special Education Cluster (IDEA)				<u>1,474,681</u>	<u>1,653,692</u>
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002			
			C1-2-AE-1-130	1,277	-
			C1-3-AE-2-130	17,635	109,129
			C1-4-AE-3-130	-	94,381
			PIMIC-1-130	<u>7,263</u>	<u>-</u>
Total - Adult Education - Basic Grants to States				<u>26,175</u>	<u>203,510</u>

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

WARSAW COMMUNITY SCHOOLS
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>					
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048			
			12-4700-4415	48,902	-
			13-4700-4415	33,528	109,631
			14-4700-4415	-	91,318
			14-4700-4415	<u>4,015</u>	<u>-</u>
Total - Career and Technical Education - Basic Grants to States				<u>86,445</u>	<u>200,949</u>
Career and Technical Education - National Programs	Indiana Department of Education	84.051	A58-3-13CI-1578	-	14,999
Tech-Prep Education	Indiana Department of Education	84.243	ELC-1-130	37,911	-
English Language Acquisition State Grants	Indiana Department of Education	84.365			
			01112-037-PN01	8,677	-
			01113-040-PN01	61,274	28,518
			01114-87-PN01	-	<u>62,583</u>
Total - English Language Acquisition State Grants				<u>69,951</u>	<u>91,101</u>
Mathematics and Science Partnerships	Indiana Department of Education	84.366	A58-3-13CI-1272	-	159,242
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			10-4415	90,348	-
			11-4415	90,882	84,803
			12-4415	-	86,208
			A58-3-13CI-1272	-	<u>16,000</u>
Total - Improving Teacher Quality State Grants				<u>181,230</u>	<u>187,011</u>
Education Jobs Fund	Indiana Department of Education	84.410	7000S410A100015	69,955	-
Total - Department of Education				<u>2,845,631</u>	<u>3,721,615</u>
Total federal awards expended				<u>\$ 4,995,217</u>	<u>\$ 6,156,527</u>

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

WARSAW COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 197,109	\$ 223,405

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the Schedule of Expenditures of Federal Awards for the School Corporation.

WARSAW COMMUNITY SCHOOLS
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:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$333,833

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

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. For the school year ending June 30, 2014, the School Corporation Treasurer independently prepared the SEFA without oversight, review, or approval.

WARSAW COMMUNITY SCHOOLS
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 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to Disbursements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. We believe these deficiencies constitute material weaknesses.

1. Disbursements: The School Corporation has not properly implemented adequate policies and procedures to ensure that all payroll and vendor claims are approved by the School Board prior to payment. The School Board does sign a claim docket, however, it does not contain adequate detail indicating the time period covered by the claims or the beginning and ending check numbers approved for payment. Also, the School Corporation has not properly implemented adequate policies and procedures to separate incompatible activities related to purchases, receipt of goods and approval of accounts payable vouchers. The School Corporation had also not established adequate internal controls to monitor compliance with the requirements of the Public Purchase law as outlined in IC 5-22-8-3.
2. Monitoring of Controls: An evaluation of the School's Corporation system of internal control has not been conducted. The failure to monitor the internal control system places the School at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal control over financial reporting requires the School to monitor and assess the quality of the system of internal control.

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)

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - ALLOWABLE COSTS, ELIGIBILITY, REPORTING, SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system for their Food Service Program, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Allowable Costs, Eligibility, Reporting, and Special Tests and Provisions - Verification.

Allowable Costs

The School Corporation has not designed or implemented adequate policies and procedures to ensure that funds are only expended for allowable costs for these programs. Controls over how payroll was processed and paid were insufficient. Our testing of payroll for Food Service employees noted instances where certain employees were approving their own time. There was no segregation of duties, such as an oversight, review, or approval process by someone knowledgeable about the employee's work hours.

Eligibility

The School Corporation has not designed or implemented adequate policies and procedures to ensure that eligibility for free and reduced price meals was accurately determined. Currently, the application information is entered into the food service software which automatically makes the determination based upon this information entered. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the information entered into the food service software was correct.

Reporting

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. There was no segregation of duties, such as an oversight, review, or approval process to ensure that all required reports were properly completed and submitted.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the requirements for the verification of free and reduced price applications are accurately determined. Currently, the verification is completed by the same employee who completed the initial application. There was no segregation of duties, such as an oversight, review, or approval process to review the verification process.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

FINDING 2014-004 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Cash Management requirements related to this program were being followed. Currently, the Food Service Director is the only employee monitoring the cash balance of this program. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the Cash Management requirements of this program were being maintained.

The School Corporation was not in compliance with Cash Management requirements for the program. The three months average expenditures for the FY2013 and FY2014 school years were \$1,054,582 and \$994,134, respectively. During the FY2013 school year, there were excessive cash balances for five months, and for the FY2014 school year there were excessive cash balances for ten months. The Food Service Director was aware of the excessive balances and has been making efforts to reduce the balance; however, no formal plan is in place to ensure the reduction of the balance.

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

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

7 CFR 210.14(b) states in part: "The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service . . . "

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

WARSAW COMMUNITY SCHOOLS
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. Additionally, we recommended that the School Corporation comply with the Cash Management requirements of the programs.

FINDING 2014-005 - EQUIPMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Equipment requirements related to these programs were being followed. Currently, there are no controls in place to ensure all equipment is properly inventoried. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the Equipment requirements of these programs were being followed.

The School Corporation was not in compliance with the Equipment requirements of the programs. The School Corporation conducts a physical inventory every two years. The School Corporation provided records that showed a physical inventory took place on June 30, 2014, but there was no record of the new lunch equipment that was purchased. There were equipment purchases of \$111,276 during the FY2014 school year, but there were no new items listed on the June 30, 2014 inventory when compared to the June 30, 2012 inventory.

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."

34 CFR 80.32(d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommended that the School Corporation comply with the Equipment requirements of the programs.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-006 - ALLOWABLE COSTS - INDIRECT COSTS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that funds are only expended for allowable costs of the programs. There were no controls over the calculation of indirect costs charged to the food service program's School Lunch fund. There was no segregation of duties, such as an oversight, review, or approval process to ensure that indirect costs are calculated and charged in accordance with Allowable Cost requirements.

The School Corporation was not in compliance with Indirect Costs requirements for the programs. The School Corporation did not properly record indirect costs. The School Corporation was applying the incorrect rate when calculating the indirect cost rates. During FY2014, the FY2013 rate was used; during FY2013, the FY2012 rate was used. Also, catering charges billed to the School Corporation from the Food Service Department were not recorded accurately. They were deducted from indirect costs rather than reported separately.

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."

OMB Circular A-87, Attachment A, states in part:

"C. Basic Guidelines: . . . (c) Be authorized or not prohibited under state or local laws and regulations. . . . (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost."

OMB Circular A-87, Attachment A, states in part:

"F. **Indirect Costs** 1. General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term 'indirect costs,' as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived."

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

WARSAW COMMUNITY SCHOOLS
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. Additionally, we recommended that the School Corporation comply with the Allowable Costs requirements of the programs.

FINDING 2014-007 - MAINTENANCE OF EFFORT

Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027, 84.173
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system for their Special Education programs, which would include segregation of duties, related to the grant agreement and the Maintenance of Effort compliance requirement.

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Maintenance of Effort requirements. The Treasurer prepares the Maintenance of Effort report without documented review or approval. There was no segregation of duties, such as an oversight, review, or approval process to ensure that all required reports were properly completed and submitted.

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. 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 the Maintenance of Effort compliance requirement.

FINDING 2014-008 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027, 84.173
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Cash Management and Reporting requirements are followed. The Treasurer prepares the Request for Reimbursement and submits it without any subsequent review. There was no segregation of duties, such as an oversight, review, or approval process to ensure that Requests for Reimbursement are in accordance with Cash Management and Reporting requirements.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

FINDING 2014-009 - ACTIVITIES ALLOWED, ALLOWABLE COSTS, ELIGIBILITY, SUSPENSION AND DEBARMENT, SPECIAL TESTS AND PROVISIONS - COMPARABILITY

Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system for their Title I program, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed, Allowable Costs, Eligibility, Suspension and Debarment, and Special Tests and Provisions - Comparability.

Activities Allowed, Allowable Costs

The School Corporation has not designed or implemented adequate policies and procedures to ensure that funds are only expended for activities allowed and allowable costs for this program. Controls over how claims and payroll were processed and paid were insufficient. The Accounts Payable Voucher Register and Prior-To Claims Register which indicates the School Corporation Treasurer certified the claims and the Board of School Trustees reviewed and approved the claims did not include the dollar amount of the claims approved, nor was any supporting documentation provided with or attached to the registers. It could not be determined if all claims had been properly certified and approved by the Board of School Trustees. Also, Time and Effort Semi-Annual Certifications were signed at the beginning or middle of the six month period covered by the certifications. Additions or deletions of employees, or changes in the percentage of time to be charged to the Title I program, during the six month period would not be included on the certifications. One out of twelve employees tested was not included on the semi-annual certifications or the time and effort logs. Time and effort logs prepared by the employees were not always signed by the employees or by someone knowledgeable of the work performed by the employees. There was no segregation of duties, such as an oversight, review, or approval process to ensure that expenditures for Activities Allowed or Allowable Costs are in accordance with Activities Allowed or Allowable Costs requirements.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Eligibility

The School Corporation has not designed or implemented adequate policies and procedures to ensure that funds are only expended for eligible students participating in this program. There was no written documentation that rankings of possible eligible students were reviewed for the four targeted assistance schools and the one school-wide program school. There was no segregation of duties, such as an oversight, review, or approval process to ensure that only eligible students are provided services in accordance with Eligibility requirements.

Suspension and Debarment

The School Corporation has not designed or implemented adequate policies and procedures to ensure that vendors providing goods and services under the grant award have not been suspended or debarred by the federal government. There was no written documentation to support that the School Corporation verified the Title I vendor was not suspended or debarred. No policies or procedures have been established to ensure the vendors are checked against the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) through their System for Award Management (SAM) website to verify they are not suspended or debarred. There was no segregation of duties, such as an oversight, review, or approval process to ensure that suspended or debarred parties are not providing services in accordance with Suspension and Debarment requirements.

Special Tests and Provision - Comparability

The School Corporation has not designed or implemented adequate policies and procedures to ensure that funds are only expended for eligible students participating in this program. Currently, the handwritten copies of the comparability reports sent online to the Indiana Department of Education do not indicate review or approval of the submitted reports. There was no segregation of duties, such as an oversight, review, or approval process by anyone to ensure compliance with Special Tests and Provision - Comparability requirements.

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."

34 CFR 80.22 states in part:

"Allowable costs. **(a) Limitation on use of funds.** Grant funds may be used only for:

- (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
- (2) Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee.

(b) For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a State, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987."

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, 8. h. states in part:

"(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

34 CFR 80.35 states:

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

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

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

FINDING 2014-010 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Cash Management and Reporting requirements are followed. The Treasurer prepared the Requests for Reimbursement and the Title I Annual Expenditure Reports - FINAL for FY2013 and FY2014 and submitted them without any subsequent review. There was no segregation of duties, such as an oversight, review, or approval process to ensure that Requests for Reimbursement and Title I Annual Expenditure Reports - FINAL were in accordance with Cash Management and Reporting requirements.

The School Corporation was not in compliance with Cash Management and Reporting requirements for the program. The supporting documentation attached to the Request for Reimbursement did not contain enough information to determine which claims were paid and if claims were paid prior to requesting reimbursement for said claims.

All five Requests for Reimbursement forms tested for Cash Management lacked adequate and proper supporting documentation, such as a detailed list of the checks/claims for which the reimbursement was requested. One of the five Requests for Reimbursement forms had amounts listed from an accounts payable distribution report. It could not be determined if all expenses for which reimbursement was requested were actually paid to the vendors prior to the date the reimbursement request was sent to the pass-through agency.

All four Request for Reimbursement forms tested for Reporting lacked adequate and proper supporting documentation, such as a detailed list of the checks/claims for which the reimbursement was requested.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

The Title I Fiscal Handbook, Obligation of Funds section on page 4 states in part: "An obligation is an actual cost owed due to purchase orders issued, contracts signed, or services rendered for which a district is required to make payment. Obligations are not anticipated or estimated costs."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommended that the School Corporation comply with Cash Management and Reporting requirements of the program.

FINDING 2014 -011 - SPECIAL TESTS AND PROVISIONS - HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS

Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals requirements are followed. There was no segregation of duties, such as an oversight, review, or approval process to ensure that all teachers and paraprofessionals of the program were highly qualified and were in compliance with Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals requirements.

The School Corporation was not in compliance with Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals requirements for the program. Of forty tested, there was no supporting documentation that five paraprofessionals and one teacher were highly qualified. Written policies and procedures should be in place to ensure that all teachers and paraprofessionals have supporting documentation to show they are highly qualified prior to their hire as Title I personnel.

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."

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 200.55 states in part:

"(b)(1) Not later than the end of the 2005-2006 school year, each State that receives funds under subpart A of this part, and each LEA in that State, must ensure that all public elementary and secondary school teachers in the State who teach core academic subjects, including teachers employed by an LEA to provide services to eligible private school students under § 200.62, are highly qualified as defined in § 200.56."

34 CFR 200.56 states in part:

"A teacher described in § 200.55(a) and (b)(1) is a 'highly qualified teacher' if the teacher meets the requirements in paragraph (a) and paragraph (b), (c), or (d) of this section.

(a) In general. (1) Except as provided in paragraph (a)(3) of this section, a teacher covered under § 200.55 must— (i) Have obtained full State certification as a teacher, which may include certification obtained through alternative routes to certification; or (ii)(A) Have passed the State teacher licensing examination; and (B) Hold a license to teach in the State. (2) A teacher meets the requirement in paragraph (a)(1) of this section if the teacher— (i) Has fulfilled the State's certification and licensure requirements applicable to the years of experience the teacher possesses; or (ii) Is participating in an alternative route to certification program under which— (A) The teacher— (1) Receives high-quality professional development that is sustained, intensive, and classroom-focused in order to have a positive and lasting impact on classroom instruction, before and while teaching; (2) Participates in a program of intensive supervision that consists of structured guidance and regular ongoing support for teachers or a teacher mentoring program; (3) Assumes functions as a teacher only for a specified period of time not to exceed three years; and (4) Demonstrates satisfactory progress toward full certification as prescribed by the State; and (B) The State ensures, through its certification and licensure process, that the provisions in paragraph (a)(2)(ii) of this section are met."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommended that the School Corporation comply with Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals requirements of the program.

FINDING 2014-012 - SPECIAL TESTS AND PROVISIONS - ANNUAL REPORT CARD, HIGH SCHOOL GRADUATION RATE

Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirements are followed. There was no segregation of duties, such as an oversight, review, or approval process to ensure that all required documentation was retained and available for audit so that we could verify compliance with Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirements.

The School Corporation was not in compliance with Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirements for the program. The withdrawal forms for sixteen of forty students tested were not available for audit. The students' files were already purged and ready for the permanent filming process. It could not be determined if the School Corporation complied with the guidelines for Special Tests and Provisions - Annual Report Card, High School Graduation Rate. Written policies and procedures should be in place to ensure that all required documentation related to the program is maintained until after audit.

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."

34 CFR 80.42 states in part:

"The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommended that the School Corporation comply with Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirements of the program.

FINDING 2014-013 - ALLOWABLE COSTS

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Allowable Costs requirements are followed. There were no controls to verify that proper documentation of program costs was being completed and retained. There is also a lack of controls over how payroll is processed and paid through the Improving Teacher Quality Grant (Title II, Part A). There was no segregation of duties, such as an oversight, review, or approval process to ensure that program requirements were being followed.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation was not in compliance with Allowable Costs requirements for the program. The School Corporation uses Conference Request forms that state what conference the employee will be attending as well as if a substitute is needed. This is the form the Title II Director approves. Four out of five sampled payrolls that contained employees paid out of Title II, Part A funds contained at least one employee where no record of a conference request form was present and there were no additional records showing approval for the substitute. Written policies and procedures should be in place to ensure that all required documentation related to the program is completed and maintained until after audit.

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."

OMB Circular A-87, Attachment A, states in part:

"C. Basic Guidelines: 1. To be allowable under Federal awards, costs must meet the following general criteria: (a) Be allocable to Federal awards under the provisions of this Circular. . . . (c) Be authorized or not prohibited under state or local laws and regulations. . . . (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. . . . (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. . . . (j) Be adequately documented."

OMB Circular A-87, Attachment A, states in part: "E. Direct Costs: (2) . . . Typical direct costs chargeable to Federal awards are: (a) Compensation of employees for the time devoted and identified specifically to the performance of those awards."

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommended that the School Corporation comply with Allowable Costs requirements of the program.

FINDING 2014-014 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Cash Management and Reporting requirements are followed. The Treasurer prepares the Request for Reimbursement and submits it without review. There was no segregation of duties, such as an oversight, review, or approval process to ensure that Requests for Reimbursement are in accordance with Cash Management and Reporting requirements.

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

FINDING 2014-015 - PERIOD OF AVAILABILITY

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

The School Corporation has not designed or implemented adequate policies and procedures to ensure that Period of Availability requirements are followed. Controls over when claims could be charged to the program were insufficient. Our review of program claims revealed claims paid outside of the period of availability. There was no segregation of duties, such as an oversight, review, or approval process to ensure that program claims were within the Period of Availability requirements.

The School Corporation was not in compliance with Period of Availability requirements for the program. The School Corporation charged claims to the federal program subsequent to the period of availability. Five of eleven claims reviewed paid for transactions that occurred outside the period of availability.

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."

34 CFR 80.23 states:

"(a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

WARSAW COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommend that the School Corporation comply with the Period of Availability requirements of the program.

AUDITEE PREPARED DOCUMENT

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



CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Erica Purvis
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- During the audit period the Corporation Treasurer prepared the SEFA, reviewed with the Chief Financial Officer (although the review did not include a second signature), and submitted. To address the finding the preparation was reassigned to the Deputy Treasurer. The Corporation Treasurer will review and sign off.

Anticipated Completion Date: August 2015

FINDING 2014-002

Contact Person Responsible for Corrective Action: Erica Purvis
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- To address disbursement controls WCS has added the claim dollar amount totals to the monthly Board signature page that ties Board approval to the claim detail. In addition we now ensure that there are two signatures on all Accounts Payable vouchers. Reconciliation is reviewed monthly by a third person (the Chief Financial Officer).
- In terms of monitoring, WCS is currently considering engaging an outside entity to provide a compliance framework that can be utilized by our current staff on an ongoing basis. The goal is to ensure compliance through appropriate monitoring of internal controls.

Anticipated Completion Date: March 2016

FINDING 2014-003

Contact Person Responsible for Corrective Action: Marci Franks
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- To improve payroll controls in the Food Service group the Assistant Director now enters all payroll data into the payroll software. The Food Service Director reviews and approves payroll. This function was formerly done by the respective building principal. The change to the Director provides improved knowledge in terms of appropriate payroll hours reporting.
- Eligibility of students for free and reduced lunch is determined post audit by a two-step process. The Food Services administrative assistant enters application information. It is then reviewed and signed off by second member of the Food Services office staff.

- Reporting such as edit checks are now submitted by cafeteria managers to the Food Service office and are in turn reviewed and verified by the administrative assistant prior to submission for reimbursement. The submission is reviewed by a second office staff member. Final review and approval is then completed by the Director of Food Services.
- Special tests and provisions in terms of eligibility verification have been addressed in the same manner as described above regarding eligibility.

Anticipated Completion Date: July 2015

FINDING 2014-004

Contact Person Responsible for Corrective Action: Marci Franks

Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- The Food Services Director delivered an improvement plan to the State Board of Accounts which in turn allowed WCS to freeze student lunch prices and meet the Paid Lunch Equity federal guideline. This plan includes updating equipment at various buildings and updating the cafeteria/dining area at Lakeview Middle School. The cash balance is monitored monthly by the Director, the Corporation Treasurer and the Chief Financial Officer.

Anticipated Completion Date: September 2015

FINDING 2014-005

Contact Person Responsible for Corrective Action: Marci Franks

Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- To address tracking of equipment purchases and disposals Food Services is retaining purchase orders and invoice copies of all items above \$300 in value. This tracking includes funding source. Disposals are also monitored in the same fashion. The WCS capitalization threshold is \$5,000.

Anticipated Completion Date: July 2015

FINDING 2014-006

Contact Person Responsible for Corrective Action: Marci Franks

Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- Generation of the Indirect Cost Report by Food Services is now being performed by the Assistant Director and reviewed by the Director. Both employees sign off and send a hard copy of the monthly report to the Corporation Treasurer.
- In 2015 WCS will correct the rate year used and will square up transfer totals beginning July 1, 2015.
- Catering costs are now invoiced directly to WCS rather than being deducted from the monthly indirect cost calculation.

Anticipated Completion Date: October 2015

FINDING 2014-007

Contact Person Responsible for Corrective Action: Erica Purvis
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- Beginning with the MOE report for the 2014-2015 school year the Corporation Treasurer and Deputy Treasurer collaborated to complete the report. The Corporation Treasurer signed the report and forwarded to the Chief Financial Officer for review and signature approval.

Anticipated Completion Date: July 2015

FINDING 2014-008

Contact Person Responsible for Corrective Action: Erica Purvis
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- While we believe we were fully compliant in terms of documentation on requests for reimbursements, we have added a report to the process that includes all detail items requested by the SBOA. In order to gain an additional control point the Deputy Treasurer now prepares reimbursement requests and the Corporation Treasurer is in turn reviewing and approving prior to submission.

Anticipated Completion Date: August 2015

FINDING 2014-009

Contact Person Responsible for Corrective Action: Wendy Long
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- To address disbursement controls WCS has added the claim dollar amount totals to the monthly Board signature page that ties Board approval to the claim detail. In addition we now ensure that there are two signatures on all Accounts Payable vouchers. Reconciliation is reviewed monthly by a third person (the Chief Financial Officer).
- Time and Effort Semi-Annual Certifications will include the appropriate employees and any changes will be reflected as necessary. Time and effort tracking will be signed by both the employee and the immediate supervisor.
- School eligibility is driven by free and reduced counts and percentages building by building. Food Services provide this documentation which is reviewed by the Title I administrator.
- For purchases over the WCS capitalization threshold the administrative assistant to the Title I administrator will search the Excluded Parties List system (now the System for Award Management, or SAM) to ensure that vendors we contemplate doing business with are not suspended or debarred.
- Comparability reports will be prepared and signed by the Title I Compliance Monitor. The Title I Director will review and provide signature approval.

Anticipated Completion Date: August 2015

FINDING 2014-010

Contact Person Responsible for Corrective Action: Erica Purvis
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- While we believe we were fully compliant in terms of documentation on requests for reimbursements regarding Title I, we have added a report to the process that includes all detail items requested by the SBOA. In addition, the Deputy Treasurer is now preparing the requests online, prints a hard copy, signs and presents to the Corporation Treasurer. The Corporation Treasurer then reviews, signs the file copy and submits online.
- The Title I annual expenditure report is also now prepared by the Deputy Treasurer. The Corporation Treasurer reviews, provides the second sign off and submits the report online.

Anticipated Completion Date: August 2015

FINDING 2014-011

Contact Person Responsible for Corrective Action: Wendy Long
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- The WCS Human Resources Department currently implements adequate policies and procedures to ensure the Special Tests and Provisions for Highly Qualified Teachers and Paraprofessional requirements are followed. The HR Department is now current on supporting documentation for all teachers and paraprofessionals to show they are qualified prior to their hire as Title I program employees.

Anticipated Completion Date: September 2015

FINDING 2014-012

Contact Person Responsible for Corrective Action: Wendy Long
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- WCS will establish internal controls to comply with Special Tests and Provisions which include the Annual Report Card and High School Graduation Rate requirements of the program. A written procedure will ensure that all required documentation is maintained according to established procedures. The Coordinator of the High School Counseling Department and the High School Registrar will ensure that all documentation (to include documents required for cohort tracking) is maintained to comply with this requirement.

Anticipated Completion Date: December 2015

FINDING 2014-013

Contact Person Responsible for Corrective Action: David Robertson
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- The administrative assistant to the Chief Academic Officer will review conference request forms weekly for accuracy and completeness, and then approve. The payroll associate then reviews, corrects as necessary, approves, inputs into the payroll system, and provides hard copies to the payroll coordinator.

Anticipated Completion Date: November 2015

FINDING 2014-014

Contact Person Responsible for Corrective Action: Erica Purvis
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- While we believe we were fully compliant in terms of documentation on requests for reimbursements for Title II, we have added a report to the process that includes all detail items requested by the SBOA. In addition, the Deputy Treasurer is now preparing the reimbursement requests and the Corporation Treasurer is then reviewing and approving prior to submission.

Anticipated Completion Date: August 2015


FINDING 2014-015

Contact Person Responsible for Corrective Action: David Robertson
Contact Phone Number: 574-371-5098

Description of Corrective Action Plan:

- Based on discussion with the SBOA we have aligned our expenditure pattern to comply with all grant guidelines.

Anticipated Completion Date: August 2015



(Signature)

Chief Financial Officer

(Title)

Nov. 12, 2015

(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/>.