

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WARRICK COUNTY SCHOOL CORPORATION
WARRICK COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
09/07/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sarah L. Evans Patricia L. Jones	07-01-14 to 06-30-15 07-01-15 to 06-30-18
Superintendent of Schools	Brad Schneider	07-01-14 to 06-30-18
President of the School Board	Gary Hachmeister Thomas L. Welch	07-01-14 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Warrick County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 (Indiana Code 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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 July 18, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 18, 2017



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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 WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Warrick County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated July 18, 2017, 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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be material weaknesses.

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

Compliance and Other Matters


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

Warrick County School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 18, 2017

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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.

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 9,326,289	\$ 61,367,092	\$ 61,490,511	\$ 14,353	\$ 9,217,223	\$ 63,451,203	\$ 63,253,107	\$ 1,313	\$ 9,416,632
Debt Service	3,657,331	5,539,670	5,628,000	338,889	3,907,890	5,995,506	6,134,129	-	3,769,267
Retirement/Severance Bond Debt Service	124,145	551,237	675,382	-	-	-	-	-	-
Capital Projects	1,468,080	9,832,313	9,493,283	(1,247,293)	559,817	10,795,488	6,608,295	(678,428)	4,068,582
Transportation	2,619,920	6,693,236	6,426,454	35,986	2,922,688	7,334,598	7,072,162	-	3,185,124
School Bus Replacement	367,409	596,779	550,674	-	413,514	694,399	242,441	-	865,472
Rainy Day	1,838,945	21,593	1,499,987	1,247,293	1,607,844	3,025	395,311	684,567	1,900,125
Post-Retirement/Severance Future Benefits	183,127	-	83,197	-	99,930	-	94,427	-	5,503
Construction (Technology)	578,011	10,853	551,914	-	36,950	-	2,432	-	34,518
Construction (Insurance)	100,000	738,867	808,796	-	30,071	-	13,887	-	16,184
General Obligation Bonds	-	-	1,151,491	15,518,312	14,366,821	-	10,995,200	14,260	3,385,881
Food Service	643,197	4,720,764	4,882,830	-	481,131	4,989,258	5,049,439	-	420,950
Textbooks	611,544	850,535	864,311	-	597,768	788,306	329,466	-	1,056,608
Self-Insurance	5,076,865	9,265,709	9,765,724	-	4,576,850	10,260,278	8,736,680	-	6,100,448
Levy Excess	-	6,053	-	(6,053)	-	-	-	-	-
Alternative Education	-	11,464	11,464	-	-	12,027	14,901	-	(2,874)
Safe Haven Grant 14-15	-	15,000	15,000	-	-	-	-	-	-
WCSC Educator's Scholarship	1,150	-	-	-	1,150	-	-	-	1,150
College Success Coalition 14-15	-	-	-	-	-	6,000	-	-	6,000
Monsanto Grant 2016	-	-	-	-	-	10,000	10,000	-	-
Welborn Hereos Grant (NES) 15-18	-	-	-	-	-	17,750	12,765	-	4,985
CHS Live Well 14-15	-	1,306	1,306	-	-	-	-	-	-
Alcoa - Lead the Way (CHS)	-	-	-	-	-	17,500	-	-	17,500
Alcoa Foundation	26	-	26	-	-	-	-	-	-
Alcoa - Recycling Initiative	-	20,000	4,800	-	15,200	-	7,200	-	8,000
WCSC-Disaster Relief Donation	5	-	-	-	5	-	-	-	5
Formative Assessment	-	-	-	-	-	16,232	16,232	-	-
High Ability 14-15	-	64,088	64,088	-	-	-	-	-	-

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016
(Continued)

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
High Ability 15-16	-	-	-	-	-	66,471	66,471	-	-
Secured Schools Safety Grant	-	-	24,977	-	(24,977)	50,000	25,023	-	-
Non-English Speaking 15-16	-	-	-	-	-	16,856	16,856	-	-
Non-English Speaking 14-15	-	9,069	9,069	-	-	-	-	-	-
School Technology	32,582	7,845	-	-	40,427	8,725	-	-	49,152
IN Early Literacy Intervention	-	38,044	38,044	-	-	-	-	-	-
IN Early Literacy Intervention 2016	-	-	-	-	-	26,504	16,141	-	10,363
Title I 15-8130	-	739,934	825,255	-	(85,321)	409,054	323,733	-	-
Title I 16-8130	-	-	-	-	-	541,716	640,565	-	(98,849)
Title I 13-14	(75,149)	368,049	292,900	-	-	-	-	-	-
Special Ed (611) 2016	-	-	-	-	-	1,688,102	1,883,422	-	(195,320)
Special Education Grant 2013	-	433	433	-	-	-	-	-	-
Special Education Grant 2014	(219,489)	219,489	-	-	-	-	-	-	-
Special Education Grant 2015	-	1,772,122	2,121,302	-	(349,180)	349,180	-	-	-
Special Education Technology Assist 2014	(7,712)	16,999	9,287	-	-	-	-	-	-
Special Ed (619) 2016	-	-	-	-	-	109,974	109,974	-	-
Preschool Grant 2015	-	85,395	109,924	-	(24,529)	24,529	-	-	-
Title II, Part A 15-17	-	-	-	-	-	88,698	107,968	-	(19,270)
Title II, Part A 13-14	-	1,161	1,161	-	-	-	-	-	-
Title II, Part A 12-13	-	282	282	-	-	-	-	-	-
Title II, Part A 14-15	-	249,908	249,908	-	-	-	-	-	-
Title II, WIDA Development	-	390	390	-	-	-	-	-	-
Title III - English Proficiency 14-15	-	13,832	14,046	-	(214)	3,213	2,999	-	-
Title III - English Proficiency 13-14	(78)	240	162	-	-	-	-	-	-
Title III - English Proficiency 15-16	-	-	-	-	-	14,975	14,975	-	-
Payroll Withholding	-	18,870,836	18,870,836	-	-	18,679,550	18,679,550	-	-
Totals	<u>\$ 26,326,198</u>	<u>\$ 122,700,587</u>	<u>\$ 126,537,214</u>	<u>\$ 15,901,487</u>	<u>\$ 38,391,058</u>	<u>\$ 126,469,117</u>	<u>\$ 130,875,751</u>	<u>\$ 21,712</u>	<u>\$ 34,006,136</u>

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

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with Castle Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$5,628,000 and \$5,594,840, respectively.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

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WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction (Technology)	Construction (Insurance)
Cash and investments - beginning	\$ 9,326,289	\$ 3,657,331	\$ 124,145	\$ 1,468,080	\$ 2,619,920	\$ 367,409	\$ 1,838,945	\$ 183,127	\$ 578,011	\$ 100,000
Receipts:										
Local sources	532,111	5,539,670	551,237	9,832,313	6,632,258	596,779	21,593	-	-	114,394
Intermediate sources	833	-	-	-	-	-	-	-	-	-
State sources	60,735,852	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	98,296	-	-	-	60,978	-	-	-	10,853	624,473
Total receipts	61,367,092	5,539,670	551,237	9,832,313	6,693,236	596,779	21,593	-	10,853	738,867
Disbursements:										
Instruction	42,182,022	-	-	-	-	-	-	45,498	-	-
Support services	17,813,435	-	-	3,598,204	6,426,454	550,674	-	37,699	-	-
Noninstructional services	1,452,819	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	15,867	-	-	5,895,079	-	-	1,499,987	-	551,914	808,796
Debt service	26,368	5,628,000	675,382	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	61,490,511	5,628,000	675,382	9,493,283	6,426,454	550,674	1,499,987	83,197	551,914	808,796
Excess (deficiency) of receipts over disbursements	(123,419)	(88,330)	(124,145)	339,030	266,782	46,105	(1,478,394)	(83,197)	(541,061)	(69,929)
Other financing sources (uses):										
Proceeds of long-term debt	-	338,889	-	-	-	-	-	-	-	-
Sale of capital assets	14,353	-	-	-	29,933	-	-	-	-	-
Transfers in	-	-	-	-	6,053	-	1,247,293	-	-	-
Transfers out	-	-	-	(1,247,293)	-	-	-	-	-	-
Total other financing sources (uses)	14,353	338,889	-	(1,247,293)	35,986	-	1,247,293	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(109,066)	250,559	(124,145)	(908,263)	302,768	46,105	(231,101)	(83,197)	(541,061)	(69,929)
Cash and investments - ending	\$ 9,217,223	\$ 3,907,890	\$ -	\$ 559,817	\$ 2,922,688	\$ 413,514	\$ 1,607,844	\$ 99,930	\$ 36,950	\$ 30,071

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	General Obligation Bonds	Food Service	Textbooks	Self- Insurance	Levy Excess	Alternative Education	Safe Haven Grant 14-15	WCSC Educator's Scholarship	College Success Coalition 14-15
Cash and investments - beginning	\$ -	\$ 643,197	\$ 611,544	\$ 5,076,865	\$ -	\$ -	\$ -	\$ 1,150	\$ -
Receipts:									
Local sources	-	2,782,872	615,991	9,265,709	6,053	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	60,047	234,544	-	-	11,464	15,000	-	-
Federal sources	-	1,862,326	-	-	-	-	-	-	-
Other receipts	-	15,519	-	-	-	-	-	-	-
Total receipts	-	4,720,764	850,535	9,265,709	6,053	11,464	15,000	-	-
Disbursements:									
Instruction	-	-	-	-	-	11,464	-	-	-
Support services	299,458	2,980	864,311	-	-	-	15,000	-	-
Noninstructional services	-	4,879,850	-	-	-	-	-	-	-
Facilities acquisition and construction	852,033	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	9,765,724	-	-	-	-	-
Total disbursements	1,151,491	4,882,830	864,311	9,765,724	-	11,464	15,000	-	-
Excess (deficiency) of receipts over disbursements	(1,151,491)	(162,066)	(13,776)	(500,015)	6,053	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	15,518,312	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(6,053)	-	-	-	-
Total other financing sources (uses)	15,518,312	-	-	-	(6,053)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,366,821	(162,066)	(13,776)	(500,015)	-	-	-	-	-
Cash and investments - ending	\$ 14,366,821	\$ 481,131	\$ 597,768	\$ 4,576,850	\$ -	\$ -	\$ -	\$ 1,150	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Monsanto Grant 2016	Welborn Heroes Grant (NES) 15-18	CHS Live Well 14-15	Alcoa - Lead the Way (CHS)	Alcoa Foundation	Alcoa - Recycling Initiative	WCSC- Disaster Relief Donation	Formative Assessment	High Ability 14-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 26	\$ -	\$ 5	\$ -	\$ -
Receipts:									
Local sources	-	-	1,306	-	-	20,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	64,088
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	1,306	-	-	20,000	-	-	64,088
Disbursements:									
Instruction	-	-	1,306	-	26	4,800	-	-	64,088
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,306	-	26	4,800	-	-	64,088
Excess (deficiency) of receipts over disbursements	-	-	-	-	(26)	15,200	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	-	-	-	(26)	15,200	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,200	\$ 5	\$ -	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	High Ability 15-16	Secured Schools Safety Grant	Non-English Speaking 15-16	Non-English Speaking 14-15	School Technology	IN Early Literacy Intervention	IN Early Literacy Intervention 2016	Title I 15-8130	Title I 16-8130
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 32,582	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	9,069	7,845	38,044	-	-	-
Federal sources	-	-	-	-	-	-	-	739,934	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	9,069	7,845	38,044	-	739,934	-
Disbursements:									
Instruction	-	-	-	9,069	-	38,044	-	725,383	-
Support services	-	24,977	-	-	-	-	-	88,827	-
Noninstructional services	-	-	-	-	-	-	-	11,045	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	24,977	-	9,069	-	38,044	-	825,255	-
Excess (deficiency) of receipts over disbursements	-	(24,977)	-	-	7,845	-	-	(85,321)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	(24,977)	-	-	7,845	-	-	(85,321)	-
Cash and investments - ending	\$ -	\$ (24,977)	\$ -	\$ -	\$ 40,427	\$ -	\$ -	\$ (85,321)	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title I 13-14	Special Ed (611) 2016	Special Education Grant 2013	Special Education Grant 2014	Special Education Grant 2015	Special Education Technology Assist 2014	Special Ed (619) 2016	Preschool Grant 2015	Title II, Part A 15-17
Cash and investments - beginning	\$ (75,149)	\$ -	\$ -	\$ (219,489)	\$ -	\$ (7,712)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	368,049	-	433	219,489	1,772,122	16,999	-	85,395	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	368,049	-	433	219,489	1,772,122	16,999	-	85,395	-
Disbursements:									
Instruction	247,782	-	433	-	1,578,653	-	-	109,924	-
Support services	45,118	-	-	-	374,680	9,287	-	-	-
Noninstructional services	-	-	-	-	167,969	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	292,900	-	433	-	2,121,302	9,287	-	109,924	-
Excess (deficiency) of receipts over disbursements	75,149	-	-	219,489	(349,180)	7,712	-	(24,529)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	75,149	-	-	219,489	(349,180)	7,712	-	(24,529)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (349,180)	\$ -	\$ -	\$ (24,529)	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title II, Part A 13-14	Title II, Part A 12-13	Title II, Part A 14-15	Title II, WIDA Development	Title III - English Proficiency 14-15	Title III - English Proficiency 13-14	Title III - English Proficiency 15-16	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (78)	\$ -	\$ -	\$ 26,326,198
Receipts:									
Local sources	-	-	-	-	-	-	-	-	36,512,286
Intermediate sources	-	-	-	-	-	-	-	-	833
State sources	-	-	-	-	-	-	-	-	61,175,953
Federal sources	1,161	282	249,908	390	13,832	240	-	-	5,330,560
Other receipts	-	-	-	-	-	-	-	18,870,836	19,680,955
Total receipts	<u>1,161</u>	<u>282</u>	<u>249,908</u>	<u>390</u>	<u>13,832</u>	<u>240</u>	<u>-</u>	<u>18,870,836</u>	<u>122,700,587</u>
Disbursements:									
Instruction	-	-	248,694	390	14,046	162	-	-	45,281,784
Support services	-	-	-	-	-	-	-	-	30,151,104
Noninstructional services	1,161	282	1,214	-	-	-	-	-	6,514,340
Facilities acquisition and construction	-	-	-	-	-	-	-	-	9,623,676
Debt service	-	-	-	-	-	-	-	-	6,329,750
Nonprogrammed charges	-	-	-	-	-	-	-	18,870,836	28,636,560
Total disbursements	<u>1,161</u>	<u>282</u>	<u>249,908</u>	<u>390</u>	<u>14,046</u>	<u>162</u>	<u>-</u>	<u>18,870,836</u>	<u>126,537,214</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214)</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>(3,836,627)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	15,857,201
Sale of capital assets	-	-	-	-	-	-	-	-	44,286
Transfers in	-	-	-	-	-	-	-	-	1,253,346
Transfers out	-	-	-	-	-	-	-	-	(1,253,346)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,901,487</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214)</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>12,064,860</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (214)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,391,058</u>

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction (Technology)	Construction (Insurance)
Cash and investments - beginning	\$ 9,217,223	\$ 3,907,890	\$ -	\$ 559,817	\$ 2,922,688	\$ 413,514	\$ 1,607,844	\$ 99,930	\$ 36,950	\$ 30,071
Receipts:										
Local sources	549,275	5,995,506	-	10,779,256	7,292,680	656,171	3,025	-	-	-
Intermediate sources	1,883	-	-	-	-	-	-	-	-	-
State sources	62,839,509	-	-	-	-	38,228	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	60,536	-	-	16,232	41,918	-	-	-	-	-
Total receipts	63,451,203	5,995,506	-	10,795,488	7,334,598	694,399	3,025	-	-	-
Disbursements:										
Instruction	42,765,237	-	-	-	-	-	-	25,860	-	-
Support services	18,990,759	-	-	3,140,901	7,072,162	242,441	-	68,567	-	-
Noninstructional services	1,494,716	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	2,395	-	-	3,467,394	-	-	395,311	-	2,432	13,887
Debt service	-	6,134,129	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	63,253,107	6,134,129	-	6,608,295	7,072,162	242,441	395,311	94,427	2,432	13,887
Excess (deficiency) of receipts over disbursements	198,096	(138,623)	-	4,187,193	262,436	451,958	(392,286)	(94,427)	(2,432)	(13,887)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	1,313	-	-	-	-	-	6,139	-	-	-
Transfers in	-	-	-	-	-	-	678,428	-	-	-
Transfers out	-	-	-	(678,428)	-	-	-	-	-	-
Total other financing sources (uses)	1,313	-	-	(678,428)	-	-	684,567	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	199,409	(138,623)	-	3,508,765	262,436	451,958	292,281	(94,427)	(2,432)	(13,887)
Cash and investments - ending	\$ 9,416,632	\$ 3,769,267	\$ -	\$ 4,068,582	\$ 3,185,124	\$ 865,472	\$ 1,900,125	\$ 5,503	\$ 34,518	\$ 16,184

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	General Obligation Bonds	Food Service	Textbooks	Self- Insurance	Levy Excess	Alternative Education	Safe Haven Grant 14-15	WCSC Educator's Scholarship	College Success Coalition 14-15
Cash and investments - beginning	\$ 14,366,821	\$ 481,131	\$ 597,768	\$ 4,576,850	\$ -	\$ -	\$ -	\$ 1,150	\$ -
Receipts:									
Local sources	-	3,039,334	561,453	10,260,278	-	-	-	-	6,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	62,939	226,853	-	-	12,027	-	-	-
Federal sources	-	1,872,894	-	-	-	-	-	-	-
Other receipts	-	14,091	-	-	-	-	-	-	-
Total receipts	-	4,989,258	788,306	10,260,278	-	12,027	-	-	6,000
Disbursements:									
Instruction	-	-	-	-	-	14,901	-	-	-
Support services	67,193	2,983	329,466	-	-	-	-	-	-
Noninstructional services	-	5,046,456	-	-	-	-	-	-	-
Facilities acquisition and construction	10,928,007	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	8,736,680	-	-	-	-	-
Total disbursements	10,995,200	5,049,439	329,466	8,736,680	-	14,901	-	-	-
Excess (deficiency) of receipts over disbursements	(10,995,200)	(60,181)	458,840	1,523,598	-	(2,874)	-	-	6,000
Other financing sources (uses):									
Proceeds of long-term debt	14,260	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	14,260	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,980,940)	(60,181)	458,840	1,523,598	-	(2,874)	-	-	6,000
Cash and investments - ending	\$ 3,385,881	\$ 420,950	\$ 1,056,608	\$ 6,100,448	\$ -	\$ (2,874)	\$ -	\$ 1,150	\$ 6,000

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Monsanto Grant 2016	Welborn Heroes Grant (NES) 15-18	CHS Live Well 14-15	Alcoa - Lead the Way (CHS)	Alcoa Foundation	Alcoa - Recycling Initiative	WCSC- Disaster Relief Donation	Formative Assessment	High Ability 14-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,200	\$ 5	\$ -	\$ -
Receipts:									
Local sources	10,000	17,750	-	17,500	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	16,232	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	10,000	17,750	-	17,500	-	-	-	16,232	-
Disbursements:									
Instruction	10,000	12,549	-	-	-	7,200	-	-	-
Support services	-	-	-	-	-	-	-	16,232	-
Noninstructional services	-	216	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,000	12,765	-	-	-	7,200	-	16,232	-
Excess (deficiency) of receipts over disbursements	-	4,985	-	17,500	-	(7,200)	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	4,985	-	17,500	-	(7,200)	-	-	-
Cash and investments - ending	\$ -	\$ 4,985	\$ -	\$ 17,500	\$ -	\$ 8,000	\$ 5	\$ -	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	High Ability 15-16	Secured Schools Safety Grant	Non-English Speaking 15-16	Non-English Speaking 14-15	School Technology	IN Early Literacy Intervention	IN Early Literacy Intervention 2016	Title I 15-8130	Title I 16-8130
Cash and investments - beginning	\$ -	\$ (24,977)	\$ -	\$ -	\$ 40,427	\$ -	\$ -	\$ (85,321)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	66,471	50,000	16,856	-	8,725	-	26,504	-	-
Federal sources	-	-	-	-	-	-	-	409,054	541,716
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	66,471	50,000	16,856	-	8,725	-	26,504	409,054	541,716
Disbursements:									
Instruction	66,471	-	16,856	-	-	-	16,141	282,744	571,762
Support services	-	25,023	-	-	-	-	-	40,252	60,638
Noninstructional services	-	-	-	-	-	-	-	737	8,165
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	66,471	25,023	16,856	-	-	-	16,141	323,733	640,565
Excess (deficiency) of receipts over disbursements	-	24,977	-	-	8,725	-	10,363	85,321	(98,849)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	24,977	-	-	8,725	-	10,363	85,321	(98,849)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 49,152	\$ -	\$ 10,363	\$ -	\$ (98,849)

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Title I 13-14	Special Ed (611) 2016	Special Education Grant 2013	Special Education Grant 2014	Special Education Grant 2015	Special Education Technology Assist 2014	Special Ed (619) 2016	Preschool Grant 2015	Title II, Part A 15-17
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (349,180)	\$ -	\$ -	\$ (24,529)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	1,688,102	-	-	349,180	-	109,974	24,529	88,698
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	1,688,102	-	-	349,180	-	109,974	24,529	88,698
Disbursements:									
Instruction	-	1,830,669	-	-	-	-	109,974	-	107,139
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	52,753	-	-	-	-	-	-	829
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,883,422	-	-	-	-	109,974	-	107,968
Excess (deficiency) of receipts over disbursements	-	(195,320)	-	-	349,180	-	-	24,529	(19,270)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
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	-	(195,320)	-	-	349,180	-	-	24,529	(19,270)
Cash and investments - ending	\$ -	\$ (195,320)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,270)

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Title II, Part A 13-14	Title II, Part A 12-13	Title II, Part A 14-15	Title II, WIDA Development	Title III - English Proficiency 14-15	Title III - English Proficiency 13-14	Title III - English Proficiency 15-16	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (214)	\$ -	\$ -	\$ -	\$ 38,391,058
Receipts:									
Local sources	-	-	-	-	-	-	-	-	39,188,228
Intermediate sources	-	-	-	-	-	-	-	-	1,883
State sources	-	-	-	-	-	-	-	-	63,364,344
Federal sources	-	-	-	-	3,213	-	14,975	-	5,102,335
Other receipts	-	-	-	-	-	-	-	18,679,550	18,812,327
Total receipts	-	-	-	-	3,213	-	14,975	18,679,550	126,469,117
Disbursements:									
Instruction	-	-	-	-	2,999	-	14,975	-	45,855,477
Support services	-	-	-	-	-	-	-	-	30,056,617
Noninstructional services	-	-	-	-	-	-	-	-	6,603,872
Facilities acquisition and construction	-	-	-	-	-	-	-	-	14,809,426
Debt service	-	-	-	-	-	-	-	-	6,134,129
Nonprogrammed charges	-	-	-	-	-	-	-	18,679,550	27,416,230
Total disbursements	-	-	-	-	2,999	-	14,975	18,679,550	130,875,751
Excess (deficiency) of receipts over disbursements	-	-	-	-	214	-	-	-	(4,406,634)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	14,260
Sale of capital assets	-	-	-	-	-	-	-	-	7,452
Transfers in	-	-	-	-	-	-	-	-	678,428
Transfers out	-	-	-	-	-	-	-	-	(678,428)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	21,712
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	214	-	-	-	(4,384,922)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,006,136

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,439,497</u>	<u>\$ 313,438</u>

WARRICK COUNTY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Castle Middle School Building Corporation	Build Castle South Middle School	\$ 4,861,070	7/15/2008	6/30/2018
Castle Middle School Building Corporation	Build Castle South Middle School	<u>795,600</u>	7/15/2008	12/31/2016
Total governmental activities		<u>5,656,670</u>		
Total of annual lease payments		<u>\$ 5,656,670</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Multiple location roof and HVAC repairs	\$ 15,000,000	\$ 400,000
Totals		<u>\$ 15,000,000</u>	<u>\$ 400,000</u>

WARRICK COUNTY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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	\$ 1,464,200
Infrastructure	5,809,242
Buildings	388,946,368
Improvements other than buildings	1,816,396
Machinery, equipment, and vehicles	42,269,929
Construction in progress	2,314,625
Books and other	3,190,497
Total governmental activities	445,811,257
Total capital assets	\$ 445,811,257

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Warrick County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. 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, 2014 to June 30, 2016.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002. 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 described 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 a 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 item 2016-002 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

July 18, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Student Breakfast Program			FY2015	\$ -	\$ 294,426	\$ -	\$ -
Student Breakfast Program			FY2016	-	-	-	287,277
Total - School Breakfast Program				-	294,426	-	287,277
National School Lunch Program	Indiana Department of Education	10.555					
Student Lunch Program			FY2015	-	1,534,985	-	-
Student Lunch Program			FY2016	-	-	-	1,556,407
School Lunch Commodities			FY2015	-	282,817	-	-
School Lunch Commodities			FY2016	-	-	-	295,974
Total - National School Lunch Program				-	1,817,802	-	1,852,381
Summer Food Service Program For Children	Indiana Department of Education	10.559					
Summer Lunch Program			FY2015	-	32,915	-	-
Summer Lunch Program			FY2016	-	-	-	29,210
Total - Summer Food Service Program For Children				-	32,915	-	29,210
Total - Child Nutrition Cluster				-	2,145,143	-	2,168,868
Total - Department of Agriculture				-	2,145,143	-	2,168,868
<u>Department of Energy</u>							
State Energy Program	Indiana Department of Education	81.041					
IN School Bus Propane Grant 2016			266-SEP-ADM-15X	-	-	-	38,228
Total - Department of Energy				-	-	-	38,228
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
Special Ed Grant 2013			14213-091-PN01	-	433	-	-
Special Education 2014			14214-091-PN01	-	219,489	-	-
Special Ed Grant 2015			14215-091-PN01	-	1,772,122	-	349,180
Special Ed (611) 2016			14216-084-PN01	-	-	-	1,688,102
Special Ed Tech Assist 2014			99914-091-PN01	-	16,999	-	-
Total - Special Education_Grants to States				-	2,009,043	-	2,037,282

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

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016
(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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued)							
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Preschool Grant 2015			45715-091-PN01	-	85,395	-	24,529
Special Ed (619) 2016			45716-084-PN01	-	-	-	109,974
				-	85,395	-	134,503
Total - Special Education_Preschool Grants				-	85,395	-	134,503
Total - Special Education Cluster (IDEA)				-	2,094,438	-	2,171,785
Title I Grants to Local Educational Agencies							
Title I 14-8130	Indiana Department of Education	84.010	14-8130	-	368,049	-	-
Title I 15-8130			15-8130	-	739,934	-	409,054
Title I 16-8130			16-8130	-	-	-	541,716
Total - Title I Grants to Local Educational Agencies				-	1,107,983	-	950,770
English Language Acquisition State Grants							
Title III WIDA Development	Indiana Department of Education	84.365	01113-383-PN01	-	390	-	-
Title III-English Prof 13-14			01114-086-PN01	-	240	-	-
Title III-English Prof 14-15			01115-093-PN01	-	13,832	-	3,213
Title III-English Prof 15-16			01116-093-PN01	-	-	-	14,975
Total - English Language Acquisition State Grants				-	14,462	-	18,188
Improving Teacher Quality State Grants							
Title II Part A 12-13	Indiana Department of Education	84.367	S367A120013	-	282	-	-
Title II Part A 13-14			S367A130013	-	1,161	-	-
Title II Part A 14-15			S367A140013	-	249,908	-	-
Title II Part A 15-16			S367A150013	-	-	-	88,698
Total - Improving Teacher Quality State Grants				-	251,351	-	88,698
College Access Challenge Grant Program							
College Success Coalition 14-15	Indiana Commission for Higher Education	84.378	719P378A1400120	-	-	-	6,000
Total - Department of Education				-	3,468,234	-	3,235,441
Total federal awards expended				\$ -	\$ 5,613,377	\$ -	\$ 5,442,537

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency 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
	Child Nutrition Cluster
	Special Education Cluster (IDEA)
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$331,677

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

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Internal Controls over Cash and Investments
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the School Corporation related to cash and investments. The bank reconciliations for the School Corporation funds for FY 14/15 were prepared by the School Corporation Treasurer and for FY 15/16 by the Assistant Treasurer. There was no compensating control over the bank reconciliations to ensure they were being prepared accurately and completely for either fiscal year.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control, including segregation of duties.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: School Breakfast Program and National School Lunch Program -
Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matter

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-005.

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

Condition

Management of the School Corporation had not established an effective internal control system to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not verify that the vendor was not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to awarding the bids.

Context

There was no evidence for either school year that the School Corporation verified that the vendor was not suspended and debarred prior to awarding the bids.

Criteria

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management of the School Corporation had not developed a system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and procedures to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

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



Shenae M. Rowe, Director
Allison Robison, School Nutrition Specialist
Emily McGeorge, Administrative Assistant

FOOD AND NUTRITION DEPARTMENT

300 E. Gum Street / Boonville, Indiana 47601 / 812-897-1341

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: FY 12/13 and FY 13/14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shenae Rowe
Contact Phone Number: (812) 897-1341

Status of Audit Finding:

The Food & Nutrition Department has created and implemented a segregation of duties for the annual financial report, monthly claims for reimbursement, payroll and the F&R verification reports.

FINDING 2014-005

Fiscal year in which the finding initially occurred: FY 12/13, and FY 13/14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shenae Rowe
Contact Phone Number: (812) 897-1341

Status of Audit Finding:

The Food & Nutrition Department now has contracts signed by successful bidders for the food and non-food purchases. Successful bidders are checked on the sam.gov website however proper documentation is not available for verification of this process.

Shenae M Rowe
(Signature)

Food & Nutrition Director
(Title)

6/22/17
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



Brad Schneider, Superintendent
Todd Armstrong, Assistant Superintendent
Jane Wilhelmus, Director of Primary Curriculum and Instruction K-5
Walter Lambert, Director of Secondary Curriculum and Instruction 6-12
Tad Powless, Director of Human Resources
Tish Wagner, Director of Special Education

SUPERINTENDENT'S OFFICE

P. O. Box 809/Boonville, Indiana 47601(812) 897-6050

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal year in which the finding initially occurred: FY 11/12, FY 12/13 and FY 13/14

Pass-Through Entity, if pass-through or Federal Granter Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Todd A. Armstrong

Contact Phone Number: (812) 897-6036

Status of Audit Finding:

Corrective Action has been completed

FINDING 2014-006

Fiscal year in which the finding initially occurred: FY 11/12, FY 12/13, and FY 13/14

Pass-Through Entity, if pass-through or Federal Granter Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Todd A. Armstrong

Contact Phone Number: (812) 897-6036

Status of Audit Finding:

Corrective Action has been completed

(Signature)

Asst. Superintendent

(Title)

6-21 2017

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



SUPERINTENDENT'S OFFICE

P.O. Box 809/Boonville, Indiana 47601/812-897-6050

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Patricia L. Jones, Treasurer
Contact Phone Number: (812) 897-6040

Views of Responsible Official:

We agree with this finding.

Description of Corrective Action Plan:

The Treasurer's Office has put in place a corrective action plan beginning with the June 2017 Bank Statement reconciliation. The Treasurer and Deputy Treasurer will alternate reconciliation of the monthly bank statement so that one person is not the only control for this process. Once the statement has been reconciled by either party each month, the Asst. Superintendent, Mr. Todd Armstrong, will review the documentation and sign off.

Anticipated Completion Date:

This Corrective Action Plan is currently in place, beginning with the June 2017 bank statement being reconciled by the Treasurer. Mr. Armstrong, Business Manager/Assistant Superintendent then reviewed and signed off on the statement.

Patricia L. Jones
(Signature)

Corporation Treasurer
(Title)

7-17-17
(Date)

FINDING 2016-002

Contact Person Responsible for Corrective Action: Shenae Rowe, Food & Nutrition Director
Contact Phone Number: (812) 897-1341

Views of Responsible Official:

We agree with this finding

Description of Corrective Action Plan:

The Food & Nutrition Department has put in place a corrective action plan beginning July 2017. As of July 2017, a new Procurement Plan approved by the Indiana Department of Education is being followed. Within this procurement plan, the WCSC Food & Nutrition Department will require a certification regarding debarment, suspension, ineligibility, and voluntary exclusion be submitted to the School Food Authority for any purchases over \$25,000.

Anticipated Completion Date:

July 1, 2017

Shenae M Rowe
(Signature)

Food & Nutrition Director
(Title)

7/17/17
(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/>.