

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

AUDIT REPORT  
OF

SOUTH HARRISON COMMUNITY  
SCHOOL CORPORATION  
HARRISON COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**  
02/09/2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	11-12
Notes to Financial Statements .....	13-21
Required Supplementary Information:	
Schedule of Funding Progress .....	22
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	23-34
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds .....	35-36
Schedule of Capital Assets.....	37
Schedule of Long-Term Debt .....	38
Audit Results and Comments:	
Academic Honors Diplomas – Incorrect Reporting to the State.....	39
Overdrawn Fund Balances .....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	42-43
Schedule of Expenditures of Federal Awards .....	44-45
Notes to Schedule of Expenditures of Federal Awards.....	46
Schedule of Findings and Questioned Costs .....	47-48
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	49
Corrective Action Plan.....	50
Exit Conference.....	51

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela L. Seipel	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Neyland G. Clark	07-01-08 to 06-30-14
President of the School Board	Jeffrey L. Brown Roger Windell Jeffrey L. Brown	01-01-08 to 12-31-08 01-01-09 to 12-31-10 01-01-11 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY  
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Harrison Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 12, 2011, 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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 12, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY  
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Harrison Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 12, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 12, 2011

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 13,431,427	\$ -	\$ 307,681	\$ (13,123,746)
Support services	10,706,404	715,646	992,035	(8,998,723)
Noninstructional services	1,738,107	-	-	(1,738,107)
Facilities acquisition and construction	978,154	-	-	(978,154)
Debt service	9,623,449	-	-	(9,623,449)
Nonprogrammed charges	666,129	-	-	(666,129)
<b>Total governmental activities</b>	<b><u>\$ 37,143,670</u></b>	<b><u>\$ 715,646</u></b>	<b><u>\$ 1,299,716</u></b>	<b><u>(35,128,308)</u></b>
General receipts:				
Property taxes				13,245,209
Other local sources				3,871,708
State aid				12,855,776
Bonds and loans				1,865,000
Grants and contributions not restricted to specific programs				3,739,518
Sale of property				2,045
Investment earnings				41,999
Other				8,920
<b>Total general receipts</b>				<b><u>35,630,175</u></b>
Change in net assets				501,867
Net assets - beginning				<u>4,443,416</u>
Net assets - ending				<b><u>\$ 4,945,283</u></b>
<u>Assets</u>				
Cash and investments				\$ 3,217,577
Restricted assets:				
Cash and investments				<u>1,727,706</u>
<b>Total assets</b>				<b><u>\$ 4,945,283</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,727,706
Unrestricted				<u>3,217,577</u>
<b>Total net assets</b>				<b><u>\$ 4,945,283</u></b>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 13,986,831	\$ -	\$ 346,748	\$ (13,640,083)
Support services	11,093,474	681,003	749,178	(9,663,293)
Noninstructional services	1,707,178	-	-	(1,707,178)
Facilities acquisition and construction	520,206	-	-	(520,206)
Debt service	7,565,836	-	-	(7,565,836)
Nonprogrammed charges	<u>1,236,095</u>	<u>-</u>	<u>-</u>	<u>(1,236,095)</u>
Total governmental activities	<u>\$ 36,109,620</u>	<u>\$ 681,003</u>	<u>\$ 1,095,926</u>	<u>(34,332,691)</u>
General receipts:				
Property taxes				10,911,875
Other local sources				4,527,004
State aid				17,567,887
Bonds and loans				1,405,000
Grants and contributions not restricted to specific programs				4,423,822
Sale of property				426
Investment earnings				99,050
Other				<u>9,346</u>
Total general receipts				<u>38,944,410</u>
Change in net assets				4,611,719
Net assets - beginning				<u>4,945,283</u>
Net assets - ending				<u>\$ 9,557,002</u>
<u>Assets</u>				
Cash and investments				\$ 5,560,718
Restricted assets:				
Cash and investments				<u>3,996,284</u>
Total assets				<u>\$ 9,557,002</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 3,996,284
Unrestricted				<u>5,560,718</u>
Total net assets				<u>\$ 9,557,002</u>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Transportation Operating	Local Rainy Day	Fiscal Stabilization - Education Stimulus	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 7,347,594	\$ 1,701,169	\$ -	\$ -	\$ 3,714,291	\$ 949,180	\$ 2,893,182	\$ 16,605,416
Intermediate sources	1,649	-	-	-	1,266,802	-	694	1,269,145
State sources	13,156,799	-	-	-	-	-	477,077	13,633,876
Federal sources	-	-	-	1,542,775	-	-	2,718,360	4,261,135
Temporary loans	1,460,000	405,000	-	-	-	-	-	1,865,000
Other	1,589	1,811	-	-	-	5,270	250	8,920
<b>Total receipts</b>	<b>21,967,631</b>	<b>2,107,980</b>	<b>-</b>	<b>1,542,775</b>	<b>4,981,093</b>	<b>954,450</b>	<b>6,089,563</b>	<b>37,643,492</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	12,013,004	-	-	-	-	-	1,418,423	13,431,427
Support services	5,874,937	1,462,837	-	-	-	1,378,643	1,989,987	10,706,404
Noninstructional services	396,590	-	-	-	-	-	1,341,517	1,738,107
Facilities acquisition and construction	-	-	-	-	-	978,154	-	978,154
Debt services	3,300,000	500,000	-	-	4,867,944	-	955,505	9,623,449
Nonprogrammed charges	581,259	-	-	-	-	-	84,870	666,129
<b>Total disbursements</b>	<b>22,165,790</b>	<b>1,962,837</b>	<b>-</b>	<b>-</b>	<b>4,867,944</b>	<b>2,356,797</b>	<b>5,790,302</b>	<b>37,143,670</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(198,159)</b>	<b>145,143</b>	<b>-</b>	<b>1,542,775</b>	<b>113,149</b>	<b>(1,402,347)</b>	<b>299,261</b>	<b>499,822</b>
<b>Other financing sources (uses):</b>								
Sale of capital assets	2,045	-	-	-	-	-	-	2,045
Transfers in	-	-	-	-	-	-	665,733	665,733
Transfers out	(226,151)	(53,558)	-	-	(117,017)	(29,975)	(239,032)	(665,733)
<b>Total other financing sources (uses)</b>	<b>(224,106)</b>	<b>(53,558)</b>	<b>-</b>	<b>-</b>	<b>(117,017)</b>	<b>(29,975)</b>	<b>426,701</b>	<b>2,045</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(422,265)</b>	<b>91,585</b>	<b>-</b>	<b>1,542,775</b>	<b>(3,868)</b>	<b>(1,432,322)</b>	<b>725,962</b>	<b>501,867</b>
<b>Cash and investments - beginning</b>	<b>1,240,198</b>	<b>(101,894)</b>	<b>510,692</b>	<b>-</b>	<b>1,720,819</b>	<b>746,301</b>	<b>327,300</b>	<b>4,443,416</b>
<b>Cash and investments - ending</b>	<b>\$ 817,933</b>	<b>\$ (10,309)</b>	<b>\$ 510,692</b>	<b>\$ 1,542,775</b>	<b>\$ 1,716,951</b>	<b>\$ (686,021)</b>	<b>\$ 1,053,262</b>	<b>\$ 4,945,283</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 817,933	\$ (10,309)	\$ 510,692	\$ 1,542,775	\$ -	\$ (686,021)	\$ 1,042,507	\$ 3,217,577
Restricted assets:								
Cash and investments	-	-	-	-	1,716,951	-	10,755	1,727,706
<b>Total cash and investment assets - ending</b>	<b>\$ 817,933</b>	<b>\$ (10,309)</b>	<b>\$ 510,692</b>	<b>\$ 1,542,775</b>	<b>\$ 1,716,951</b>	<b>\$ (686,021)</b>	<b>\$ 1,053,262</b>	<b>\$ 4,945,283</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,716,951	\$ -	\$ 10,755	\$ 1,727,706
Unrestricted	817,933	(10,309)	510,692	1,542,775	-	(686,021)	1,042,507	3,217,577
<b>Total cash and investment fund balance - ending</b>	<b>\$ 817,933</b>	<b>\$ (10,309)</b>	<b>\$ 510,692</b>	<b>\$ 1,542,775</b>	<b>\$ 1,716,951</b>	<b>\$ (686,021)</b>	<b>\$ 1,053,262</b>	<b>\$ 4,945,283</b>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	General	Transportation Operating	Local Rainy Day	Fiscal Stabilization - Education Stimulus	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 110,908	\$ 2,798,235	\$ -	\$ -	\$ 5,081,166	\$ 3,436,852	\$ 3,475,580	\$ 14,902,741
Intermediate sources	-	-	-	-	1,315,642	-	544	1,316,186
State sources	17,910,346	-	-	-	-	-	166,217	18,076,563
Federal sources	-	-	-	633,587	-	-	4,377,490	5,011,077
Temporary loans	1,100,000	305,000	-	-	-	-	-	1,405,000
Other	371	1,159	-	-	-	7,816	-	9,346
<b>Total receipts</b>	<b>19,121,625</b>	<b>3,104,394</b>	<b>-</b>	<b>633,587</b>	<b>6,396,808</b>	<b>3,444,668</b>	<b>8,019,831</b>	<b>40,720,913</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	10,345,918	-	-	1,671,792	-	-	1,969,121	13,986,831
Support services	5,501,581	1,477,395	-	468,636	-	1,239,320	2,406,542	11,093,474
Noninstructional services	365,696	-	-	35,934	-	-	1,305,548	1,707,178
Facilities acquisition and construction	-	-	-	-	-	499,119	21,087	520,206
Debt services	1,460,000	405,000	-	-	4,743,942	-	956,894	7,565,836
Nonprogrammed charges	923,705	-	-	-	-	-	312,390	1,236,095
<b>Total disbursements</b>	<b>18,596,900</b>	<b>1,882,395</b>	<b>-</b>	<b>2,176,362</b>	<b>4,743,942</b>	<b>1,738,439</b>	<b>6,971,582</b>	<b>36,109,620</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>524,725</b>	<b>1,221,999</b>	<b>-</b>	<b>(1,542,775)</b>	<b>1,652,866</b>	<b>1,706,229</b>	<b>1,048,249</b>	<b>4,611,293</b>
<b>Other financing sources (uses):</b>								
Sale of capital assets	426	-	-	-	-	-	-	426
Transfers in	209,612	-	-	-	161,642	-	290,708	661,962
Transfers out	(50,450)	-	(111,192)	-	-	-	(500,320)	(661,962)
<b>Total other financing sources (uses)</b>	<b>159,588</b>	<b>-</b>	<b>(111,192)</b>	<b>-</b>	<b>161,642</b>	<b>-</b>	<b>(209,612)</b>	<b>426</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>684,313</b>	<b>1,221,999</b>	<b>(111,192)</b>	<b>(1,542,775)</b>	<b>1,814,508</b>	<b>1,706,229</b>	<b>838,637</b>	<b>4,611,719</b>
<b>Cash and investments - beginning</b>	<b>817,933</b>	<b>(10,309)</b>	<b>510,692</b>	<b>1,542,775</b>	<b>1,716,951</b>	<b>(686,021)</b>	<b>1,053,262</b>	<b>4,945,283</b>
<b>Cash and investments - ending</b>	<b>\$ 1,502,246</b>	<b>\$ 1,211,690</b>	<b>\$ 399,500</b>	<b>\$ -</b>	<b>\$ 3,531,459</b>	<b>\$ 1,020,208</b>	<b>\$ 1,891,899</b>	<b>\$ 9,557,002</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,502,246	\$ 1,211,690	\$ 399,500	\$ -	\$ -	\$ 1,020,208	\$ 1,427,074	\$ 5,560,718
Restricted assets:								
Cash and investments	-	-	-	-	3,531,459	-	464,825	3,996,284
<b>Total cash and investment assets - ending</b>	<b>\$ 1,502,246</b>	<b>\$ 1,211,690</b>	<b>\$ 399,500</b>	<b>\$ -</b>	<b>\$ 3,531,459</b>	<b>\$ 1,020,208</b>	<b>\$ 1,891,899</b>	<b>\$ 9,557,002</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 3,531,459	\$ -	\$ 464,825	\$ 3,996,284
Unrestricted	1,502,246	1,211,690	399,500	-	-	1,020,208	1,427,074	5,560,718
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,502,246</b>	<b>\$ 1,211,690</b>	<b>\$ 399,500</b>	<b>\$ -</b>	<b>\$ 3,531,459</b>	<b>\$ 1,020,208</b>	<b>\$ 1,891,899</b>	<b>\$ 9,557,002</b>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 1,102,084
Investment earnings:		
Interest	<u>51,576</u>	<u>52,475</u>
Total additions	<u>51,576</u>	<u>1,154,559</u>
Deductions:		
Benefits	295,997	-
Administrative and general	<u>-</u>	<u>1,975,265</u>
Total deductions	<u>295,997</u>	<u>1,975,265</u>
Deficiency of total additions over total deductions	(244,421)	(820,706)
Cash and investment fund balance - beginning	<u>3,779,025</u>	<u>4,695,991</u>
Cash and investment fund balance - ending	<u>\$ 3,534,604</u>	<u>\$ 3,875,285</u>
Net assets:		
Cash and investments	<u>\$ 3,534,604</u>	<u>\$ 3,875,285</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,534,604</u>	<u>\$ 3,875,285</u>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2010

	Pension Trust Fund	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 502,420
Investment earnings:		
Interest	22,026	59,949
Total additions	22,026	562,369
Deductions:		
Benefits	255,230	-
Administrative and general	-	2,425,089
Total deductions	255,230	2,425,089
Deficiency of total additions over total deductions	(233,204)	(1,862,720)
Cash and investment fund balance - beginning	3,534,604	3,875,285
Cash and investment fund balance - ending	\$ 3,301,400	\$ 2,012,565
Net assets:		
Cash and investments	\$ 3,301,400	\$ 2,012,565
Total net assets - cash and investment basis held in trust	\$ 3,301,400	\$ 2,012,565

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: South Harrison Community School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Ventures

The School Corporation is a participant with North Harrison Community School Corporation and Lanesville Community School Corporation in a joint venture to operate the Harrison County Exceptional Learners Cooperative (Co-op) which was created to provide instruction for handicapped children. The Harrison County Exceptional Learners Cooperative (Co-op)'s continued existence depends on continued funding by the School Corporation. Complete financial activity of the Harrison County Exceptional Learners Cooperative (Co-op) is presented in the governmental funds on the financial statements of the South Harrison Community School Corporation (Other Governmental Funds).

The School Corporation is a participant in a joint venture to operate Wilson Education Center (Center) which was created to perform educational planning on a cooperative basis and to assist in meeting specific educational needs of the participating school districts which could more effectively be provided by an education service center than by the school corporations themselves. The School Corporation is obligated by contract to remit a membership fee based on the School Corporation's total enrollment annually to supplement the Wilson Education Center (Center). Complete financial statements for the Wilson Education Center (Center) can be obtained from the Center's administrative offices at 2101 Grace Avenue, Charlestown, IN 47111.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School Corporation does not have any business-type activities.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The local rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The fiscal stabilization - education stimulus fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement, or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the school corporation and students.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to third party debt obligation agreements.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009	2010
Transportation Operating	\$ 10,309	\$ -
Capital Projects	686,021	-
HCELC Joint Services	451,911	354,975
WHAS Grant	15,843	1,147
HCELC	159,457	-
HCELC Preschool	437	1,427
Perkins Special Project	3,494	-
HCELC Part B Stimulus	-	1,444
Harrison County Community Foundation Grants	26,257	17,871

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements. These deficits are to be repaid from future receipts.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$15,258,862.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Debt Service Fund	\$ -	\$ 50,450
General Fund	Other Governmental Funds	226,151	
Local Rainy Day Fund	Debt Service Fund	-	111,192
Transportation Operating Fund	Other Governmental Funds	53,558	-
Debt Service Fund	Other Governmental Funds	117,017	-
Capital Projects Fund	Other Governmental Funds	29,975	-
Other Governmental Funds	General Fund	-	209,612
Other Governmental Funds	Other Governmental Funds	239,032	290,708
Totals		<u>\$ 665,733</u>	<u>\$ 661,962</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into capital leases with South Harrison 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 2009 and 2010 totaled \$4,657,408, and \$4,697,442, respectively.

C. Termination Benefits

The School Corporation provides a postemployment stipend and health insurance benefits as authorized by Indiana Code 5-10-8 to teachers retiring prior to June 30, 2007. These teachers must have satisfied Indiana's "Rule of Eighty-Five" as defined by the Indiana Teachers' Retirement Fund (TRF). Currently 28 retirees receive these postemployment benefits, representing disbursements of \$129,800 and 105,000 during the years ended June 30, 2009 and 2010, respectively.

In addition to the termination benefits described above, the School Corporation offered a one-time early retirement incentive as agreed upon through an amendment with the South Harrison Education Association in 2007. This agreement addressed an inequity in the initial formula utilized to eliminate the unfunded pension liability. Eligible teachers receive a monthly stipend which can be used by the retiree for payment of health insurance premiums, if so desired. Currently, 4 retirees receive these postemployment benefits, representing disbursements of \$7,800 and \$31,200 during the years ended June 30, 2009 and 2010, respectively.

D. Other Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining the age of 55 with at least 30 years of service. Disbursements for these postemployment benefits are recognized on a pay-as-you-go basis. Currently 32 retirees meet these eligibility requirements. Disbursements of \$148,761 and \$148,645 were recognized during the years ended June 30, 2009 and 2010, respectively, for these postemployment benefits.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$491,585.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

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. The School Corporation's contributions to the plan during the period were \$1,050,710.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 2,968,621	\$ 3,144,069	\$ (175,448)	94%	\$ 2,712,784	(6%)
07-01-08	2,998,176	3,281,082	(282,906)	91%	3,049,692	(9%)
07-01-09	2,968,556	3,502,937	(534,381)	85%	3,352,260	(16%)

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	HCELC Joint Services	HCELC Special Education	Educational License Plates
<b>Receipts:</b>							
Local sources	\$ 22,694	\$ 689,537	\$ 433	\$ -	\$ 541,266	\$ 4,485	\$ -
Intermediate sources	-	-	-	-	-	-	694
State sources	93,366	16,685	313,890	-	-	-	-
Federal sources	-	661,461	-	-	-	-	-
Other	-	-	250	-	-	-	-
<b>Total receipts</b>	<b>116,060</b>	<b>1,367,683</b>	<b>314,573</b>	<b>-</b>	<b>541,266</b>	<b>4,485</b>	<b>694</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	308,229	-	2,060
Support services	-	-	128,860	-	448,500	13,325	-
Noninstructional services	-	1,339,484	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	84,870	-	-	-	-	-	-
<b>Total disbursements</b>	<b>84,870</b>	<b>1,339,484</b>	<b>128,860</b>	<b>-</b>	<b>756,729</b>	<b>13,325</b>	<b>2,060</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>31,190</b>	<b>28,199</b>	<b>185,713</b>	<b>-</b>	<b>(215,463)</b>	<b>(8,840)</b>	<b>(1,366)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	480,125	2,867	-	-
Transfers out	(720)	-	-	-	-	(2,867)	-
<b>Total other financing sources (uses)</b>	<b>(720)</b>	<b>-</b>	<b>-</b>	<b>480,125</b>	<b>2,867</b>	<b>(2,867)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:</b>	<b>30,470</b>	<b>28,199</b>	<b>185,713</b>	<b>480,125</b>	<b>(212,596)</b>	<b>(11,707)</b>	<b>(1,366)</b>
<b>Cash and investments - beginning</b>	<b>181,162</b>	<b>344</b>	<b>276,873</b>	<b>-</b>	<b>(239,315)</b>	<b>11,707</b>	<b>5,171</b>
<b>Cash and investments - ending</b>	<b>\$ 211,632</b>	<b>\$ 28,543</b>	<b>\$ 462,586</b>	<b>\$ 480,125</b>	<b>\$ (451,911)</b>	<b>\$ -</b>	<b>\$ 3,805</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 211,632	\$ 28,543	\$ 462,586	\$ 480,125	\$ (451,911)	\$ -	\$ 3,805
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 211,632</b>	<b>\$ 28,543</b>	<b>\$ 462,586</b>	<b>\$ 480,125</b>	<b>\$ (451,911)</b>	<b>\$ -</b>	<b>\$ 3,805</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	211,632	28,543	462,586	480,125	(451,911)	-	3,805
<b>Total cash and investment fund balance - ending</b>	<b>\$ 211,632</b>	<b>\$ 28,543</b>	<b>\$ 462,586</b>	<b>\$ 480,125</b>	<b>\$ (451,911)</b>	<b>\$ -</b>	<b>\$ 3,805</b>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Alternative Education Grant	WHAS Grant	WHAS Grant 2008	4 - Block\ Mentor Program\ ISIT	4- Block	Mentor Program	ISIT
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	22,733	-	20,945	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>22,733</b>	<b>-</b>	<b>20,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	40,505	15,843	428	-	1,803	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>40,505</b>	<b>15,843</b>	<b>428</b>	<b>-</b>	<b>1,803</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(17,772)	(15,843)	20,517	-	(1,803)	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	9,544	-	-	-
Transfers out	-	-	-	-	(5,327)	(3,065)	(1,153)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,544</b>	<b>(5,327)</b>	<b>(3,065)</b>	<b>(1,153)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(17,772)	(15,843)	20,517	9,544	(7,130)	(3,065)	(1,153)
Cash and investments - beginning	42,934	-	(20,517)	-	7,130	3,065	1,153
Cash and investments - ending	<u>\$ 25,162</u>	<u>\$ (15,843)</u>	<u>\$ -</u>	<u>\$ 9,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 25,162	\$ (15,843)	\$ -	\$ 9,544	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 25,162</u>	<u>\$ (15,843)</u>	<u>\$ -</u>	<u>\$ 9,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	25,162	(15,843)	-	9,544	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 25,162</u>	<u>\$ (15,843)</u>	<u>\$ -</u>	<u>\$ 9,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Economic Education Grant	HWE Lowe's Grant - Shelter House	Cultural Competency Grant 05-06	Non-English Speaking Program	Performance Based Awards	Title 1
<b>Receipts:</b>						
Local sources	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,800	-	-	6,658	-	-
Federal sources	-	-	-	-	-	563,501
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,800</b>	<b>5,000</b>	<b>-</b>	<b>6,658</b>	<b>-</b>	<b>563,501</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,800	-	-	1,362	-	155,711
Support services	-	-	-	3,314	-	268,589
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>4,676</b>	<b>-</b>	<b>424,300</b>
Excess (deficiency) of receipts over disbursements	-	5,000	-	1,982	-	139,201
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	106,611
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,611</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	-	5,000	-	1,982	-	245,812
Cash and investments - beginning	-	-	22	7,166	193	-
Cash and investments - ending	\$ -	\$ 5,000	\$ 22	\$ 9,148	\$ 193	\$ 245,812
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 5,000	\$ 22	\$ 9,148	\$ 193	\$ 245,812
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 22</b>	<b>\$ 9,148</b>	<b>\$ 193</b>	<b>\$ 245,812</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,000	22	9,148	193	245,812
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 22</b>	<b>\$ 9,148</b>	<b>\$ 193</b>	<b>\$ 245,812</b>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Title 1 2007-2008	Title 1 2007-2008 Wyandotte	Title 1 2007-2008 School Improvement SCE	Title 1 CES School Improvement	Title V Part A 2007-2009	Title V Part A 2006-2008
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	40,000	2,000	-	137,060	5,008	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<u>40,000</u>	<u>2,000</u>	<u>-</u>	<u>137,060</u>	<u>5,008</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	31,778	648	-	19,474	-	-
Support services	76,318	-	36,835	189,690	3,738	5,032
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>108,096</u>	<u>648</u>	<u>36,835</u>	<u>209,164</u>	<u>3,738</u>	<u>5,032</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(68,096)</u>	<u>1,352</u>	<u>(36,835)</u>	<u>(72,104)</u>	<u>1,270</u>	<u>(5,032)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	133	-
Transfers out	(57,465)	(7,476)	-	(41,670)	-	(133)
<b>Total other financing sources (uses)</b>	<u>(57,465)</u>	<u>(7,476)</u>	<u>-</u>	<u>(41,670)</u>	<u>133</u>	<u>(133)</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:</b>	<u>(125,561)</u>	<u>(6,124)</u>	<u>(36,835)</u>	<u>(113,774)</u>	<u>1,403</u>	<u>(5,165)</u>
<b>Cash and investments - beginning</b>	<u>125,561</u>	<u>6,124</u>	<u>36,835</u>	<u>113,774</u>	<u>-</u>	<u>5,165</u>
<b>Cash and investments - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 1,403	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	1,403	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403</u>	<u>\$ -</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	HCELC	HCELC Part B 2007-2008	HCELC Part B 2006-2007 Carryover	HCELC Preschool	HCELC Preschool 2007-2008	Drug Free Title IV
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,026,243	90,000	33,119	39,302	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,026,243</b>	<b>90,000</b>	<b>33,119</b>	<b>39,302</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	674,685	4,383	21,513	39,739	(95)	-
Support services	557,295	4,834	46,398	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,231,980</b>	<b>9,217</b>	<b>67,911</b>	<b>39,739</b>	<b>(95)</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(205,737)	80,783	(34,792)	(437)	95	-
<b>Other financing sources (uses):</b>						
Transfers in	46,280	-	-	-	-	1,727
Transfers out	-	(34,659)	(11,621)	-	-	-
<b>Total other financing sources (uses)</b>	<b>46,280</b>	<b>(34,659)</b>	<b>(11,621)</b>	<b>-</b>	<b>-</b>	<b>1,727</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(159,457)	46,124	(46,413)	(437)	95	1,727
Cash and investments - beginning	-	(46,124)	46,413	-	(95)	-
Cash and investments - ending	<u>\$ (159,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (437)</u>	<u>\$ -</u>	<u>\$ 1,727</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (159,457)	\$ -	\$ -	\$ (437)	\$ -	\$ 1,727
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (159,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (437)</u>	<u>\$ -</u>	<u>\$ 1,727</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(159,457)	-	-	(437)	-	1,727
<b>Total cash and investment fund balance - ending</b>	<u>\$ (159,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (437)</u>	<u>\$ -</u>	<u>\$ 1,727</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Drug Free Title IV 2006-2008	Drug Free Title IV 2007-2009	Perkins Special Project	Perkins Special Project #1	Hurricane Relief	Title II Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	3,963	-	-	-	66,002
Other	-	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>3,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,002</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,518	34	-	-	-	48,647
Support services	4,559	4,582	-	-	-	9,415
Noninstructional services	2,023	10	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>9,100</u>	<u>4,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,062</u>
Excess (deficiency) of receipts over disbursements	<u>(9,100)</u>	<u>(663)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,940</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	3,494	-	14,952
Transfers out	-	(1,727)	(3,494)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(1,727)</u>	<u>(3,494)</u>	<u>3,494</u>	<u>-</u>	<u>14,952</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(9,100)	(2,390)	(3,494)	3,494	-	22,892
Cash and investments - beginning	<u>9,100</u>	<u>2,390</u>	<u>-</u>	<u>(3,494)</u>	<u>4,842</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,494)</u>	<u>\$ -</u>	<u>\$ 4,842</u>	<u>\$ 22,892</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ (3,494)	\$ -	\$ 4,842	\$ 22,892
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,494)</u>	<u>\$ -</u>	<u>\$ 4,842</u>	<u>\$ 22,892</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	(3,494)	-	4,842	22,892
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,494)</u>	<u>\$ -</u>	<u>\$ 4,842</u>	<u>\$ 22,892</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Title II Part A -2	Title II Part A 2007-2009	Reading First NCLB	Retirement Severance Bond Debt	Transportation School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 1,473,397	\$ 156,370	\$ 2,893,182
Intermediate sources	-	-	-	-	-	694
State sources	-	-	-	-	-	477,077
Federal sources	-	50,000	701	-	-	2,718,360
Other	-	-	-	-	-	250
<b>Total receipts</b>	<b>-</b>	<b>50,000</b>	<b>701</b>	<b>1,473,397</b>	<b>156,370</b>	<b>6,089,563</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	(2,391)	48,749	-	-	-	1,418,423
Support services	5,478	11,299	-	-	171,926	1,989,987
Noninstructional services	-	-	-	-	-	1,341,517
Debt services	-	-	-	955,505	-	955,505
Nonprogrammed charges	-	-	-	-	-	84,870
<b>Total disbursements</b>	<b>3,087</b>	<b>60,048</b>	<b>-</b>	<b>955,505</b>	<b>171,926</b>	<b>5,790,302</b>
Excess (deficiency) of receipts over disbursements	(3,087)	(10,048)	701	517,892	(15,556)	299,261
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	665,733
Transfers out	-	(14,952)	-	(47,752)	(4,951)	(239,032)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(14,952)</b>	<b>-</b>	<b>(47,752)</b>	<b>(4,951)</b>	<b>426,701</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(3,087)	(25,000)	701	470,140	(20,507)	725,962
Cash and investments - beginning	3,087	25,000	-	(459,385)	181,019	327,300
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ 10,755</u>	<u>\$ 160,512</u>	<u>\$ 1,053,262</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 701	\$ -	\$ 160,512	\$ 1,042,507
Restricted assets:						
Cash and investments	-	-	-	10,755	-	10,755
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ 10,755</u>	<u>\$ 160,512</u>	<u>\$ 1,053,262</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 10,755	\$ -	\$ 10,755
Unrestricted	-	-	701	-	160,512	1,042,507
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ 10,755</u>	<u>\$ 160,512</u>	<u>\$ 1,053,262</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	HCELC Joint Services	Educational License Plates
<b>Receipts:</b>						
Local sources	\$ -	\$ 662,361	\$ 251,370	\$ 17,602	\$ 700,561	\$ -
Intermediate sources	-	-	-	-	-	544
State sources	45,376	15,460	46,579	-	-	-
Federal sources	-	687,139	-	-	-	-
<b>Total receipts</b>	<b>45,376</b>	<b>1,364,960</b>	<b>297,949</b>	<b>17,602</b>	<b>700,561</b>	<b>544</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	24,753	-	-	-	216,523	925
Support services	11,577	-	236,742	-	407,569	-
Noninstructional services	-	1,241,350	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	11,066	-	-	-	22,319	-
<b>Total disbursements</b>	<b>47,396</b>	<b>1,241,350</b>	<b>236,742</b>	<b>-</b>	<b>646,411</b>	<b>925</b>
Excess (deficiency) of receipts over disbursements	(2,020)	123,610	61,207	17,602	54,150	(381)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	78,881	-
Transfers out	(209,612)	-	-	-	(36,095)	-
<b>Total other financing sources (uses)</b>	<b>(209,612)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,786</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(211,632)	123,610	61,207	17,602	96,936	(381)
Cash and investments - beginning	211,632	28,543	462,586	480,125	(451,911)	3,805
Cash and investments - ending	\$ -	\$ 152,153	\$ 523,793	\$ 497,727	\$ (354,975)	\$ 3,424
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 152,153	\$ 523,793	\$ 497,727	\$ (354,975)	\$ 3,424
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 152,153</b>	<b>\$ 523,793</b>	<b>\$ 497,727</b>	<b>\$ (354,975)</b>	<b>\$ 3,424</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	152,153	523,793	497,727	(354,975)	3,424
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 152,153</b>	<b>\$ 523,793</b>	<b>\$ 497,727</b>	<b>\$ (354,975)</b>	<b>\$ 3,424</b>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Alternative Education Grant	WHAS Grant	4 - Block\ Mentor Program\ ISIT	HWE Lowe's Grant - Shelter House	Cultural Competency Grant 05-06	Non-English Speaking Program
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	20,749	33,761	-	-	-	4,292
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>20,749</b>	<b>33,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,292</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	45,911	19,065	266	-	-	2,560
Support services	-	-	-	-	-	1,011
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	2,686	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>45,911</b>	<b>19,065</b>	<b>266</b>	<b>2,686</b>	<b>-</b>	<b>3,571</b>
Excess (deficiency) of receipts over disbursements	(25,162)	14,696	(266)	(2,686)	-	721
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(25,162)	14,696	(266)	(2,686)	-	721
Cash and investments - beginning	25,162	(15,843)	9,544	5,000	22	9,148
Cash and investments - ending	\$ -	\$ (1,147)	\$ 9,278	\$ 2,314	\$ 22	\$ 9,869
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ (1,147)	\$ 9,278	\$ 2,314	\$ 22	\$ 9,869
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (1,147)</b>	<b>\$ 9,278</b>	<b>\$ 2,314</b>	<b>\$ 22</b>	<b>\$ 9,869</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(1,147)	9,278	2,314	22	9,869
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (1,147)</b>	<b>\$ 9,278</b>	<b>\$ 2,314</b>	<b>\$ 22</b>	<b>\$ 9,869</b>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Performance Based Awards	Title I	Title V Part A 2007-2009	HCELC	HCELC Preschool	Drug Free Title IV
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 2,321	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	785,481	1,953	1,673,329	35,000	11,643
<b>Total receipts</b>	<b>-</b>	<b>785,481</b>	<b>1,953</b>	<b>1,675,650</b>	<b>35,000</b>	<b>11,643</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	193	275,097	-	816,982	35,990	1,141
Support services	-	614,457	3,356	594,345	-	7,102
Noninstructional services	-	969	-	-	-	251
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>193</b>	<b>890,523</b>	<b>3,356</b>	<b>1,411,327</b>	<b>35,990</b>	<b>8,494</b>
Excess (deficiency) of receipts over disbursements	(193)	(105,042)	(1,403)	264,323	(990)	3,149
<b>Other financing sources (uses):</b>						
Transfers in	-	60,623	-	147,710	-	-
Transfers out	-	(60,623)	-	(193,990)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,280)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(193)	(105,042)	(1,403)	218,043	(990)	3,149
Cash and investments - beginning	193	245,812	1,403	(159,457)	(437)	1,727
Cash and investments - ending	\$ -	\$ 140,770	\$ -	\$ 58,586	\$ (1,427)	\$ 4,876
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 140,770	\$ -	\$ 58,586	\$ (1,427)	\$ 4,876
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 140,770</b>	<b>\$ -</b>	<b>\$ 58,586</b>	<b>\$ (1,427)</b>	<b>\$ 4,876</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	140,770	-	58,586	(1,427)	4,876
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 140,770</b>	<b>\$ -</b>	<b>\$ 58,586</b>	<b>\$ (1,427)</b>	<b>\$ 4,876</b>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Perkins Special Project	21st Century Community Learning Center Program	Hurricane Relief	Title II Part A	Reading First NCLB	Title 1 Stimulus 2009-2010
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	107,862	-	179,389	-	160,181
<b>Total receipts</b>	<b>-</b>	<b>107,862</b>	<b>-</b>	<b>179,389</b>	<b>-</b>	<b>160,181</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	97,603	-	44,763
Support services	-	1,324	-	35,629	-	12,054
Noninstructional services	-	-	-	-	-	62,978
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>1,324</b>	<b>-</b>	<b>133,232</b>	<b>-</b>	<b>119,795</b>
Excess (deficiency) of receipts over disbursements	-	106,538	-	46,157	-	40,386
<b>Other financing sources (uses):</b>						
Transfers in	3,494	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	3,494	106,538	-	46,157	-	40,386
Cash and investments - beginning	(3,494)	-	4,842	22,892	701	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 106,538</u>	<u>\$ 4,842</u>	<u>\$ 69,049</u>	<u>\$ 701</u>	<u>\$ 40,386</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 106,538	\$ 4,842	\$ 69,049	\$ 701	\$ 40,386
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 106,538</u>	<u>\$ 4,842</u>	<u>\$ 69,049</u>	<u>\$ 701</u>	<u>\$ 40,386</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	106,538	4,842	69,049	701	40,386
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 106,538</u>	<u>\$ 4,842</u>	<u>\$ 69,049</u>	<u>\$ 701</u>	<u>\$ 40,386</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	HCELC Part B Stimulus	HCELC Preschool Stimulus	Title 1 Part D Stimulus	Retirement/ Severance Bond Debt	Transportation School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 1,410,964	\$ 430,401	\$ 3,475,580
Intermediate sources	-	-	-	-	-	544
State sources	-	-	-	-	-	166,217
Federal sources	698,698	25,879	10,936	-	-	4,377,490
<b>Total receipts</b>	<b>698,698</b>	<b>25,879</b>	<b>10,936</b>	<b>1,410,964</b>	<b>430,401</b>	<b>8,019,831</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	375,750	3,150	8,449	-	-	1,969,121
Support services	26,986	10,599	-	-	443,791	2,406,542
Noninstructional services	-	-	-	-	-	1,305,548
Facilities acquisition and construction	18,401	-	-	-	-	21,087
Debt services	-	-	-	956,894	-	956,894
Nonprogrammed charges	279,005	-	-	-	-	312,390
<b>Total disbursements</b>	<b>700,142</b>	<b>13,749</b>	<b>8,449</b>	<b>956,894</b>	<b>443,791</b>	<b>6,971,582</b>
Excess (deficiency) of receipts over disbursements	(1,444)	12,130	2,487	454,070	(13,390)	1,048,249
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	290,708
Transfers out	-	-	-	-	-	(500,320)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(209,612)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses:	(1,444)	12,130	2,487	454,070	(13,390)	838,637
Cash and investments - beginning	-	-	-	10,755	160,512	1,053,262
<b>Cash and investments - ending</b>	<b>\$ (1,444)</b>	<b>\$ 12,130</b>	<b>\$ 2,487</b>	<b>\$ 464,825</b>	<b>\$ 147,122</b>	<b>\$ 1,891,899</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (1,444)	\$ 12,130	\$ 2,487	\$ -	\$ 147,122	\$ 1,427,074
Restricted assets:						
Cash and investments	-	-	-	464,825	-	464,825
<b>Total cash and investment assets - ending</b>	<b>\$ (1,444)</b>	<b>\$ 12,130</b>	<b>\$ 2,487</b>	<b>\$ 464,825</b>	<b>\$ 147,122</b>	<b>\$ 1,891,899</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 464,825	\$ -	\$ 464,825
Unrestricted	(1,444)	12,130	2,487	-	147,122	1,427,074
<b>Total cash and investment fund balance - ending</b>	<b>\$ (1,444)</b>	<b>\$ 12,130</b>	<b>\$ 2,487</b>	<b>\$ 464,825</b>	<b>\$ 147,122</b>	<b>\$ 1,891,899</b>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009

	Miscellaneous Donations	Miscellaneous Donations CCHS\SCHS	Health Insurance Escrow	Shireman Family Scholarship CCHS	Riverboat Education	Harrison County Community Foundation Grants	Totals
<b>Additions:</b>							
Contributions:							
Other	\$ 7,881	\$ 1,500	\$ -	\$ -	\$ 1,020,933	\$ 71,770	\$ 1,102,084
Investment earnings:							
Interest	-	-	5,162	128	47,185	-	52,475
Total additions	7,881	1,500	5,162	128	1,068,118	71,770	1,154,559
<b>Deductions:</b>							
Administrative and general	2,669	439	-	-	1,859,668	112,489	1,975,265
Excess (deficiency) of total additions over total deductions	5,212	1,061	5,162	128	(791,550)	(40,719)	(820,706)
Cash and investment fund balance - beginning	1,424	447	405,771	4,860	4,269,027	14,462	4,695,991
Cash and investments - June 30	<u>\$ 6,636</u>	<u>\$ 1,508</u>	<u>\$ 410,933</u>	<u>\$ 4,988</u>	<u>\$ 3,477,477</u>	<u>\$ (26,257)</u>	<u>\$ 3,875,285</u>
<b>Net assets:</b>							
Cash and investments	\$ 6,636	\$ 1,508	\$ 410,933	\$ 4,988	\$ 3,477,477	\$ (26,257)	\$ 3,875,285
Total net assets - cash and investment basis held in trust	<u>\$ 6,636</u>	<u>\$ 1,508</u>	<u>\$ 410,933</u>	<u>\$ 4,988</u>	<u>\$ 3,477,477</u>	<u>\$ (26,257)</u>	<u>\$ 3,875,285</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010

	Miscellaneous Donations	Miscellaneous Donations CCHS\SCHS	Health Insurance Escrow	Shireman Family Scholarship CCHS	Riverboat Education	Harrison County Community Foundation Grants	Totals
<b>Additions:</b>							
Contributions:							
Other	\$ 3,955	\$ -	\$ 588	\$ -	\$ 401,258	\$ 96,619	\$ 502,420
Investment earnings:							
Interest	-	-	6,219	101	53,629	-	59,949
Total additions	3,955	-	6,807	101	454,887	96,619	562,369
<b>Deductions:</b>							
Administrative and general	2,360	620	117,178	-	2,216,697	88,234	2,425,089
Excess (deficiency) of total additions over total deductions	1,595	(620)	(110,371)	101	(1,761,811)	8,386	(1,862,720)
Cash and investment fund balance - beginning	6,636	1,508	410,933	4,988	3,477,477	(26,257)	3,875,285
Cash and investments - June 30	<u>\$ 8,231</u>	<u>\$ 888</u>	<u>\$ 300,562</u>	<u>\$ 5,089</u>	<u>\$ 1,715,666</u>	<u>\$ (17,871)</u>	<u>\$ 2,012,565</u>
<b>Net assets:</b>							
Cash and investments	\$ 8,231	\$ 888	\$ 300,562	\$ 5,089	\$ 1,715,666	\$ (17,871)	\$ 2,012,565
Total net assets - cash and investment basis held in trust	<u>\$ 8,231</u>	<u>\$ 888</u>	<u>\$ 300,562</u>	<u>\$ 5,089</u>	<u>\$ 1,715,666</u>	<u>\$ (17,871)</u>	<u>\$ 2,012,565</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 255,294
Buildings	82,443,125
Improvements other than buildings	1,157,200
Machinery and equipment	<u>8,079,249</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 91,934,868</u></u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Corydon Intermediate School	\$ 150,000	\$ 154,000
South Central Schools and Heth Washington Elementary School	4,795,000	266,825
Corydon Central High School, Corydon Elementary School, South Central Jr./Sr. and Elementary Schools, New Middletown Elementary School	34,755,000	3,074,000
Corydon Central Junior High School	9,930,000	1,248,000
Bonds payable:		
General obligation bonds:		
Pension bonds - Retirement and severance payments	<u>5,120,000</u>	<u>951,329</u>
Total governmental activities debt	<u>\$ 54,750,000</u>	<u>\$ 5,694,154</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates the number of students receiving academic honors diplomas as reported by the School Corporation to the Indiana Department of Education (DOE) were incorrect for the school year ending June 30, 2008 reported in the fall of 2008 as follows:

<u>School Year</u>	<u>Academic Honors Diplomas Count Reported to DOE</u>	<u>Actual Figures</u>	<u>Difference</u>
2008-2009	73	48	25

School Corporation Officials reported the discrepancy to the Indiana Department of Education, Division of School Finance, on June 12, 2009, but corrections have not been made by the DOE.

School Corporation Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN FUND BALANCES

South Harrison Community School Corporation is a participant with North Harrison Community School Corporation and Lanesville Community School Corporation in a joint venture to operate the Harrison County Exceptional Learners Cooperative (Co-op). The Co-op was created to provide instruction for handicapped children. The Co-op is funded by federal grants and funds provided by the participating School Corporations.

The Joint Service Agreement states that South Harrison Community School Corporation will be the administering corporation. The Superintendent's Governing Board minutes state that "Each participating corporations' share will be divided into four payments. The first payment shall be due and payable after August 1 and prior to August 15. The second payment shall be due and payable after October 1 and prior to October 15. The third payment shall be deemed due and payable after January 1 and prior to January 15. The remaining one-fourth shall be due and payable at the end of the fiscal year upon billing by the Legal Educational Agency (Administering Corporation)."

The School Corporation has posted Co-op expenses to various funds. At June 30, 2010, these funds had deficit balances totaling \$297,816 that primarily resulted from the participating school corporations not having paid their share of the Co-op's expenses. South Harrison Community Schools on September 30, 2010, paid an estimated payment of \$374,317 to cover their share for the 2009-2010 school year. The other participating school corporations have yet to be billed by the Administering Corporation for the 2009-2010 school year.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY  
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Compliance

We have audited the compliance of the South Harrison Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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 non-compliance 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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

on compliance, 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.

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 12, 2011

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 145,815	\$ 184,394
National School Lunch Program	10.555		<u>528,007</u>	<u>631,642</u>
Total for federal grantor agency			<u>673,822</u>	<u>816,036</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
FY 2007-08		08-3190	108,096	-
FY 2008-09		09-3190	295,016	154,318
FY 2009-10		10-3190	-	291,617
FY 2007-08 (2)		08-3190	8,124	-
FY 2008-09 (2)		09-3190	6,729	19,488
FY 2009-10 (2)		10-3190	-	23,822
FY 2007-08 School Improvement Funds		08-3190	18,874	-
FY 2008-09 School Improvement Funds		08-3190 & 09-3190	209,164	163,195
FY 2009-10 School Improvement Funds		08-3190 & 09-3190	<u>122,554</u>	<u>298,706</u>
Total for program			<u>768,557</u>	<u>951,146</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
FY 2009-10, Part A	84.389	10-3190	-	119,794
FY 2009-10, Part D		10-3190	-	<u>8,449</u>
Total for program			<u>-</u>	<u>128,243</u>
Total for cluster			<u>768,557</u>	<u>1,079,389</u>
Special Education Cluster				
Special Education - Grants to States				
	84.027			
FY 2007-08		14208-028-PN01	9,217	84,696
FY 2008-09		14209-028-PN01	1,163,696	39,452
FY 2009-10		14210-028-PN01	-	1,287,912
FY 2006-07 C/O		14207-048-PN02	67,911	11,621
FY 2007-08 C/O		14208-048-PY02	68,285	39,770
FY 2008-09 C/O		14209-028-PY02	-	<u>43,684</u>
Total for program			<u>1,309,109</u>	<u>1,507,135</u>
Special Education - Preschool Grants				
	84.173			
FY 2008-09		45709-028-PN01	39,739	5,174
FY 2009-10		45710-028-PN01	-	<u>36,427</u>
Total for program			<u>39,739</u>	<u>41,601</u>
ARRA - Special Education - Grants to States, Recovery Act				
FY 2009-10	84.391	33310-028-SN01	-	<u>700,143</u>
ARRA - Special Education - Preschool Grants, Recovery Act				
FY 2009-10	84.392	44410-028-SN01	-	<u>13,749</u>
Total for cluster			<u>1,348,848</u>	<u>2,262,628</u>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State				
Grants, Recovery Act				
FY 2009-10	84.394	3190	-	2,176,362
Safe and Drug-Free Schools and Communities - State Grants				
SY 2006-2008	84.186	06-3190	9,100	
SY 2007-2009		07-3190	4,627	1,726
SY 2008-2010		08-3190	-	6,768
Total for program			13,727	8,494
Twenty-First Century Community Learning Centers				
FY 2009-10	84.287	3190	-	1,324
State Grants for Innovative Programs				
SY 2006-08	84.298	06-3190	5,165	-
SY 2007-09		07-3190	3,605	3,356
Total for program			8,770	3,356
Improving Teacher Quality State Grants				
SY 2006-2008	84.367	06-3190	3,086	
SY 2007-2009		07-3190	105,775	17,228
SY 2008-2010		08-3190	12,335	116,004
Total for program			121,196	133,232
Total for federal grantor agency			2,261,098	5,664,785
Total federal awards expended			<u>\$ 2,934,920</u>	<u>\$ 6,480,821</u>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the South Harrison Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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 the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Child Nutrition Cluster			
Food Commodities			
School Breakfast Program	10.553	\$ 15,401	\$ 27,706
National School Lunch Program	10.555	54,734	93,794

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

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

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2010-1, OVERDRAWN FUND BALANCES

South Harrison Community School Corporation is a participant with North Harrison Community School Corporation and Lanesville Community School Corporation in a joint venture to operate the Harrison County Exceptional Learners Cooperative (Co-op). The Co-op was created to provide instruction for handicapped children. The Co-op is funded by federal grants and funds provided by the participating School Corporations.

The Joint Service Agreement states that South Harrison Community School Corporation will be the administering corporation. The Superintendent's Governing Board minutes state that "Each participating corporations' share will be divided into four payments. The first payment shall be due and payable after August 1 and prior to August 15. The second payment shall be due and payable after October 1 and prior to October 15. The third payment shall be deemed due and payable after January 1 and prior to January 15. The remaining one-fourth shall be due and payable at the end of the fiscal year upon billing by the Legal Educational Agency (Administering Corporation)."

The School Corporation has posted Co-op expenses to various funds. At June 30, 2010, these funds had deficit balances totaling \$297,816 that primarily resulted from the participating school corporations not having paid their share of the Co-op's expenses. South Harrison Community Schools on September 30, 2010, paid an estimated payment of \$374,317 to cover their share for the 2009-2010 school year. The other participating school corporations have yet to be billed by the Administering Corporation for the 2009-2010 school year.

We recommended the School Corporation comply with the Co-op agreement by billing each participating School Corporation timely to prevent deficit balances from existing. Each participating School Corporation should also budget sufficient monies to pay their share of the Co-op's expenses.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



**315 South Harrison Drive, Corydon, IN 47112 • Phone (812) 738-2168 • Fax (812) 738-2158**

**Dr. Neyland G. Clark**  
Superintendent

Indiana State Board of Accounts  
302 West Washington Street  
Room E418  
Indianapolis, IN 46204-2738

**Summary Schedule of Prior Audit Findings - Section III – Finding 2008-2, Cash Management**

**Mission Statement**

*The mission of South Harrison Community School Corporation is to create an environment which develops, nurtures and reinforces the success of students as well as all people served by the corporation. Further, through the shared involvement of home, community and school, our purpose is to develop and provide quality work to prepare each student to think, reason and participate in a diverse society as a lifelong, self-directed learner.*

**Vision Statement**

*We envision schools in which students experience success through authentic, real-life learning activities, focusing on an appreciation of the diversity of society and the ever-changing world, thus creating the greatest opportunities for students after graduation.*

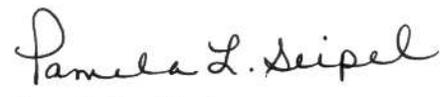
Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers: 07-3190, 08-3190  
Pass-Through Entity: Indiana Department of Education

The Indiana Department of Education now reimburses South Harrison Community School Corporation based upon actual expenditures instead of providing for cash advances. This was done in order for the State of Indiana to comply with federal requirements of cash management. Because of this change in methodology, excessive cash balances are no longer incurred. Careful monitoring of expenditures is now required for timely cash reimbursement.

In closing, it is the desire of the South Harrison Community School Corporation to fully comply with all requirements pertaining to the administration of all funds entrusted to the Corporation.

Respectfully submitted,

  
Neyland G. Clark  
Superintendent

  
Pamela L. Seipel  
Treasurer

*An Equal Opportunity  
Employer*



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Superintendent

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Corrective Action Plan - Section II – Finding 2010-1, Overdrawn Fund Balances

**Mission Statement**

*The mission of South Harrison Community School Corporation is to create an environment which develops, nurtures and reinforces the success of students as well as all people served by the corporation. Further, through the shared involvement of home, community and school, our purpose is to develop and provide quality work to prepare each student to think, reason and participate in a diverse society as a lifelong, self-directed learner.*

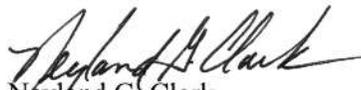
**Vision Statement**

*We envision schools in which students experience success through authentic, real-life learning activities, focusing on an appreciation of the diversity of society and the ever-changing world, thus creating the greatest opportunities for students after graduation.*

South Harrison Community School Corporation continues to closely monitor fund balances associated with the Harrison County Exceptional Learners Cooperative. Final billings have been paid in full by all participating corporations through the 2008-2009 school year. Finalization of the billing for the 2009-2010 year is anticipated to be completed by the date of the upcoming exit conference. Amounts due from the member corporations continue to stabilize within the past 4 years which provides for interim billings to be issued. It is anticipated that beginning with the budget cycle 2011-2012, interim billings will be prepared and each of the corporations will have budgeted adequate funding within their general operations for their share of the cooperative expenses. Further, cash management requests for grant receipts continue to be aligned to a month-by-month projection that aligns to actual and projected expenditure patterns.

In closing, it is the desire of the South Harrison Community School Corporation to fully comply with all requirements pertaining to the administration of all funds entrusted to the Corporation.

Respectfully submitted,

  
Neyland G. Clark  
Superintendent

  
Pamela L. Seipel  
Treasurer

*An Equal Opportunity  
Employer*

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2011, with Dr. Neyland G. Clark, Superintendent of Schools; Pamela L. Seipel, Treasurer; Carolyn Wallace, Director of Business Operations; and Jeffrey L. Brown, President of the School Board. The officials concurred with our audit findings.