

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

EMINENCE COMMUNITY SCHOOL CORPORATION  
MORGAN COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

01/23/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Saucerman	07-01-09 to 06-30-12
Superintendent of Schools	Dr. Larry Moore (Vacant) Murray Pride	07-01-09 to 07-15-10 07-16-10 to 08-01-10 08-02-10 to 06-30-12
President of the School Board	Kathy Decker Steve Nugent	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 THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE EMINENCE COMMUNITY  
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

We have audited the accompanying financial statement of the Eminence Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 5, 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 STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. 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, others within the entity, 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

December 5, 2011



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE EMINENCE COMMUNITY  
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

We have audited the financial statement of the Eminence Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated December 5, 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 opinion on the financial statement, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01 to be material weaknesses.

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

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the School Corporation's management, others within the entity, 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

December 5, 2011

## FINANCIAL STATEMENT

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

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EMINENCE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Cash and Investments 06-30-11
General	\$ 264,308	\$ 3,232,886	\$ 3,050,070	\$ 71,820	\$ 518,944	\$ 3,206,495	\$ 2,992,941	\$ 732,498
Debt Service	277,224	513,065	484,500	-	305,789	489,698	486,000	309,487
Retirement/Severance Bond Debt Service	7,870	66,409	64,177	-	10,102	63,654	61,966	11,790
Capital Projects	439,251	463,503	757,039	-	145,715	451,442	477,426	119,731
School Transportation	171,001	412,135	407,332	-	175,804	411,514	353,055	234,263
School Bus Replacement	98,072	89,514	43,587	-	143,999	108,385	61,619	190,765
Special Education Preschool	81,761	6,298	16,239	(71,820)	-	-	-	-
Retirement/Severance Bond	35,698	-	23,763	-	11,935	-	-	11,935
CF-HVAC Project '08	2,881	-	2,881	-	-	-	-	-
School Lunch	44,813	207,751	191,161	-	61,403	208,687	187,328	82,762
Textbook Rental	(88,020)	76,662	72,661	-	(84,019)	76,553	28,763	(36,229)
Levy Excess	-	-	-	-	-	7,819	-	7,819
Educational License Plates	2,648	113	2,328	-	433	75	-	508
Donation Fund	15,593	10,000	19,788	-	5,805	9,999	9,712	6,092
Title VI	-	46,269	48,899	-	(2,630)	63,212	60,582	-
Kendricks Grant	609	-	-	-	609	-	587	22
Kendricks Grant-Athletic	186	-	-	-	186	-	-	186
Kendricks Grant for Sensory Room	-	14,999	14,999	-	-	-	-	-
Professional Development (07-08)	88	-	88	-	-	-	-	-
Kendricks Evacuation Chair	-	656	656	-	-	-	-	-
Nurse Fund	56	15	-	-	71	19	-	90
Kendricks Consumer	(97)	97	-	-	-	-	-	-
Kendricks Nurse Grant	308	-	308	-	-	-	-	-
Kendricks Grant - Physical Education Equipment	-	-	-	-	-	4,600	4,600	-
Kendricks AED Program	-	6,000	5,900	-	100	-	100	-
Green School Project	157	258	-	-	415	67	-	482
Teacher Quality Improvement Program	1,234	27,330	26,575	-	1,989	26,922	2,040	26,871
Adult and Continuing Education	1,403	-	1,403	-	-	-	-	-
Extra-Curricular Activities	(734)	734	-	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	62	-	-	-	62	-	-	62
Indiana Youth Tobacco Survey	1,010	-	-	-	1,010	200	478	732
Principals of Leadership Elementary	76	-	76	-	-	-	-	-
Primetime Grant High School	1,750	-	-	-	1,750	-	-	1,750
SCI Community Grant	-	1,500	1,370	-	130	-	130	-
Title I	6,685	51,193	54,712	-	3,166	44,231	50,931	(3,534)
P.LInnovative Education Program Strategies Title V (Part A)	787	-	-	-	787	-	-	787
Title II C, Laptop	35	-	-	-	35	-	-	35
Serve America	52	-	-	-	52	-	-	52
Title IV, Drug Free (08-09)	1,048	601	839	-	810	-	-	810
HMCI Foundation Grant	1,336	-	-	-	1,336	600	79	1,857
Project Lead The Way (08-09)	(6,835)	10,000	1,476	(6,835)	1,689	-	272	1,417
Improving Teaching Quality, No Child Left, Title II, Part A	17,863	14,681	734	-	31,810	-	15,970	15,840
Fiscal Stabilization - Education	190,555	107,708	298,263	-	-	-	-	-
Title I - Grants to LEAs	-	27,717	14,218	-	13,499	-	17,498	(3,999)
Education Jobs	-	-	-	-	-	102,916	102,916	-
Payroll Withholdings	58,089	851,390	885,794	-	23,686	792,456	785,048	31,094
<b>Totals</b>	<b>\$ 1,628,823</b>	<b>\$ 6,239,484</b>	<b>\$ 6,491,836</b>	<b>\$ -</b>	<b>\$ 1,376,472</b>	<b>\$ 6,069,544</b>	<b>\$ 5,700,041</b>	<b>\$ 1,745,975</b>

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other financing sources and uses*

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

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

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Retirement/ Severance Bond	CF-HVAC Project '08
Cash and investments - beginning	\$ 264,308	\$ 277,224	\$ 7,870	\$ 439,251	\$ 171,001	\$ 98,072	\$ 81,761	\$ 35,698	\$ 2,881
Receipts:									
Local sources	80,712	513,065	66,409	463,503	410,285	89,514	2,173	-	-
Intermediate sources	25	-	-	-	-	-	-	-	-
State sources	3,152,149	-	-	-	-	-	4,125	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,850	-	-	-	-
Total receipts	<u>3,232,886</u>	<u>513,065</u>	<u>66,409</u>	<u>463,503</u>	<u>412,135</u>	<u>89,514</u>	<u>6,298</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	1,904,221	-	-	-	-	-	-	23,763	-
Support services	856,901	-	-	172,628	407,332	43,587	-	-	-
Noninstructional services	34,131	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	584,411	-	-	-	-	2,881
Debt services	-	484,500	64,177	-	-	-	-	-	-
Nonprogrammed charges	254,817	-	-	-	-	-	16,239	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>3,050,070</u>	<u>484,500</u>	<u>64,177</u>	<u>757,039</u>	<u>407,332</u>	<u>43,587</u>	<u>16,239</u>	<u>23,763</u>	<u>2,881</u>
Excess (deficiency) of receipts over disbursements	<u>182,816</u>	<u>28,565</u>	<u>2,232</u>	<u>(293,536)</u>	<u>4,803</u>	<u>45,927</u>	<u>(9,941)</u>	<u>(23,763)</u>	<u>(2,881)</u>
Other financing sources (uses):									
Transfers in	71,820	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(71,820)	-	-
Total other financing sources (uses)	<u>71,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,820)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>254,636</u>	<u>28,565</u>	<u>2,232</u>	<u>(293,536)</u>	<u>4,803</u>	<u>45,927</u>	<u>(81,761)</u>	<u>(23,763)</u>	<u>(2,881)</u>
Cash and investments - ending	<u>\$ 518,944</u>	<u>\$ 305,789</u>	<u>\$ 10,102</u>	<u>\$ 145,715</u>	<u>\$ 175,804</u>	<u>\$ 143,999</u>	<u>\$ -</u>	<u>\$ 11,935</u>	<u>\$ -</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	School Lunch	Textbook Rental	Educational License Plates	Donation Fund	Title VI	Kendricks Grant	Kendricks Grant - Athletic	Kendricks Grant for Sensory Room	Professional Development (07-08)
Cash and investments - beginning	\$ 44,813	\$ (88,020)	\$ 2,648	\$ 15,593	\$ -	\$ 609	\$ 186	\$ -	\$ 88
Receipts:									
Local sources	133,993	76,662	-	10,000	455	-	-	-	-
Intermediate sources	-	-	113	-	-	-	-	-	-
State sources	2,935	-	-	-	-	-	-	14,999	-
Federal sources	70,823	-	-	-	45,814	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>207,751</u>	<u>76,662</u>	<u>113</u>	<u>10,000</u>	<u>46,269</u>	<u>-</u>	<u>-</u>	<u>14,999</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	2,328	2,472	211	-	-	12,593	88
Support services	1,131	72,661	-	-	31,911	-	-	-	-
Noninstructional services	190,030	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	17,316	16,777	-	-	2,406	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>191,161</u>	<u>72,661</u>	<u>2,328</u>	<u>19,788</u>	<u>48,899</u>	<u>-</u>	<u>-</u>	<u>14,999</u>	<u>88</u>
Excess (deficiency) of receipts over disbursements	<u>16,590</u>	<u>4,001</u>	<u>(2,215)</u>	<u>(9,788)</u>	<u>(2,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>16,590</u>	<u>4,001</u>	<u>(2,215)</u>	<u>(9,788)</u>	<u>(2,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88)</u>
Cash and investments - ending	<u>\$ 61,403</u>	<u>\$ (84,019)</u>	<u>\$ 433</u>	<u>\$ 5,805</u>	<u>\$ (2,630)</u>	<u>\$ 609</u>	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ -</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Kendricks Evacuation Chair	Nurse Fund	Kendricks Consumer	Kendricks Nurse Grants	Kendricks AED Program	Green School Project	Teacher Quality Improvement Program	Adult and Continuing Education	Extra- Curricular Activities
Cash and investments - beginning	\$ -	\$ 56	\$ (97)	\$ 308	\$ -	\$ 157	\$ 1,234	\$ 1,403	\$ (734)
Receipts:									
Local sources	6	15	97	-	-	258	-	-	734
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	650	-	-	-	6,000	-	27,330	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>656</u>	<u>15</u>	<u>97</u>	<u>-</u>	<u>6,000</u>	<u>258</u>	<u>27,330</u>	<u>-</u>	<u>734</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	26,575	622	-
Support services	656	-	-	308	5,900	-	-	781	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>656</u>	<u>-</u>	<u>-</u>	<u>308</u>	<u>5,900</u>	<u>-</u>	<u>26,575</u>	<u>1,403</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>15</u>	<u>97</u>	<u>(308)</u>	<u>100</u>	<u>258</u>	<u>755</u>	<u>(1,403)</u>	<u>734</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>15</u>	<u>97</u>	<u>(308)</u>	<u>100</u>	<u>258</u>	<u>755</u>	<u>(1,403)</u>	<u>734</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 415</u>	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ -</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	Indiana Youth Tobacco Survey	Principals of Leadership Elementary	Primetime Grant High School	SCI Community Grant	Title I	P. L. Innovative Education Program Strategies Title V (Part A)	Title II C, Laptop	Serve America
Cash and investments - beginning	\$ 62	\$ 1,010	\$ 76	\$ 1,750	\$ -	\$ 6,685	\$ 787	\$ 35	\$ 52
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	1,500	51,193	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	1,500	51,193	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	1,370	53,458	-	-	-
Support services	-	-	76	-	-	1,056	-	-	-
Noninstructional services	-	-	-	-	-	198	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	76	-	1,370	54,712	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(76)	-	130	(3,519)	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(76)	-	130	(3,519)	-	-	-
Cash and investments - ending	\$ 62	\$ 1,010	\$ -	\$ 1,750	\$ 130	\$ 3,166	\$ 787	\$ 35	\$ 52

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Title IV, Drug Free (08-09)	HMCI Foundation Grant	Project Lead the Way (08-09)	Improving Teaching Quality, No Child Left, Title II, Part A	Fiscal Stabilization - Education	Title I - Grants to LEAs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 1,048	\$ 1,336	\$ (6,835)	\$ 17,863	\$ 190,555	\$ -	\$ 58,089	\$ 1,628,823
Receipts:								
Local sources	-	-	10,000	-	-	-	-	1,857,881
Intermediate sources	-	-	-	-	-	-	-	138
State sources	-	-	-	14,681	-	27,717	-	3,303,279
Federal sources	601	-	-	-	107,708	-	-	224,946
Other	-	-	-	-	-	-	851,390	853,240
Total receipts	601	-	10,000	14,681	107,708	27,717	851,390	6,239,484
Disbursements:								
Current:								
Instruction	-	-	1,476	-	220,018	9,134	-	2,258,329
Support services	839	-	-	734	77,170	5,084	-	1,678,755
Noninstructional services	-	-	-	-	1,075	-	-	225,434
Facilities acquisition and construction	-	-	-	-	-	-	-	623,791
Debt services	-	-	-	-	-	-	-	548,677
Nonprogrammed charges	-	-	-	-	-	-	-	271,056
Interfund loans	-	-	-	-	-	-	885,794	885,794
Total disbursements	839	-	1,476	734	298,263	14,218	885,794	6,491,836
Excess (deficiency) of receipts over disbursements	(238)	-	8,524	13,947	(190,555)	13,499	(34,403)	(252,351)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	71,820
Transfers out	-	-	-	-	-	-	-	(71,820)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(238)	-	8,524	13,947	(190,555)	13,499	(34,403)	(252,351)
Cash and investments - ending	\$ 810	\$ 1,336	\$ 1,689	\$ 31,810	\$ -	\$ 13,499	\$ 23,686	\$ 1,376,472

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 518,944	\$ 305,789	\$ 10,102	\$ 145,715	\$ 175,804	\$ 143,999	\$ 11,935	\$ 61,403	\$ (84,019)
Receipts:									
Local sources	62,206	489,698	63,654	451,442	411,469	108,385	-	155,081	62,243
Intermediate sources	21	-	-	-	-	-	-	-	-
State sources	3,144,268	-	-	-	-	-	-	2,793	14,310
Federal sources	-	-	-	-	-	-	-	50,813	-
Other	-	-	-	-	45	-	-	-	-
Total receipts	<u>3,206,495</u>	<u>489,698</u>	<u>63,654</u>	<u>451,442</u>	<u>411,514</u>	<u>108,385</u>	<u>-</u>	<u>208,687</u>	<u>76,553</u>
Disbursements:									
Current:									
Instruction	1,884,677	-	-	-	-	-	-	-	-
Support services	874,683	-	-	181,916	353,055	61,619	-	2,273	28,763
Noninstructional services	44,063	-	-	-	-	-	-	185,055	-
Facilities acquisition and construction	-	-	-	295,510	-	-	-	-	-
Debt services	-	486,000	61,966	-	-	-	-	-	-
Nonprogrammed charges	189,518	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>2,992,941</u>	<u>486,000</u>	<u>61,966</u>	<u>477,426</u>	<u>353,055</u>	<u>61,619</u>	<u>-</u>	<u>187,328</u>	<u>28,763</u>
Excess (deficiency) of receipts over disbursements	<u>213,554</u>	<u>3,698</u>	<u>1,688</u>	<u>(25,984)</u>	<u>58,459</u>	<u>46,766</u>	<u>-</u>	<u>21,359</u>	<u>47,790</u>
Cash and investments - ending	<u>\$ 732,498</u>	<u>\$ 309,487</u>	<u>\$ 11,790</u>	<u>\$ 119,731</u>	<u>\$ 234,263</u>	<u>\$ 190,765</u>	<u>\$ 11,935</u>	<u>\$ 82,762</u>	<u>\$ (36,229)</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Levy Excess	Educational License Plates	Donation Fund	Title VI	Kendricks Grant	Kendricks Grant - Athletic	Nurse Fund	Kendricks Grant - Physical Ed. Equipment	Kendricks AED Program
Cash and investments - beginning	\$ -	\$ 433	\$ 5,805	\$ (2,630)	\$ 609	\$ 186	\$ 71	\$ -	\$ 100
Receipts:									
Local sources	-	-	9,999	-	-	-	19	4,600	-
Intermediate sources	-	75	-	-	-	-	-	-	-
State sources	7,819	-	-	-	-	-	-	-	-
Federal sources	-	-	-	63,212	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>7,819</u>	<u>75</u>	<u>9,999</u>	<u>63,212</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>4,600</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	2,460	25,084	587	-	-	4,600	-
Support services	-	-	-	10,579	-	-	-	-	100
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	7,252	24,919	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>9,712</u>	<u>60,582</u>	<u>587</u>	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>100</u>
Excess (deficiency) of receipts over disbursements	<u>7,819</u>	<u>75</u>	<u>287</u>	<u>2,630</u>	<u>(587)</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>(100)</u>
Cash and investments - ending	<u>\$ 7,819</u>	<u>\$ 508</u>	<u>\$ 6,092</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 186</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ -</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Green School Project	Teacher Quality Improvement Program	Non-English Speaking Programs P.L. 273-1999	Indiana Youth Tobacco Survey	Primetime Grant High School	SCI Community Grant	Title I	P. L. Innovative Education Program Strategies Title V (Part A)	Title II C, Laptop
Cash and investments - beginning	\$ 415	\$ 1,989	\$ 62	\$ 1,010	\$ 1,750	\$ 130	\$ 3,166	\$ 787	\$ 35
Receipts:									
Local sources	67	-	-	200	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	26,922	-	-	-	-	44,231	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	67	26,922	-	200	-	-	44,231	-	-
Disbursements:									
Current:									
Instruction	-	2,040	-	478	-	130	48,431	-	-
Support services	-	-	-	-	-	-	2,500	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,040	-	478	-	130	50,931	-	-
Excess (deficiency) of receipts over disbursements	67	24,882	-	(278)	-	(130)	(6,700)	-	-
Cash and investments - ending	\$ 482	\$ 26,871	\$ 62	\$ 732	\$ 1,750	\$ -	\$ (3,534)	\$ 787	\$ 35

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EMINENCE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Serve America	Title IV, Drug Free (08-09)	HMCI Foundation Grant	Project Lead the Way (08-09)	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 52	\$ 810	\$ 1,336	\$ 1,689	\$ 31,810	\$ 13,499	\$ -	\$ 23,686	\$ 1,376,472
Receipts:									
Local sources	-	-	-	-	-	-	-	-	1,819,063
Intermediate sources	-	-	-	-	-	-	-	-	96
State sources	-	-	600	-	-	-	-	-	3,240,943
Federal sources	-	-	-	-	-	-	102,916	-	216,941
Other	-	-	-	-	-	-	-	792,456	792,501
Total receipts	-	-	600	-	-	-	102,916	792,456	6,069,544
Disbursements:									
Current:									
Instruction	-	-	-	272	5,300	17,498	91,257	-	2,082,814
Support services	-	-	79	-	10,670	-	9,145	-	1,535,382
Noninstructional services	-	-	-	-	-	-	2,514	-	231,632
Facilities acquisition and construction	-	-	-	-	-	-	-	-	327,681
Debt services	-	-	-	-	-	-	-	-	547,966
Nonprogrammed charges	-	-	-	-	-	-	-	-	189,518
Interfund loans	-	-	-	-	-	-	-	785,048	785,048
Total disbursements	-	-	79	272	15,970	17,498	102,916	785,048	5,700,041
Excess (deficiency) of receipts over disbursements	-	-	521	(272)	(15,970)	(17,498)	-	7,408	369,503
Cash and investments - ending	\$ 52	\$ 810	\$ 1,857	\$ 1,417	\$ 15,840	\$ (3,999)	\$ -	\$ 31,094	\$ 1,745,975

EMINENCE COMMUNITY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2011

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>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Land	\$ 62,386
Buildings	6,018,527
Machinery and equipment	<u>620,191</u>
Total capital assets not being depreciated	<u>\$ 6,701,104</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
School Building	\$ 4,895,000	\$ 484,000
Energy Conservation Equipment	961,458	158,158
General obligation bonds:		
Pension Bonds	<u>210,000</u>	<u>69,549</u>
Total debt	<u>\$ 6,066,458</u>	<u>\$ 711,707</u>

EMINENCE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Capital Projects	2010	\$ 8,979
School Bus Replacement	2010	16,619

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**OVERDRAWN FUND BALANCES**

The Textbook Rental Fund was overdrawn at June 30, 2010, in the amount of \$84,019 and June 30, 2011, in the amount of \$36,229. There was a similar comment in the prior report.

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)

**INTERNAL CONTROLS**

The School Corporation has not separated incompatible activities related to cash reconciliation, receipts, and payroll disbursements. The School Corporation Treasurer receives cash, makes out deposits, posts the receipts, and reconciles the bank balance to funds ledger balance. Additionally, the School Corporation Treasurer performs all aspects of the payroll preparation, including but not limited to, posting time worked and leave time, prepare payroll claims, approve payroll claims, calculate deductions and net pay, write and sign payroll checks, distribute payroll checks, and make and approve adjustments to payroll. No evidence was found that management or those charged with governance has a procedure in place to monitor these activities. Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement.

EMINENCE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***TEXTBOOK RENTAL DEPOSITS***

Textbook rental receipts tested disclosed multiple instances where the collections were deposited later than the next business day. Deposits ranged from 3 to 21 days after money was received.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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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 EMINENCE COMMUNITY  
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Eminence 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, 2010 and 2011. 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2010 and 2011.

Internal Control Over Compliance

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 on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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)

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of the School Corporation's management, others within the entity, 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

December 5, 2011

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	None	\$ 11,120	\$ 12,577
National School Lunch Program	10.555	None	83,239	85,017
Total for federal grantor agency			94,359	97,594
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	None	54,710	50,932
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	None	14,217	17,497
Total for cluster			68,927	68,429
Safe and Drug-Free Schools and Communities - State Grants	84.186	None	839	-
Rural Education	84.358	None	48,900	60,583
Improving Teacher Quality State Grants	84.367	None	734	15,970
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund - Education State Grants Recovery Act	84.394	None	298,261	-
Education Job Funds	84.410	None	-	102,914
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	None	1,476	272
Total federal awards expended			\$ 513,496	\$ 345,762

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

EMINENCE COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Eminence 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 statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 1,860	\$ 1,871
National School Lunch Program	10.555	11,737	10,883

EMINENCE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified?	No
Noncompliance material to financial statement noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency identified?	No
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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition 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
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EMINENCE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section II – Financial Statement Finding***

***FINDING 2011-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

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

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

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

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

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

EMINENCE COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# *Eminence Community School Corporation*

*6764 North State Road 42*

*P.O. Box 135*

*Eminence, Indiana 46125*

*(765) 528-2101*

*Fax: (765) 528-2262*



December 5, 2011

To Whom It May Concern:

The following is the response and corrective action plan for our findings.

We will begin adding bank statements to our monthly reports along with a reconciliation statement that will include the following:

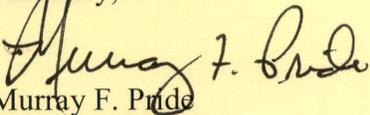
- Bank Statement
- Less Outstanding Checks
- Additional Accounts if any
- Fund Balance

Reconciliation and bank statements will be reviewed by the Superintendent and the Corporation Secretary,

Building ECA accounts will be reviewed and signed off on by the building treasurer and the Principal. They will also begin attaching bank statements.

Federal grant balances will be reviewed periodically by the Corporation Treasurer and the grant contact person.

Sincerely,

  
Murray F. Pride  
Superintendent

Cc: Karen Saucerman

EMINENCE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2011, with Karen Saucerman, Treasurer; Murray Pride, Superintendent of Schools; and William Gore, School Board member. The Official Response has been made a part of this report and may be found on page 43.



# *Eminence Community School Corporation*

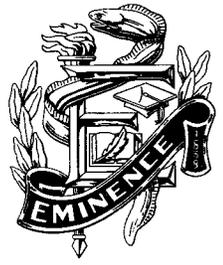
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December 12, 2011

Indiana State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

## **OFFICIAL RESPONSE**

To Whom It May Concern,

Please be advised that this is an official response to the results and comments concerning the fact that 2010 appropriations were exceeded as determined by an audit recently conducted at Eminence Community School Corporation. Spending exceeded appropriations in the following two funds:

Capital Projects	Year 2010	exceeded appropriation in the amount of \$8,979.00
Bus Replacement	Year 2010	exceeded appropriation in the amount of \$16,619.00

The findings of the auditor were correct. I wish to explain that the problem existed because appropriations were not adjusted after the 1782 Certified Budget Form was received by the school. Because no adjustment was made, the December 2010 financial statements showed appropriation remaining in both funds.

I accepted the position of interim superintendent in August of 2010. I assumed the 2010 budget appropriations had been adjusted at the time the 1782 budget certification notice was received. However, the treasurer had never been instructed to adjust the appropriations. It wasn't until I started developing the 2012 budget that I noticed that the appropriation adjustments in 2010 had never been made. Overspending the appropriations in those two funds was not an intentional act. It occurred because the appropriation amounts were those of the original budget and not the certified budget amounts established by the 1782 Certified Budget Notice of the Department of Local Government Finance.

Steps have been taken to see that that problem will not occur in the future. The treasurer and I have discussed this problem and I have told her to always ask the superintendent for a copy of the 1782 form and to make the proper adjustments if reductions are necessary.

Sincerely,

Murray F. Pride  
Superintendent

Cc: Karen Saucerman, Treasurer  
File