

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SEYMOUR COMMUNITY SCHOOLS
JACKSON COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/09/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement 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 the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	8-9
Notes to Financial Statement.....	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis.....	16-27
Schedule of Capital Assets.....	28
Schedule of Long-Term Debt	29
Audit Results and Comments: Appropriations.....	30
Temporary Loans.....	30
Overdrawn Fund Balance.....	30
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.....	32-33
Schedule of Expenditures of Federal Awards	36-37
Notes to Schedule of Expenditures of Federal Awards.....	38
Schedule of Findings and Questioned Costs	39-40
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings	41
Corrective Action Plan.....	42
Exit Conference.....	43
Official Response	44-45

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy R. Lumley	07-01-09 to 06-30-12
Superintendent of Schools	Dr. Teran Armstrong	07-01-09 to 06-30-13
President of the School Board	Martha McIntire	07-01-09 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE SEYMOUR COMMUNITY SCHOOLS, JACKSON COUNTY, INDIANA

We have audited the accompanying financial statement of the Seymour Community Schools (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 this financial statement based on our audit.

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

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 February 7, 2012, 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 THE 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, School Board, 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

February 7, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 SEYMOUR COMMUNITY SCHOOLS, JACKSON COUNTY, INDIANA

We have audited the financial statement of the Seymour Community Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 7, 2012. 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 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

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

February 7, 2012

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.

SEYMOUR COMMUNITY SCHOOLS
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	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ (2,136,600)	\$ 28,410,708	\$ 27,589,499	\$ 911,345	\$ (404,046)	\$ 24,025,346	\$ 24,224,722	\$ 759,121	\$ 155,699
Debt Service	(984,884)	6,353,640	3,849,725	-	1,519,031	4,031,405	2,414,025	(1,264,740)	1,871,671
Retirement/Severance Bond Debt Service	(142,169)	494,321	318,146	-	34,006	321,993	316,887	-	39,112
Capital Projects	6,339,155	6,345,735	4,711,476	(1,000,000)	6,973,414	4,275,457	3,788,150	37,127	7,497,848
School Transportation	(217,858)	1,999,047	1,388,394	-	392,795	1,283,997	1,358,956	70,185	388,021
School Bus Replacement	(93,968)	406,804	383,123	-	(70,287)	434,096	394,918	3,870	(27,239)
Special Education Preschool	(121,227)	122,572	-	(1,345)	-	-	-	-	-
Rainy Day	2,901,088	-	157,649	90,000	2,833,439	-	-	550,000	3,383,439
Construction	55,763	-	-	-	55,763	-	-	-	55,763
School Lunch	338,675	1,909,918	1,912,621	-	335,972	2,054,102	1,967,344	-	422,730
Textbook Rental	162,392	470,601	533,156	-	99,837	404,244	145,643	-	358,438
Self-Insurance	1,661,766	4,479,016	5,082,805	-	1,057,977	4,647,458	4,266,104	-	1,439,331
Levy Excess	-	59,224	-	-	59,224	-	-	(59,224)	-
Educational License Plates	5,463	431	1,389	-	4,505	413	1,208	-	3,710
Alternative Education	21,125	14,298	23,600	-	11,823	12,357	8,701	-	15,479
Early Intervention Grant	9,500	-	-	-	9,500	-	9,500	-	-
Brown PTO Donation	17,300	-	17,300	-	-	-	-	-	-
Emerson Playground Donation	-	-	-	-	-	28,500	28,500	-	-
Educational Opportunities	3,456	-	3,456	-	-	-	-	-	-
Bryden Donation Fund	925	-	-	-	925	-	-	-	925
Eco 15 Grant	-	104,178	104,178	-	-	14,421	14,421	-	-
Sertoma Donation	190	-	190	-	-	-	-	-	-
Pepsi - Bldg Allocation	-	-	-	-	-	3,000	3,000	-	-
Pepsi - Corp Allocation	-	-	-	-	-	20,000	77	-	19,923
Comm Found /J Otte /Doc Camera	-	-	-	-	-	250	-	-	250
Jackson Ipods/ JCB Trust	-	-	-	-	-	1,000	1,000	-	-
Summer Adv/ Trans/ Cummins	-	-	-	-	-	10,498	-	-	10,498
Cultural Arts	4,375	-	-	-	4,375	-	-	-	4,375
MR Brown Fund	31,344	-	974	-	30,370	-	2,175	2,435	30,630
James Emily Scholarship	3,563	-	1,000	-	2,563	-	2,563	5,000	5,000
A.K. Lincoln	6,183	-	2,000	-	4,183	-	4,183	-	-
G.B. Burkhardt Scholarship Fund	54,563	60,000	38,000	-	76,563	52,825	81,625	-	47,763
06/07 G/T Grant	-	42,845	35,140	-	7,705	-	7,705	-	-
08-09 G/T Grant	3,034	-	3,034	-	-	-	-	-	-
10/11 G/T Grant	-	-	-	-	-	42,202	38,330	-	3,872

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

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

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Non-English Speaking Programs P.L. 273-1999	27,490	47,520	64,802	-	10,208	-	8,436	-	1,772
10/11 Non-English Speaking	-	-	-	-	-	30,184	30,102	-	82
School Technology	-	-	-	-	-	4,894	-	-	4,894
School Farm	100,576	5,182	59,893	71,819	117,684	3,420	65,897	75,432	130,639
Excess PTRC Distributions	-	87,218	-	-	87,218	-	-	(87,218)	-
08/09 Title I	139,553	-	130,104	(9,449)	-	-	-	-	-
09/10 Title I	-	613,373	545,998	9,449	76,824	65,185	110,956	(31,053)	-
10/11 Title I	-	-	-	-	-	411,529	458,475	31,053	(15,893)
Old Migrant Grant	78	-	78	-	-	-	-	-	-
Innovative Education Program Strategies Title V (Part A)	7,237	2,883	10,120	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(73,467)	768,108	870,685	-	(176,044)	261,578	86,608	-	(1,074)
10/11 IDEA	-	-	-	-	-	626,264	665,577	-	(39,313)
08/09 Preschool Grant	(11,173)	39,009	27,836	-	-	-	-	-	-
10/11 Preschool	-	-	-	-	-	26,232	29,904	-	(3,672)
Drug Free Schools	7,454	-	7,454	-	-	-	-	-	-
Drug Free Grant 06/07	9,446	-	9,446	-	-	-	-	-	-
08/09 Drug Grant	6,521	-	5,438	-	1,083	-	1,083	-	-
09/10 Drug Grant	-	6,651	6,260	-	391	1,736	7,929	-	(5,802)
08/09 Project Lead The Way	(15,000)	15,000	-	-	-	-	-	-	-
Improving Teaching Quality No Child Left Title II, Part A	2,487	159,031	170,853	(494)	(9,829)	68,400	58,571	-	-
08/09 Class Red Title 2, Pt A	(494)	-	-	494	-	-	-	-	-
10/11 Class Red Title 2, Pt A	-	-	-	-	-	18,832	79,412	-	(60,580)
ITQ, Enhanced Education Through Technology, Title II, Part D	21,285	23,395	19,935	-	24,745	-	24,745	-	-
Title III, Language Instruction	6,076	31,449	46,908	-	(9,383)	10,800	1,417	-	-
10/11 Lang Minority Title 3	-	-	-	-	-	-	30,914	-	(30,914)
Insurance Reimbursement	4,521	854	854	-	4,521	-	4,041	-	480
Kelso Monies	357	-	357	-	-	-	-	-	-
Fiscal Stabilization - Education	2,010,121	827,283	2,837,404	-	-	-	-	-	-
Title I - Grants to LEAs	70,838	247,100	251,140	-	66,798	105,601	128,488	-	43,911
Special Education - Part B	-	292,055	412,947	-	(120,892)	528,805	414,299	-	(6,386)
Special Education - Part B - Preschool	-	12,725	16,551	-	(3,826)	3,915	20,950	-	(20,861)
School Lunch Equipment	-	6,540	6,540	-	-	-	-	-	-
Qualified School Construction Bond	-	1,953,666	108,673	-	1,844,993	-	1,168,604	-	676,389
Totals	\$ 10,237,060	\$ 56,412,380	\$ 51,767,131	\$ 71,819	\$ 14,954,128	\$ 43,830,939	\$ 42,476,145	\$ 91,988	\$ 16,400,910

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

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

SEYMOUR COMMUNITY SCHOOLS
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.

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

E. Disbursements

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

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

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

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

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

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

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

F. Other financing sources and uses

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

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

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.

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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.

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

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.

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

SEYMOUR COMMUNITY SCHOOLS
 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	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ (2,136,600)	\$ (984,884)	\$ (142,169)	\$ 6,339,155	\$ (217,858)	\$ (93,968)	\$ (121,227)	\$ 2,901,088	\$ 55,763	\$ 338,675
Receipts:										
Local sources	300,542	6,353,640	494,321	6,345,735	1,999,047	406,804	-	-	-	830,043
Intermediate sources	48,276	-	-	-	-	-	-	-	-	-
State sources	23,061,890	-	-	-	-	-	68,721	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	1,079,875
Temporary loans	5,000,000	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	53,851	-	-	-
Total receipts	<u>28,410,708</u>	<u>6,353,640</u>	<u>494,321</u>	<u>6,345,735</u>	<u>1,999,047</u>	<u>406,804</u>	<u>122,572</u>	<u>-</u>	<u>-</u>	<u>1,909,918</u>
Disbursements:										
Current:										
Instruction	15,739,640	-	-	-	-	-	-	157,649	-	-
Support services	6,165,740	-	-	2,202,630	1,388,394	383,123	-	-	-	-
Noninstructional services	290,304	-	-	-	-	-	-	-	-	1,912,621
Facilities acquisition and construction	-	-	-	2,508,846	-	-	-	-	-	-
Debt services	5,000,000	3,849,725	318,146	-	-	-	-	-	-	-
Nonprogrammed charges	393,815	-	-	-	-	-	-	-	-	-
Total disbursements	<u>27,589,499</u>	<u>3,849,725</u>	<u>318,146</u>	<u>4,711,476</u>	<u>1,388,394</u>	<u>383,123</u>	<u>-</u>	<u>157,649</u>	<u>-</u>	<u>1,912,621</u>
Excess (deficiency) of receipts over disbursements	<u>821,209</u>	<u>2,503,915</u>	<u>176,175</u>	<u>1,634,259</u>	<u>610,653</u>	<u>23,681</u>	<u>122,572</u>	<u>(157,649)</u>	<u>-</u>	<u>(2,703)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	911,345	-	-	-	-	-	-	1,000,000	-	-
Transfers out	-	-	-	(1,000,000)	-	-	(1,345)	(910,000)	-	-
Total other financing sources (uses)	<u>911,345</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>(1,345)</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,732,554</u>	<u>2,503,915</u>	<u>176,175</u>	<u>634,259</u>	<u>610,653</u>	<u>23,681</u>	<u>121,227</u>	<u>(67,649)</u>	<u>-</u>	<u>(2,703)</u>
Cash and investments - ending	<u>\$ (404,046)</u>	<u>\$ 1,519,031</u>	<u>\$ 34,006</u>	<u>\$ 6,973,414</u>	<u>\$ 392,795</u>	<u>\$ (70,287)</u>	<u>\$ -</u>	<u>\$ 2,833,439</u>	<u>\$ 55,763</u>	<u>\$ 335,972</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Brown PTO Donation	Educational Opportunities	Bryden Donation Fund
Cash and investments - beginning	\$ 162,392	\$ 1,661,766	\$ -	\$ 5,463	\$ 21,125	\$ 9,500	\$ 17,300	\$ 3,456	\$ 925
Receipts:									
Local sources	360,003	4,479,016	-	-	-	-	-	-	-
Intermediate sources	-	-	-	431	-	-	-	-	-
State sources	110,598	-	59,224	-	14,298	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	470,601	4,479,016	59,224	431	14,298	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	23,600	-	-	3,456	-
Support services	533,156	-	-	1,389	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	17,300	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	5,082,805	-	-	-	-	-	-	-
Total disbursements	533,156	5,082,805	-	1,389	23,600	-	17,300	3,456	-
Excess (deficiency) of receipts over disbursements	(62,555)	(603,789)	59,224	(958)	(9,302)	-	(17,300)	(3,456)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,555)	(603,789)	59,224	(958)	(9,302)	-	(17,300)	(3,456)	-
Cash and investments - ending	\$ 99,837	\$ 1,057,977	\$ 59,224	\$ 4,505	\$ 11,823	\$ 9,500	\$ -	\$ -	\$ 925

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

	Eco 15 Grant	Sertoma Donation	Cultural Arts	MR Brown Fund	James Emily Scholarship	A.K. Lincoln	G.B. Burkhart Scholarship Fund	06/07 G/T Grant	08-09 G/T Grant
Cash and investments - beginning	\$ -	\$ 190	\$ 4,375	\$ 31,344	\$ 3,563	\$ 6,183	\$ 54,563	\$ -	\$ 3,034
Receipts:									
Local sources	104,178	-	-	-	-	-	60,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	42,845	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	104,178	-	-	-	-	-	60,000	42,845	-
Disbursements:									
Current:									
Instruction	97,126	190	-	-	-	-	-	35,052	3,034
Support services	7,052	-	-	-	-	-	-	88	-
Noninstructional services	-	-	-	974	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,000	2,000	38,000	-	-
Total disbursements	104,178	190	-	974	1,000	2,000	38,000	35,140	3,034
Excess (deficiency) of receipts over disbursements	-	(190)	-	(974)	(1,000)	(2,000)	22,000	7,705	(3,034)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(190)	-	(974)	(1,000)	(2,000)	22,000	7,705	(3,034)
Cash and investments - ending	\$ -	\$ -	\$ 4,375	\$ 30,370	\$ 2,563	\$ 4,183	\$ 76,563	\$ 7,705	\$ -

SEYMOUR COMMUNITY SCHOOLS
 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	School Farm	Excess PTRC Distributions	08/09 Title I	09/10 Title I	Old Migrant Grant	Innovative Education Program Strategies Title V (Part A)	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	08/09 Preschool Grant
Cash and investments - beginning	\$ 27,490	\$ 100,576	\$ -	\$ 139,553	\$ -	\$ 78	\$ 7,237	\$ (73,467)	\$ (11,173)
Receipts:									
Local sources	-	5,182	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	47,520	-	87,218	-	-	-	-	-	-
Federal sources	-	-	-	-	613,373	-	2,883	768,108	39,009
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	47,520	5,182	87,218	-	613,373	-	2,883	768,108	39,009
Disbursements:									
Current:									
Instruction	64,802	55,278	-	73,328	517,421	78	4,487	860,329	27,836
Support services	-	615	-	52,391	21,485	-	5,633	10,356	-
Noninstructional services	-	-	-	4,385	7,092	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,000	-	-	-	-	-	-	-
Total disbursements	64,802	59,893	-	130,104	545,998	78	10,120	870,685	27,836
Excess (deficiency) of receipts over disbursements	(17,282)	(54,711)	87,218	(130,104)	67,375	(78)	(7,237)	(102,577)	11,173
Other financing sources (uses):									
Sale of capital assets	-	71,819	-	-	-	-	-	-	-
Transfers in	-	-	-	-	9,449	-	-	-	-
Transfers out	-	-	-	(9,449)	-	-	-	-	-
Total other financing sources (uses)	-	71,819	-	(9,449)	9,449	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,282)	17,108	87,218	(139,553)	76,824	(78)	(7,237)	(102,577)	11,173
Cash and investments - ending	\$ 10,208	\$ 117,684	\$ 87,218	\$ -	\$ 76,824	\$ -	\$ -	\$ (176,044)	\$ -

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

	Drug Free Schools	Drug Free Grant 06/07	08/09 Drug Grant	09/10 Drug Grant	08/09 Project Lead The Way	Improving Teaching Quality No Child Left Title II, Part A	08/09 Class Red Title 2, Pt A	ITQ Enhanced Education Through Technology Title II, Part D	Title III Language Instruction
Cash and investments - beginning	\$ 7,454	\$ 9,446	\$ 6,521	\$ -	\$ (15,000)	\$ 2,487	\$ (494)	\$ 21,285	\$ 6,076
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	6,651	15,000	159,031	-	23,395	31,449
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,651	15,000	159,031	-	23,395	31,449
Disbursements:									
Current:									
Instruction	4,399	-	-	-	-	167,867	-	-	45,285
Support services	3,055	9,446	5,438	6,260	-	2,986	-	19,935	1,623
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,454	9,446	5,438	6,260	-	170,853	-	19,935	46,908
Excess (deficiency) of receipts over disbursements	(7,454)	(9,446)	(5,438)	391	15,000	(11,822)	-	3,460	(15,459)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	494	-	-
Transfers out	-	-	-	-	-	(494)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(494)	494	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,454)	(9,446)	(5,438)	391	15,000	(12,316)	494	3,460	(15,459)
Cash and investments - ending	\$ -	\$ -	\$ 1,083	\$ 391	\$ -	\$ (9,829)	\$ -	\$ 24,745	\$ (9,383)

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

	Insurance Reimbursement	Kelso Monies	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	School Lunch Equipment	Qualified School Construction Bond	Totals
Cash and investments - beginning	\$ 4,521	\$ 357	\$ 2,010,121	\$ 70,838	\$ -	\$ -	\$ -	\$ -	\$ 10,237,060
Receipts:									
Local sources	-	-	-	-	-	-	-	-	21,738,511
Intermediate sources	-	-	-	-	-	-	-	-	48,707
State sources	-	-	-	-	-	-	-	-	23,492,314
Federal sources	-	-	827,283	247,100	292,055	12,725	6,540	1,953,666	6,078,143
Temporary loans	-	-	-	-	-	-	-	-	5,000,000
Other	854	-	-	-	-	-	-	-	54,705
Total receipts	854	-	827,283	247,100	292,055	12,725	6,540	1,953,666	56,412,380
Disbursements:									
Current:									
Instruction	-	357	2,451,790	40,608	94,795	16,551	-	-	20,484,958
Support services	854	-	385,614	207,061	318,152	-	-	13,260	11,745,736
Noninstructional services	-	-	-	3,471	-	-	6,540	-	2,225,387
Facilities acquisition and construction	-	-	-	-	-	-	-	95,413	2,621,559
Debt services	-	-	-	-	-	-	-	-	9,167,871
Nonprogrammed charges	-	-	-	-	-	-	-	-	5,521,620
Total disbursements	854	357	2,837,404	251,140	412,947	16,551	6,540	108,673	51,767,131
Excess (deficiency) of receipts over disbursements	-	(357)	(2,010,121)	(4,040)	(120,892)	(3,826)	-	1,844,993	4,645,249
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	71,819
Transfers in	-	-	-	-	-	-	-	-	1,921,288
Transfers out	-	-	-	-	-	-	-	-	(1,921,288)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	71,819
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(357)	(2,010,121)	(4,040)	(120,892)	(3,826)	-	1,844,993	4,717,068
Cash and investments - ending	\$ 4,521	\$ -	\$ -	\$ 66,798	\$ (120,892)	\$ (3,826)	\$ -	\$ 1,844,993	\$ 14,954,128

SEYMOUR COMMUNITY SCHOOLS
 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	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ (404,046)	\$ 1,519,031	\$ 34,006	\$ 6,973,414	\$ 392,795	\$ (70,287)	\$ 2,833,439	\$ 55,763	\$ 335,972
Receipts:									
Local sources	412,038	4,031,405	321,993	4,275,457	1,283,997	434,096	-	-	817,891
Intermediate sources	75	-	-	-	-	-	-	-	-
State sources	23,613,233	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	1,236,211
Total receipts	<u>24,025,346</u>	<u>4,031,405</u>	<u>321,993</u>	<u>4,275,457</u>	<u>1,283,997</u>	<u>434,096</u>	<u>-</u>	<u>-</u>	<u>2,054,102</u>
Disbursements:									
Current:									
Instruction	16,981,091	-	-	-	-	-	-	-	-
Support services	6,565,709	-	-	2,135,003	1,358,956	394,918	-	-	-
Noninstructional services	338,206	-	-	-	-	-	-	-	1,867,344
Facilities acquisition and construction	-	-	-	1,653,147	-	-	-	-	-
Debt services	-	2,414,025	316,887	-	-	-	-	-	-
Nonprogrammed charges	339,716	-	-	-	-	-	-	-	100,000
Total disbursements	<u>24,224,722</u>	<u>2,414,025</u>	<u>316,887</u>	<u>3,788,150</u>	<u>1,358,956</u>	<u>394,918</u>	<u>-</u>	<u>-</u>	<u>1,967,344</u>
Excess (deficiency) of receipts over disbursements	<u>(199,376)</u>	<u>1,617,380</u>	<u>5,106</u>	<u>487,307</u>	<u>(74,959)</u>	<u>39,178</u>	<u>-</u>	<u>-</u>	<u>86,758</u>
Other financing sources (uses):									
Sale of capital assets	9,121	-	-	-	-	-	-	-	-
Transfers in	750,000	35,260	-	37,127	70,185	3,870	1,300,000	-	-
Transfers out	-	(1,300,000)	-	-	-	-	(750,000)	-	-
Total other financing sources (uses)	<u>759,121</u>	<u>(1,264,740)</u>	<u>-</u>	<u>37,127</u>	<u>70,185</u>	<u>3,870</u>	<u>550,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>559,745</u>	<u>352,640</u>	<u>5,106</u>	<u>524,434</u>	<u>(4,774)</u>	<u>43,048</u>	<u>550,000</u>	<u>-</u>	<u>86,758</u>
Cash and investments - ending	<u>\$ 155,699</u>	<u>\$ 1,871,671</u>	<u>\$ 39,112</u>	<u>\$ 7,497,848</u>	<u>\$ 388,021</u>	<u>\$ (27,239)</u>	<u>\$ 3,383,439</u>	<u>\$ 55,763</u>	<u>\$ 422,730</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Emerson Playground Donation	Bryden Donation Fund	Eco 15 Grant
Cash and investments - beginning	\$ 99,837	\$ 1,057,977	\$ 59,224	\$ 4,505	\$ 11,823	\$ 9,500	\$ -	\$ 925	\$ -
Receipts:									
Local sources	294,598	4,647,458	-	-	-	-	28,500	-	14,421
Intermediate sources	-	-	-	413	-	-	-	-	-
State sources	109,646	-	-	-	12,357	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Total receipts	404,244	4,647,458	-	413	12,357	-	28,500	-	14,421
Disbursements:									
Current:									
Instruction	-	-	-	-	8,701	-	-	-	14,270
Support services	145,643	579,613	-	1,208	-	9,500	-	-	151
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	28,500	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,686,491	-	-	-	-	-	-	-
Total disbursements	145,643	4,266,104	-	1,208	8,701	9,500	28,500	-	14,421
Excess (deficiency) of receipts over disbursements	258,601	381,354	-	(795)	3,656	(9,500)	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(59,224)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(59,224)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	258,601	381,354	(59,224)	(795)	3,656	(9,500)	-	-	-
Cash and investments - ending	\$ 358,438	\$ 1,439,331	\$ -	\$ 3,710	\$ 15,479	\$ -	\$ -	\$ 925	\$ -

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

	Pepsi - Bldg Allocation	Pepsi - Corp Allocation	Comm Found/ J Otte/ Doc Camera	Jackson Ipods/ JCB Trust	Summer Adv/ Trans/ Cummins	Cultural Arts	MR Brown Fund	James Emily Scholarship	A.K. Lincoln
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,375	\$ 30,370	\$ 2,563	\$ 4,183
Receipts:									
Local sources	3,000	20,000	250	1,000	10,498	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Total receipts	3,000	20,000	250	1,000	10,498	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	3,000	77	-	1,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	2,175	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,563	4,183
Total disbursements	3,000	77	-	1,000	-	-	2,175	2,563	4,183
Excess (deficiency) of receipts over disbursements	-	19,923	250	-	10,498	-	(2,175)	(2,563)	(4,183)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	2,435	5,000	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	2,435	5,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	19,923	250	-	10,498	-	260	2,437	(4,183)
Cash and investments - ending	\$ -	\$ 19,923	\$ 250	\$ -	\$ 10,498	\$ 4,375	\$ 30,630	\$ 5,000	\$ -

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

	G.B. Burkhart Scholarship Fund	06/07 G/T Grant	10/11 G/T Grant	Non-English Speaking Programs P.L. 273-1999	10/11 Non-English Speaking	School Technology	School Farm	Excess PTRC Distributions	09/10 Title I
Cash and investments - beginning	\$ 76,563	\$ 7,705	\$ -	\$ 10,208	\$ -	\$ -	\$ 117,684	\$ 87,218	\$ 76,824
Receipts:									
Local sources	52,825	-	-	-	-	-	3,420	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	42,202	-	30,184	4,894	-	-	-
Federal sources	-	-	-	-	-	-	-	-	65,185
Total receipts	52,825	-	42,202	-	30,184	4,894	3,420	-	65,185
Disbursements:									
Current:									
Instruction	-	7,705	37,531	8,436	30,102	-	65,289	-	107,783
Support services	-	-	799	-	-	-	608	-	413
Noninstructional services	-	-	-	-	-	-	-	-	2,760
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	81,625	-	-	-	-	-	-	-	-
Total disbursements	81,625	7,705	38,330	8,436	30,102	-	65,897	-	110,956
Excess (deficiency) of receipts over disbursements	(28,800)	(7,705)	3,872	(8,436)	82	4,894	(62,477)	-	(45,771)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	75,432	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(87,218)	(31,053)
Total other financing sources (uses)	-	-	-	-	-	-	75,432	(87,218)	(31,053)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,800)	(7,705)	3,872	(8,436)	82	4,894	12,955	(87,218)	(76,824)
Cash and investments - ending	\$ 47,763	\$ -	\$ 3,872	\$ 1,772	\$ 82	\$ 4,894	\$ 130,639	\$ -	\$ -

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

	10/11 Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	10/11 IDEA	10/11 Preschool	08/09 Drug Grant	09/10 Drug Grant	Improving Teaching Quality No Child Left Title II, Part A	10/11 Class Red Title 2, Pt A	ITQ Enhanced Education Through Technology Title II, Part D
Cash and investments - beginning	\$ -	\$ (176,044)	\$ -	\$ -	\$ 1,083	\$ 391	\$ (9,829)	\$ -	\$ 24,745
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	411,529	261,578	626,264	26,232	-	1,736	68,400	18,832	-
Total receipts	411,529	261,578	626,264	26,232	-	1,736	68,400	18,832	-
Disbursements:									
Current:									
Instruction	359,538	81,645	664,780	29,904	-	300	56,606	79,412	-
Support services	98,937	4,963	797	-	1,083	7,629	1,965	-	24,745
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	458,475	86,608	665,577	29,904	1,083	7,929	58,571	79,412	24,745
Excess (deficiency) of receipts over disbursements	(46,946)	174,970	(39,313)	(3,672)	(1,083)	(6,193)	9,829	(60,580)	(24,745)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	31,053	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	31,053	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,893)	174,970	(39,313)	(3,672)	(1,083)	(6,193)	9,829	(60,580)	(24,745)
Cash and investments - ending	\$ (15,893)	\$ (1,074)	\$ (39,313)	\$ (3,672)	\$ -	\$ (5,802)	\$ -	\$ (60,580)	\$ -

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

	Title III Language Instruction	10/11 Lang Minority Title 3	Insurance Reimbursement	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	School Lunch Equipment	Qualified School Construction Bond	Totals
Cash and investments - beginning	\$ (9,383)	\$ -	\$ 4,521	\$ 66,798	\$ (120,892)	\$ (3,826)	\$ -	\$ 1,844,993	\$ 14,954,128
Receipts:									
Local sources	-	-	-	-	-	-	-	-	16,652,847
Intermediate sources	-	-	-	-	-	-	-	-	488
State sources	-	-	-	-	-	-	-	-	23,812,516
Federal sources	10,800	-	-	105,601	528,805	3,915	-	-	3,365,088
Total receipts	10,800	-	-	105,601	528,805	3,915	-	-	43,830,939
Disbursements:									
Current:									
Instruction	937	30,434	1,191	(16,630)	89,203	20,950	-	-	18,659,178
Support services	480	480	2,850	144,363	325,096	-	-	-	11,809,986
Noninstructional services	-	-	-	755	-	-	-	-	2,211,240
Facilities acquisition and construction	-	-	-	-	-	-	-	1,168,604	2,850,251
Debt services	-	-	-	-	-	-	-	-	2,730,912
Nonprogrammed charges	-	-	-	-	-	-	-	-	4,214,578
Total disbursements	1,417	30,914	4,041	128,488	414,299	20,950	-	1,168,604	42,476,145
Excess (deficiency) of receipts over disbursements	9,383	(30,914)	(4,041)	(22,887)	114,506	(17,035)	-	(1,168,604)	1,354,794
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	91,988
Transfers in	-	-	-	-	-	-	-	-	2,227,495
Transfers out	-	-	-	-	-	-	-	-	(2,227,495)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	91,988
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,383	(30,914)	(4,041)	(22,887)	114,506	(17,035)	-	(1,168,604)	1,446,782
Cash and investments - ending	\$ -	\$ (30,914)	\$ 480	\$ 43,911	\$ (6,386)	\$ (20,861)	\$ -	\$ 676,389	\$ 16,400,910

SEYMOUR COMMUNITY SCHOOLS
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>
Capital assets, not being depreciated:	
Land	\$ 189,400
Buildings	57,466,341
Improvements other than buildings	11,169,669
Machinery and equipment	<u>5,812,682</u>
Total capital assets not being depreciated	<u>\$ 74,638,092</u>

SEYMOUR COMMUNITY SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Capital leases:			
Jackson and Redding Elementary Schools	\$ 20,220,000	\$ 1,975,000	Debt Service
High School	4,045,000	1,691,000	Debt Service
Bonds payable:			
General obligation bonds:			
QSCB Bonds	1,980,000	188,113	Debt Service
2004 Pension Bonds	<u>3,010,000</u>	<u>315,034</u>	Retirement/Severance Bond Debt Service
Total debt	<u>\$ 29,255,000</u>	<u>\$ 4,169,147</u>	

SEYMOUR COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicate that General Fund expenditures for 2010 were in excess of budgeted appropriations in the amount of \$329,607.

The Department of Local Government Finance's (DLGF) approved General Fund budget for the School Corporation was overspent in calendar year 2010. The School Corporation approved an additional appropriation of \$910,000 in May 2010 which was approved by the DLGF payable with funds transferred from the Rainy Day Fund. Similarly, the School Corporation approved an additional appropriation of \$750,000 in November of 2010, supported by funds transferred from the Rainy Day Fund. This second transaction was denied by the DLGF with the explanation that there is no statutory authority to transfer money from the Rainy Day Fund to the General Fund. Since then, in compliance with DLGF directives, the School Corporation is paying expenses directly from the Rainy Day Fund as approved and necessary.

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."

TEMPORARY LOANS

A temporary loan of \$910,000 was made in May 2010 from the Rainy Day Fund to the General Fund. A temporary loan of \$750,000 was made in November 2010 from the Rainy Day Fund to the General Fund. Neither loan has been repaid as of the date of the exit conference.

IC 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

OVERDRAWN FUND BALANCE

The General Fund was overdrawn at June 30, 2010, and the School Bus Replacement Fund was overdrawn at June 30, 2010 and June 30, 2011.

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)

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 SEYMOUR COMMUNITY SCHOOLS, JACKSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Seymour Community Schools (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. The results of our auditing procedures disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

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 Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

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

February 7, 2012

(This page intentionally left blank.)

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.

SEYMOUR COMMUNITY SCHOOLS
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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 236,303	\$ 256,769
National School Lunch Program	10.555		876,852	984,242
Special Milk Program for Children	10.556		3,850	4,311
Summer Food Service Program for Children	10.559		<u>23,272</u>	<u>13,973</u>
Total for cluster			<u>1,140,277</u>	<u>1,259,295</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability FY 2009-10	10.579	3675	<u>6,540</u>	<u>-</u>
Fresh Fruit and Vegetable Program FY 2010-11	10.582	3675	<u>-</u>	<u>9,097</u>
Total for federal grantor agency			<u>1,146,817</u>	<u>1,268,392</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
FY 2008-09	84.010	09-3675	130,104	-
FY 2009-10		10-3675	545,998	110,955
FY 2010-11		11-3675	-	458,477
Migrant			<u>78</u>	<u>-</u>
Total for program			<u>676,180</u>	<u>569,432</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act FY 2009-10	84.389	10-3675	251,140	117,316
FY 2010-11		11-3675	<u>-</u>	<u>11,172</u>
Total for program			<u>251,140</u>	<u>128,488</u>
Total for cluster			<u>927,320</u>	<u>697,920</u>
Pass-Through Bartholomew Special Services Cooperative				
Special Education Cluster				
Special Education - Preschool Grants				
FY 2009-10	84.173	45710-003-PN01	28,985	-
FY 2010-11		45711-003-PN01	<u>-</u>	<u>26,232</u>
Total for program			<u>28,985</u>	<u>26,232</u>
ARRA - Special Education - Grants to States, Recovery Act FY 2009-10	84.391	33310-033-SN01	<u>412,947</u>	<u>528,804</u>
ARRA - Special Education - Preschool Grants, Recovery Act FY 2009-10	84.392	44410-003-SN01	<u>16,551</u>	<u>3,915</u>
Total for Cluster			<u>458,483</u>	<u>558,951</u>

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

SEYMOUR COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education				
Education Technology State Grants Cluster				
Education Technology State Grants				
	84.318			
		S318X070014	19,936	2,745
		S318X080014	-	22,000
			<u>19,936</u>	<u>24,745</u>
Total for Cluster				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act				
	84.394	3675	<u>2,837,401</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		06-3675	10,101	-
		07-3675	6,799	-
		08-3675	5,438	-
		09-3675	6,260	1,736
			<u>28,598</u>	<u>1,736</u>
Total for program				
State Grants for Innovative Programs				
	84.298			
		07-3675	<u>10,119</u>	<u>-</u>
English Language Acquisition Grants				
	84.365			
		07-3675	21	-
		08-3675	6,055	-
		09-3675	40,833	10,800
			<u>46,909</u>	<u>10,800</u>
Total for program				
Improving Teacher Quality State Grants				
	84.367			
		07-3675	2,487	-
		08-3675	45,506	-
		09-3675	122,859	68,400
		10-3675	-	18,832
			<u>170,852</u>	<u>87,232</u>
Total for program				
Total for federal grantor agency			<u>4,499,618</u>	<u>1,381,384</u>
Total federal awards expended			<u>\$ 5,646,435</u>	<u>\$ 2,649,776</u>

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

SEYMOUR COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Seymour Community Schools (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:			
Food Commodities:			
School Breakfast Program	10.553	\$ 19,642	\$ 22,642
National School Lunch Program	10.555	71,506	86,874

SEYMOUR COMMUNITY SCHOOLS
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition 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

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-1 - REPORTING - MEAL REIMBURSEMENT CLAIMS

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Numbers: 10.553 and 10.555
Federal Award Number and Year: FY 2009-10 and FY 2010-11
Pass-Through Entity: Indiana Department of Education

The School Corporation did not have a policy in place for the number of meals (breakfast and/or lunch) students were allowed to charge on account during the audit period. As many as seventy-nine meals were noted charged to a single account. It became the policy of the food service supervisor that if at some point during the school year a student who had charged meals on their account submitted an application for free or reduced meal pricing and was determined eligible for assistance, the food service supervisor would review the student's account, determine the number of meals charged up to the date of the application, and retroactively report these meals that had been reported as a "paid" or "reduced" meal on a previous reimbursement claim as a "free" or "reduced" meal on the current month's reimbursement claim. This policy resulted in the school corporation receiving an additional \$13,674.13 in reimbursements.

7CFR 210.7(c) states:

"To be entitled to reimbursement under this part, each school food authority shall ensure that Claims for Reimbursement are limited to the number of free, reduce priced and paid lunches and meal supplements that are served to children eligible for free, reduced price and paid lunches and meal supplements, respectively, for each day of operation."

7CFR 210.8(a) states in part: "The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement."

We recommended the School Corporation implement adequate internal control procedures to ensure that the number of meals claimed for reimbursement on the monthly claim summaries agrees with the actual supporting documentation.

SEYMOUR COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SEYMOUR COMMUNITY SCHOOLS

1638 S. Walnut Street • Seymour, Indiana • 47274
Phone 812-522-3340 • Fax 812-522-8031 • Website www.ssc.k12.in.us

February 7, 2012

Mr Bill Brown
State Board of Accounts
302 Washington St, Room E418
Indianapolis IN 46204-2765

RE Federal Finding 2011-1, Reporting

Dear Mr Brown

Regarding the above-referenced Federal Finding, please be advised of the following Corrective Action Plan:

The Board of School Trustees approved a Meal Charge Policy in March of 2011, effective 5/1/11, which restricts/limits the number of charged student meals to three (3). As it pertains to this Federal Finding, the implementation of this charge policy by the School Board effectively eliminates the accumulation of owed monies by families. Similarly, the School Corporation, effective with the 2011/2012 school year, has discontinued the practice of retroactively claiming free/reduced lunches for those students with charge balances who were later approved for assistance. On rare occasions, there may be a delay between the application approval and point-of-service software having the updated status; this instance could result in a maximum claim of three (3) days meals for this interval.

Seymour Community Schools is committed to providing an excellent Food Service program to our students and appreciate the assistance of the State Board of Accounts in fine-tuning our program administration.

Sincerely



Teran Armstrong, PhD
Superintendent

Teran Armstrong Ph.D., Superintendent
Nancy R Lumley, Business Manager
Lisa Ferguson, Director of Curriculum

Martha McIntire, School Board President
David McIntire, School Board Secretary

SEYMOUR COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2012, with Dr. Teran Armstrong, Superintendent of Schools; Nancy R. Lumley, Treasurer; and Martha McIntire, President of the School Board. The Official Response has been made a part of this report and may be found on pages 44 and 45.

SEYMOUR COMMUNITY SCHOOLS

1638 S. Walnut Street • Seymour, Indiana • 47274
Phone 812-522-3340 • Fax 812-522-8031 • Website www.scsc.k12.in.us

February 7, 2012

Mr Bill Brown
State Board of Accounts
302 Washington St, Room E418
Indianapolis IN 46204-2765

RE ARC - Appropriations/Temporary Loans

Dear Mr Brown

Regarding the above-referenced Audit Results and Comments, please be advised of the following information:

In January of 2010, the calendar year 2010 General Fund budget of SCSC was cut by \$1.1M by order of the Governor. In response to that, many immediate steps were undertaken to cut expenses (reduced supply allocations, restricted travel, one-time retirement incentives, etc). Additional cost-reduction measures were implemented for the start of the 10-11 school year (staff reductions through attrition, reduced number of working days for social workers, etc). As a school corporation, commitments in place in January of 2010 carry on through at least September, requiring expenditures regardless of available funding.

In response to this financial situation, the School Board approved two transfers (*not temporary loans*) from the Rainy Day Fund to General Fund in 2010 - \$910,000 and \$750,000 (respectively). For both of these transfers, additional appropriation hearings were held with those amounts approved by the School Board. Documentation was provided to the DLGF, with the \$910,000 add'l appropriation approved by the DLGF in May of 2010. However, the second transfer of \$750,000 was denied by the DLGF in early December of 2010 with the verbal explanation that there is no statutory authority to transfer from the Rainy Day Fund to the General Fund and that the first approval of the \$910,000 was an error on the part of the DLGF.

The timing of the denial (early December) put the School Corporation in a difficult situation. Operating expenses throughout the calendar year had already been processed and paid from the General Fund with the expectation that a second transfer late in the year would not be an issue, as the first additional appropriation was approved with no caution given relative to future approvals nor warnings given of future denials. To be consistent with prior transactions, a value

Teran Armstrong Ph.D., Superintendent
Nancy R Lumley, Business Manager
Lisa Ferguson, Director of Curriculum

Martha McIntire, School Board President
David McIntire, School Board Secretary

SEYMOUR COMMUNITY SCHOOLS

1638 S. Walnut Street • Seymour, Indiana • 47274
Phone 812-522-3340 • Fax 812-522-8031 • Website www.scsc.k12.in.us

February 7, 2012

State Board of Accounts

Page 2

judgment was made to utilize the transferred dollars (and accompanying appropriations) from both School Board approved transfers in order to complete the calendar year with the necessary cash and appropriations in the General Fund. The only other option at that point would have been to recode expenditures as a lump-sum transaction (from General Fund to Rainy Day Fund) which would not provide an adequate detailed audit trail for future reference. Additionally, schools are measured annually by IDOE regarding their General Fund Expenditures per pupil as compared to all other school corporations in the state. The latest report, dated December 2011 for the time period of 7/1/10 to 6/30/11, shows that SCSC ranks 243rd out of 351 reporting districts. Had these transfers not taken place, and the expenses been paid directly from the Rainy Day Fund, the comparison noted above would not be an accurate snapshot of Seymour's per pupil expenditures.

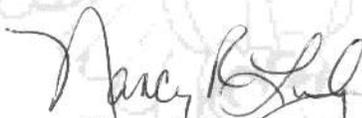
Effective January of 2011, SCSC is paying expenses directly from the Rainy Day Fund as necessary and approved by the School Board.

We are appreciative of the efforts of the State Board of Accounts to recognize and understand the difficult financial circumstances thrust upon SCSC in the calendar year 2010.

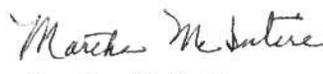
Sincerely



Teran Armstrong, PhD
Superintendent



Nancy R Lumley
Business Manager



Martha McIntire
Board President

Teran Armstrong Ph.D., Superintendent
Nancy R Lumley, Business Manager
Lisa Ferguson, Director of Curriculum

Martha McIntire, School Board President
David McIntire, School Board Secretary