

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SHENANDOAH SCHOOL CORPORATION  
HENRY COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/12/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julia Miller	07-01-09 to 06-30-12
Superintendent of Schools	Ronald Green	07-01-09 to 06-30-12
President of the School Board	Scott Trennepohl	07-01-09 to 12-31-12



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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 SHENANDOAH SCHOOL CORPORATION, HENRY COUNTY, INDIANA

We have audited the accompanying financial statement of the Shenandoah School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. The 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 present 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 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 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.

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



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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 SHENANDOAH SCHOOL CORPORATION, HENRY COUNTY, INDIANA

We have audited the financial statement of the Shenandoah School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 07, 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 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.

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 FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial 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.

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SHENANDOAH 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			Cash and Investments 06-30-10			Cash and Investments 06-30-11		
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	
General	\$ 537,567	\$ 8,071,939	\$ 8,453,698	\$ 155,808	\$ 8,194,635	\$ 8,333,520	\$ 16,923		
Debt Service	76,208	1,505,040	1,177,281	403,967	527,339	488,057	443,249		
Retirement/Severance Bond Debt Service	(174,205)	544,808	354,135	16,468	352,202	350,733	17,937		
Capital Projects	101,533	1,228,755	1,201,972	128,316	824,013	796,940	155,389		
School Transportation	(60,844)	1,227,428	729,674	436,910	805,572	741,837	500,645		
School Bus Replacement	86,458	137,960	158,054	66,364	291,622	217,931	140,055		
Special Education Preschool	26,705	23,375	50,080	-	-	-	-		
Retirement/Severance Bond	1,309,228	-	-	1,309,228	-	-	1,309,228		
School Lunch	104,003	521,657	427,422	198,238	531,614	470,588	259,264		
Textbook Rental	101,765	114,853	90,928	125,690	106,465	25,504	206,651		
Self-Insurance	385,521	1,152,591	1,142,788	395,324	1,219,443	1,134,295	480,472		
Levy Excess	-	-	-	-	13,932	-	13,932		
Educational License Plates	1,378	207	-	1,585	150	1,226	509		
School Technology	-	-	-	-	10,825	3,630	7,195		
Performance Based Awards	1,684	-	-	1,684	-	-	1,684		
High Ability Student Programs	8,720	30,930	36,723	2,927	30,465	22,081	11,311		
Title I	28,004	175,536	201,381	2,159	123,712	133,609	(7,738)		
Innovative Education Program Strategies Title V (Part A)	3,551	-	3,551	-	-	-	-		
Drug Free Schools	2,459	4,084	3,901	2,642	-	2,274	368		
Hurricane Katrina/Rita Relief	2,880	-	-	2,880	-	-	2,880		
Snow Emergency	978	-	-	978	-	722	256		
Improving Teaching Quality, No Child Left, Title II, Part A	40,088	40,813	57,348	23,553	15,777	44,962	(5,632)		
Fiscal Stabilization - Education	3	279,970	279,973	-	-	-	-		
Title I - Grants to LEAs	-	97,349	97,790	(441)	441	-	-		
<b>Totals</b>	<b>\$ 2,583,684</b>	<b>\$ 15,157,295</b>	<b>\$ 14,466,699</b>	<b>\$ 3,274,280</b>	<b>\$ 13,048,207</b>	<b>\$ 12,767,909</b>	<b>\$ 3,554,578</b>		

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

SHENANDOAH 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.

SHENANDOAH 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.

SHENANDOAH SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

SHENANDOAH SCHOOL CORPORATION  
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.

SHENANDOAH SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
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.

SHENANDOAH 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	School Lunch
Cash and investments - beginning	\$ 537,567	\$ 76,208	\$ (174,205)	\$ 101,533	\$ (60,844)	\$ 86,458	\$ 26,705	\$ 1,309,228	\$ 104,003
Receipts:									
Local sources	73,964	1,505,040	544,808	1,228,755	1,223,833	137,960	-	-	284,437
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	7,951,172	-	-	-	-	-	23,375	-	8,138
Federal sources	-	-	-	-	-	-	-	-	228,786
Other	46,803	-	-	-	3,595	-	-	-	296
Total receipts	<u>8,071,939</u>	<u>1,505,040</u>	<u>544,808</u>	<u>1,228,755</u>	<u>1,227,428</u>	<u>137,960</u>	<u>23,375</u>	<u>-</u>	<u>521,657</u>
Disbursements:									
Current:									
Instruction	4,741,262	-	-	-	-	-	-	-	-
Support services	2,667,414	-	-	307,763	729,674	158,054	-	-	3,907
Noninstructional services	158,109	-	-	-	-	-	-	-	423,515
Facilities acquisition and construction	17,983	-	-	885,281	-	-	-	-	-
Debt services	8,928	1,177,281	354,135	8,928	-	-	-	-	-
Nonprogrammed charges	860,002	-	-	-	-	-	50,080	-	-
Total disbursements	<u>8,453,698</u>	<u>1,177,281</u>	<u>354,135</u>	<u>1,201,972</u>	<u>729,674</u>	<u>158,054</u>	<u>50,080</u>	<u>-</u>	<u>427,422</u>
Excess (deficiency) of receipts over disbursements	<u>(381,759)</u>	<u>327,759</u>	<u>190,673</u>	<u>26,783</u>	<u>497,754</u>	<u>(20,094)</u>	<u>(26,705)</u>	<u>-</u>	<u>94,235</u>
Cash and investments - ending	<u>\$ 155,808</u>	<u>\$ 403,967</u>	<u>\$ 16,468</u>	<u>\$ 128,316</u>	<u>\$ 436,910</u>	<u>\$ 66,364</u>	<u>\$ -</u>	<u>\$ 1,309,228</u>	<u>\$ 198,238</u>

SHENANDOAH 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)

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	School Technology	Performance Based Awards	High Ability Student Programs	Title I
Cash and investments - beginning	\$ 101,765	\$ 385,521	\$ -	\$ 1,378	\$ -	\$ 1,684	\$ 8,720	\$ 28,004
Receipts:								
Local sources	76,717	1,077,423	-	-	-	-	-	-
Intermediate sources	-	-	-	207	-	-	-	-
State sources	37,836	-	-	-	-	-	30,930	-
Federal sources	-	-	-	-	-	-	-	175,536
Other	300	75,168	-	-	-	-	-	-
Total receipts	<u>114,853</u>	<u>1,152,591</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>30,930</u>	<u>175,536</u>
Disbursements:								
Current:								
Instruction	-	10,756	-	-	-	-	36,723	199,914
Support services	90,928	2,552	-	-	-	-	-	1,402
Noninstructional services	-	-	-	-	-	-	-	65
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,129,480	-	-	-	-	-	-
Total disbursements	<u>90,928</u>	<u>1,142,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,723</u>	<u>201,381</u>
Excess (deficiency) of receipts over disbursements	<u>23,925</u>	<u>9,803</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>(5,793)</u>	<u>(25,845)</u>
Cash and investments - ending	<u>\$ 125,690</u>	<u>\$ 395,324</u>	<u>\$ -</u>	<u>\$ 1,585</u>	<u>\$ -</u>	<u>\$ 1,684</u>	<u>\$ 2,927</u>	<u>\$ 2,159</u>

SHENANDOAH 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)

	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Hurricane Katrina/Rita Relief	Snow Emergency	Improving Teaching Quality, No Child Left, Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	Totals
Cash and investments - beginning	\$ 3,551	\$ 2,459	\$ 2,880	\$ 978	\$ 40,088	\$ 3	\$ -	\$ 2,583,684
Receipts:								
Local sources	-	-	-	-	-	-	-	6,152,937
Intermediate sources	-	-	-	-	-	-	-	207
State sources	-	-	-	-	-	-	-	8,051,451
Federal sources	-	4,084	-	-	40,813	279,970	97,349	826,538
Other	-	-	-	-	-	-	-	126,162
Total receipts	-	4,084	-	-	40,813	279,970	97,349	15,157,295
Disbursements:								
Current:								
Instruction	-	-	-	-	-	279,973	97,790	5,366,418
Support services	3,551	3,901	-	-	57,348	-	-	4,026,494
Noninstructional services	-	-	-	-	-	-	-	581,689
Facilities acquisition and construction	-	-	-	-	-	-	-	903,264
Debt services	-	-	-	-	-	-	-	1,549,272
Nonprogrammed charges	-	-	-	-	-	-	-	2,039,562
Total disbursements	3,551	3,901	-	-	57,348	279,973	97,790	14,466,699
Excess (deficiency) of receipts over disbursements	(3,551)	183	-	-	(16,535)	(3)	(441)	690,596
Cash and investments - ending	\$ -	\$ 2,642	\$ 2,880	\$ 978	\$ 23,553	\$ -	\$ (441)	\$ 3,274,280

SHENANDOAH 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
Cash and investments - beginning	\$ 155,808	\$ 403,967	\$ 16,468	\$ 128,316	\$ 436,910	\$ 66,364	\$ 1,309,228	\$ 198,238
Receipts:								
Local sources	71,784	527,339	352,202	775,915	804,304	291,622	-	264,701
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,100,002	-	-	-	-	-	-	7,947
Federal sources	-	-	-	-	-	-	-	258,526
Other	22,849	-	-	48,098	1,268	-	-	440
Total receipts	<u>8,194,635</u>	<u>527,339</u>	<u>352,202</u>	<u>824,013</u>	<u>805,572</u>	<u>291,622</u>	<u>-</u>	<u>531,614</u>
Disbursements:								
Current:								
Instruction	4,853,454	-	-	-	-	-	-	-
Support services	2,510,444	-	-	392,842	741,837	217,931	-	5,023
Noninstructional services	152,516	-	-	-	-	-	-	465,565
Facilities acquisition and construction	-	-	-	344,096	-	-	-	-
Debt services	4,762	488,057	350,733	60,002	-	-	-	-
Nonprogrammed charges	812,344	-	-	-	-	-	-	-
Total disbursements	<u>8,333,520</u>	<u>488,057</u>	<u>350,733</u>	<u>796,940</u>	<u>741,837</u>	<u>217,931</u>	<u>-</u>	<u>470,588</u>
Excess (deficiency) of receipts over disbursements	<u>(138,885)</u>	<u>39,282</u>	<u>1,469</u>	<u>27,073</u>	<u>63,735</u>	<u>73,691</u>	<u>-</u>	<u>61,026</u>
Cash and investments - ending	<u>\$ 16,923</u>	<u>\$ 443,249</u>	<u>\$ 17,937</u>	<u>\$ 155,389</u>	<u>\$ 500,645</u>	<u>\$ 140,055</u>	<u>\$ 1,309,228</u>	<u>\$ 259,264</u>

SHENANDOAH 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)

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	School Technology	Performance Based Awards	High Ability Student Programs
Cash and investments - beginning	\$ 125,690	\$ 395,324	\$ -	\$ 1,585	\$ -	\$ 1,684	\$ 2,927
Receipts:							
Local sources	72,337	1,127,387	13,932	-	-	-	-
Intermediate sources	-	-	-	150	-	-	-
State sources	33,928	-	-	-	10,825	-	30,465
Federal sources	-	-	-	-	-	-	-
Other	200	92,056	-	-	-	-	-
Total receipts	<u>106,465</u>	<u>1,219,443</u>	<u>13,932</u>	<u>150</u>	<u>10,825</u>	<u>-</u>	<u>30,465</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	22,081
Support services	25,504	-	-	-	3,630	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,226	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,134,295	-	-	-	-	-
Total disbursements	<u>25,504</u>	<u>1,134,295</u>	<u>-</u>	<u>1,226</u>	<u>3,630</u>	<u>-</u>	<u>22,081</u>
Excess (deficiency) of receipts over disbursements	<u>80,961</u>	<u>85,148</u>	<u>13,932</u>	<u>(1,076)</u>	<u>7,195</u>	<u>-</u>	<u>8,384</u>
Cash and investments - ending	<u>\$ 206,651</u>	<u>\$ 480,472</u>	<u>\$ 13,932</u>	<u>\$ 509</u>	<u>\$ 7,195</u>	<u>\$ 1,684</u>	<u>\$ 11,311</u>

SHENANDOAH 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)

	Title I	Drug Free Schools	Hurricane Katrina/Rita Relief	Snow Emergency	Improving Teaching Quality, No Child Left, Title II, Part A	Title I Grants to LEAs	Totals
Cash and investments - beginning	\$ 2,159	\$ 2,642	\$ 2,880	\$ 978	\$ 23,553	\$ (441)	\$ 3,274,280
Receipts:							
Local sources	-	-	-	-	-	-	4,301,523
Intermediate sources	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	8,183,167
Federal sources	123,712	-	-	-	15,777	441	398,456
Other	-	-	-	-	-	-	164,911
Total receipts	123,712	-	-	-	15,777	441	13,048,207
Disbursements:							
Current:							
Instruction	133,592	-	-	-	-	-	5,009,127
Support services	-	2,274	-	722	44,962	-	3,945,169
Noninstructional services	17	-	-	-	-	-	618,098
Facilities acquisition and construction	-	-	-	-	-	-	345,322
Debt services	-	-	-	-	-	-	903,554
Nonprogrammed charges	-	-	-	-	-	-	1,946,639
Total disbursements	133,609	2,274	-	722	44,962	-	12,767,909
Excess (deficiency) of receipts over disbursements	(9,897)	(2,274)	-	(722)	(29,185)	441	280,298
Cash and investments - ending	\$ (7,738)	\$ 368	\$ 2,880	\$ 256	\$ (5,632)	\$ -	\$ 3,554,578

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

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Middle and Elementary Schools	\$ 1,485,000	\$ 361,000
Notes and loans payable		
Common School Loan	37,500	38,438
Guaranteed Energy Savings Loan	2,731,932	250,000
Bonds payable:		
General obligation bonds:		
Pension Bonds	2,785,000	351,646
Stimulus-Qualified School Construction Bonds	<u>1,978,000</u>	<u>175,000</u>
<b>Total governmental activities debt</b>	<u><u>\$ 9,017,432</u></u>	<u><u>\$ 1,176,084</u></u>

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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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://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 SHENANDOAH SCHOOL CORPORATION, HENRY COUNTY, INDIANA

Compliance

We have audited the compliance of the Shenandoah 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.

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

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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.

SHENANDOAH 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			
		FY 2009-2010	\$ 29,807	\$ -
		FY 2010-2011	-	40,056
Total for program			29,807	40,056
National School Lunch Program	10.555			
		FY 2009-2010	243,513	-
		FY 2010-2011	-	264,730
Total for program			243,513	264,730
Total for cluster			273,320	304,786
Total for federal grantor agency			273,320	304,786
<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			
		09-3435	28,712	
		10-3435	172,669	
		11-3435	-	133,609
Total for program			201,381	133,609
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		10-3435	97,790	-
Total for cluster			299,171	133,609
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		09-3435	279,972	-
Total for cluster			279,972	-
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		FY 2009-2010	3,901	-
		FY 2010-2011	-	2,274
Total for program			3,901	2,274
State Grants for Innovative Programs	84.298			
		07-3435	3,551	-
Improving Teacher Quality State Grants	84.367			
		08-09	21,672	-
		09-10	34,452	3,965
		10-3435	1,224	19,588
		11-3435	-	21,407
Total for program			57,348	44,960
Total for federal grantor agency			643,943	180,843
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
			-	723
Total federal awards expended			\$ 917,263	\$ 486,352

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

SHENANDOAH 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 Shenandoah 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	2009-10	2010-11
School Breakfast Program	10.553	\$ 4,857	\$ 6,117
National School Lunch Program	10.555	39,677	40,143

SHENANDOAH 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?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A 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.

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

No matters are reportable.

SHENANDOAH SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SHENANDOAH SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2012, with Julia Miller, Treasurer; Ronald Green, Superintendent of Schools; and Scott Trennepohl, President of the School Board. Our audit disclosed no material items that warrant comment at this time.