

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SHELBY EASTERN SCHOOLS  
SHELBY COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
01/29/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary C. Scott	07-01-10 to 06-30-13
Superintendent of Schools	Donald Swisher Brad Valentine (Interim)	07-01-10 to 12-31-12 01-01-13 to 06-30-13
President of the School Board	Kevin Schofner	07-01-10 to 06-30-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SHELBY EASTERN SCHOOLS, SHELBY COUNTY, INDIANA

We have audited the accompanying financial statement of the Shelby Eastern Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012. 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 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 8, 2013, 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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 8, 2013



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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 SHELBY EASTERN SCHOOLS, SHELBY COUNTY, INDIANA

We have audited the financial statement of the Shelby Eastern Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 8, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

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

The School Corporation's response to the findings identified in our audit is described in the accompanying 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

January 8, 2013

## 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.

SHELBY EASTERN SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 2,176,400	\$ 8,811,911	\$ 8,001,336	\$ (28,676)	\$ 2,958,299	\$ 8,632,106	\$ 8,425,335	\$ -	\$ 3,165,070	
Debt Service	2,226,385	2,492,194	1,613,183	13,980	3,119,376	2,257,732	3,542,982	-	1,834,126	
Retirement/Severance Bond Debt Service	310,631	354,048	444,421	-	220,258	323,592	331,503	-	212,347	
Capital Projects	1,146,662	2,019,185	1,740,901	(116,302)	1,308,644	1,262,156	2,115,745	-	455,055	
School Transportation	451,861	1,561,776	1,109,594	36,080	940,123	1,029,853	1,327,691	-	642,285	
School Bus Replacement	540,489	607,387	717,051	(73,136)	357,689	173,765	313,140	-	218,314	
Rainy Day	-	-	-	200,000	200,000	-	117,864	-	82,136	
Retirement/Severance Bond	201,559	6,570	-	-	208,129	-	25,100	-	183,029	
School Lunch	197,789	555,752	577,937	-	175,604	613,505	653,611	-	135,498	
Textbook Rental	100,185	142,874	164,116	-	78,943	146,351	181,982	-	43,312	
Levy Excess	27,891	-	-	(27,891)	-	-	-	-	-	
Educational License Plates	1,722	131	-	-	1,853	132	-	-	1,985	
Walmart Donation - MES	166	-	-	-	166	-	-	-	166	
Wal-Mart Donation WES-Roth	54	-	-	-	54	-	54	-	-	
WHS Walmart Donation L Stout	43	-	43	-	-	-	-	-	-	
WES Donation	384	-	-	-	384	-	88	-	296	
Morristown Public Library 2012	-	-	-	-	-	3,000	-	-	3,000	
Waldron Elem Outdoor Lab Gifts	782	-	-	-	782	-	-	-	782	
MHS Robotic Program Donations	6,370	-	-	-	6,370	-	-	-	6,370	
Northeastern Hometown Grant	-	-	-	-	-	1,500	-	-	1,500	
Walmart Donation - All 4 Bldgs.	914	-	84	-	830	-	555	-	275	
Coca-Cola Grant	3,280	8,477	-	-	11,757	8,290	10,750	-	9,297	
K-Club	6,579	-	171	-	6,408	-	2,000	-	4,408	
BRF-MHS Life Skills Grant	180	-	180	-	-	-	-	-	-	
Paul O Goble Memorial Donation	1,720	-	-	-	1,720	-	-	-	1,720	
Racino Technology Grant 2009	5,312	-	5,312	-	-	-	-	-	-	
SCDFC Susie Swaney MES/MHS	63	-	-	-	63	-	-	-	63	

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

SHELBY EASTERN SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012  
(Continued)

6-

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Rush/Shelby Energy Rural Grant	-	-	-	-	-	1,459	1,344	-	115
Gifted/Talented 2009-2010	5,306	-	5,306	-	-	-	-	-	-
Gifted/Talented High Ability 2010-2011	-	31,072	31,072	-	-	-	-	-	-
Gifted/Talented High Ability 2011-2012	-	-	-	-	-	29,676	28,881	-	795
Early Childhood Intervention (First Steps)	-	-	-	-	-	3,835	3,835	-	-
Medicaid Reimbursement	14,452	-	11,254	-	3,198	-	14,453	11,255	-
School Technology	6,411	9,227	-	-	15,638	8,194	9,942	-	13,890
Title I Grant 2010-2011	-	70,991	73,587	2,953	357	23,961	25,591	1,273	-
Title I Grant 2011-2012	-	-	-	-	-	115,829	114,556	(1,273)	-
Title I Grant 2009-2010	14,154	-	11,201	(2,953)	-	-	-	-	-
Special Ed Part B FY2011	-	176,644	176,644	-	-	152,352	141,098	(11,254)	-
Special Ed Preschool Part B	-	18,377	18,377	-	-	-	-	-	-
Special Ed Part B IDEA FY2012	-	-	-	-	-	313,724	313,724	-	-
Special Ed Preschool Part B 2012	-	-	-	-	-	19,159	19,159	-	-
Title IV, Part A Safe/Drug Free 2008-2009	2,384	-	2,384	-	-	-	-	-	-
Title IV, Part A Safe/Drug Free 2009-2010	1,533	-	1,533	-	-	-	-	-	-
Title IV, Part A 2010 Grant	-	2,098	108	(1,990)	-	1,882	1,882	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	5,882	-	5,882	-	-	-	-	-	-
Title II, Part A 2009-2010	33,524	22,010	57,524	1,990	-	-	-	-	-
Title II, Part A 2010-2011	-	-	-	-	-	53,871	53,871	-	-
LEP Consortium Grant 2009	952	-	952	-	-	-	-	-	-
Title I Grants to LEAs Stimulus	-	16,425	16,425	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	286,100	286,100	-	-
Payroll Withholdings	38,362	1,819,452	1,815,912	-	41,902	1,995,087	1,986,977	-	50,012
<b>Totals</b>	<b>\$ 7,530,381</b>	<b>\$ 18,726,601</b>	<b>\$ 16,602,490</b>	<b>\$ 4,055</b>	<b>\$ 9,658,547</b>	<b>\$ 17,457,111</b>	<b>\$ 20,049,813</b>	<b>\$ 1</b>	<b>\$ 7,065,846</b>

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

SHELBY EASTERN 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.

*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. Receipts are recorded when received and disbursements are recorded when paid.

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 may 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 include distributions from the State of Indiana and are 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.

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources include distributions from the federal government and are 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 may 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, funds held temporarily for an authorized recipient 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.

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other Financing Sources and Uses*

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

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

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.

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 or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

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

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**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

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's 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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

SHELBY EASTERN 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	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,176,400	\$ 2,226,385	\$ 310,631	\$ 1,146,662	\$ 451,861	\$ 540,489	\$ -	\$ 201,559
Receipts:								
Local sources	50,594	2,388,920	343,922	1,398,590	1,044,011	382,827	-	-
Intermediate sources	366	-	-	-	-	-	-	-
State sources	8,705,506	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	103,274	10,126	620,595	517,525	224,560	-	-
Interfund loans	-	-	-	-	-	-	-	6,570
Other	55,445	-	-	-	240	-	-	-
Total receipts	8,811,911	2,492,194	354,048	2,019,185	1,561,776	607,387	-	6,570
Disbursements:								
Current:								
Instruction	5,571,266	-	-	-	-	-	-	-
Support services	2,252,876	3,822	-	611,073	591,545	492,229	-	-
Noninstructional services	159,266	-	-	-	-	-	-	-
Facilities acquisition and construction	17,928	-	-	508,534	-	-	-	-
Debt services	-	1,609,361	444,421	621,294	518,049	224,822	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	8,001,336	1,613,183	444,421	1,740,901	1,109,594	717,051	-	-
Excess (deficiency) of receipts over disbursements	810,575	879,011	(90,373)	278,284	452,182	(109,664)	-	6,570
Other financing sources (uses):								
Sale of capital assets	2,390	-	-	-	1,665	-	-	-
Transfers in	-	129,959	16,872	71,279	81,322	25,340	200,000	-
Transfers out	(31,066)	(115,979)	(16,872)	(187,581)	(46,907)	(98,476)	-	-
Total other financing sources (uses)	(28,676)	13,980	-	(116,302)	36,080	(73,136)	200,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	781,899	892,991	(90,373)	161,982	488,262	(182,800)	200,000	6,570
Cash and investments - ending	\$ 2,958,299	\$ 3,119,376	\$ 220,258	\$ 1,308,644	\$ 940,123	\$ 357,689	\$ 200,000	\$ 208,129

SHELBY EASTERN 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)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Walmart Donation - MES	Wal-Mart Donation WES-Roth	WHS Walmart Donation L Stout	WES Donation
Cash and investments - beginning	\$ 197,789	\$ 100,185	\$ 27,891	\$ 1,722	\$ 166	\$ 54	\$ 43	\$ 384
Receipts:								
Local sources	339,007	113,660	-	-	-	-	-	-
Intermediate sources	-	-	-	131	-	-	-	-
State sources	7,269	28,714	-	-	-	-	-	-
Federal sources	209,276	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	200	500	-	-	-	-	-	-
Total receipts	<u>555,752</u>	<u>142,874</u>	<u>-</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	43	-
Support services	200	164,116	-	-	-	-	-	-
Noninstructional services	577,737	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>577,937</u>	<u>164,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(22,185)</u>	<u>(21,242)</u>	<u>-</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>(43)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	265,814	-	-	-	-	-
Transfers out	-	-	(293,705)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(27,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(22,185)</u>	<u>(21,242)</u>	<u>(27,891)</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>(43)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 175,604</u>	<u>\$ 78,943</u>	<u>\$ -</u>	<u>\$ 1,853</u>	<u>\$ 166</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 384</u>

SHELBY EASTERN 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)

	Morristown Public Library 2012	Waldron Elem Outdoor Lab Gifts	MHS Robotic Program Donations	Northeastern Hometown Grant	Walmart Donation All 4 Bldgs.	Coca-Cola Grant	K-Club	BRF-MHS Life Skills Grant
Cash and investments - beginning	\$ -	\$ 782	\$ 6,370	\$ -	\$ 914	\$ 3,280	\$ 6,579	\$ 180
Receipts:								
Local sources	-	-	-	-	-	8,477	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	8,477	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	84	-	171	180
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	84	-	171	180
Excess (deficiency) of receipts over disbursements	-	-	-	-	(84)	8,477	(171)	(180)
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	-	-	-	-	(84)	8,477	(171)	(180)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 782</u>	<u>\$ 6,370</u>	<u>\$ -</u>	<u>\$ 830</u>	<u>\$ 11,757</u>	<u>\$ 6,408</u>	<u>\$ -</u>

SHELBY EASTERN 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)

	Paul O. Goble Memorial Donation	Racino Technology Grant 2009	SCDFC Susie Swaney MES/MHS	Rush/Shelby Energy Rural Grant	Gifted/Talented 2009-2010	Gifted/Talented High Ability 2010-2011	Gifted/Talented High Ability 2011-2012
Cash and investments - beginning	\$ 1,720	\$ 5,312	\$ 63	\$ -	\$ 5,306	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	31,072	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	31,072	-
Disbursements:							
Current:							
Instruction	-	-	-	-	5,306	31,072	-
Support services	-	5,312	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	5,312	-	-	5,306	31,072	-
Excess (deficiency) of receipts over disbursements	-	(5,312)	-	-	(5,306)	-	-
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	-	(5,312)	-	-	(5,306)	-	-
Cash and investments - ending	\$ 1,720	\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -

SHELBY EASTERN 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)

	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	School Technology	Title I Grant 2010-2011	Title I Grant 2011-2012	Title I Grant 2009-2010	Special Ed Part B FY 2011
Cash and investments - beginning	\$ -	\$ 14,452	\$ 6,411	\$ -	\$ -	\$ 14,154	\$ -
Receipts:							
Local sources	-	-	3,638	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	5,589	-	-	-	-
Federal sources	-	-	-	70,991	-	-	165,390
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	11,254
Other	-	-	-	-	-	-	-
Total receipts	-	-	9,227	70,991	-	-	176,644
Disbursements:							
Current:							
Instruction	-	-	-	64,835	-	11,108	176,644
Support services	-	-	-	8,514	-	-	-
Noninstructional services	-	-	-	238	-	93	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	11,254	-	-	-	-	-
Total disbursements	-	11,254	-	73,587	-	11,201	176,644
Excess (deficiency) of receipts over disbursements	-	(11,254)	9,227	(2,596)	-	(11,201)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	2,953	-	-	-
Transfers out	-	-	-	-	-	(2,953)	-
Total other financing sources (uses)	-	-	-	2,953	-	(2,953)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11,254)	9,227	357	-	(14,154)	-
Cash and investments - ending	\$ -	\$ 3,198	\$ 15,638	\$ 357	\$ -	\$ -	\$ -

SHELBY EASTERN 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)

	Special Ed Preschool Part B	Special Ed Part B IDEA FY 2012	Special Ed Preschool Part B 2012	Title IV, Part A Safe/Drug Free 2008-2009	Title IV, Part A Safe/Drug Free 2009-2010	Title IV Part A 2010 Grant	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 2,384	\$ 1,533	\$ -	\$ 5,882
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	18,377	-	-	-	-	2,098	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>18,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,098</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	18,377	-	-	-	-	-	3,210
Support services	-	-	-	2,384	1,533	108	2,672
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>18,377</u>	<u>-</u>	<u>-</u>	<u>2,384</u>	<u>1,533</u>	<u>108</u>	<u>5,882</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,384)</u>	<u>(1,533)</u>	<u>1,990</u>	<u>(5,882)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,990)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,990)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,384)</u>	<u>(1,533)</u>	<u>-</u>	<u>(5,882)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELBY EASTERN 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 II, Part A 2009-2010	Title II, Part A 2010-2011	LEP Consortium Grant 2009	Title I Grants to LEAs Stimulus	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 33,524	\$ -	\$ 952	\$ -	\$ -	\$ 38,362	\$ 7,530,381
Receipts:							
Local sources	-	-	-	-	-	-	6,073,646
Intermediate sources	-	-	-	-	-	-	497
State sources	-	-	-	-	-	-	8,778,150
Federal sources	22,010	-	-	16,425	-	-	504,567
Temporary loans	-	-	-	-	-	-	1,476,080
Interfund loans	-	-	-	-	-	-	17,824
Other	-	-	-	-	-	1,819,452	1,875,837
Total receipts	22,010	-	-	16,425	-	1,819,452	18,726,601
Disbursements:							
Current:							
Instruction	51,724	-	952	9,855	-	-	5,944,827
Support services	5,800	-	-	-	-	-	4,142,184
Noninstructional services	-	-	-	-	-	-	737,334
Facilities acquisition and construction	-	-	-	-	-	-	526,462
Debt services	-	-	-	-	-	-	3,417,947
Nonprogrammed charges	-	-	-	-	-	1,815,912	1,815,912
Interfund loans	-	-	-	6,570	-	-	17,824
Total disbursements	57,524	-	952	16,425	-	1,815,912	16,602,490
Excess (deficiency) of receipts over disbursements	(35,514)	-	(952)	-	-	3,540	2,124,111
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	4,055
Transfers in	1,990	-	-	-	-	-	795,529
Transfers out	-	-	-	-	-	-	(795,529)
Total other financing sources (uses)	1,990	-	-	-	-	-	4,055
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,524)	-	(952)	-	-	3,540	2,128,166
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,902	\$ 9,658,547

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,958,299	\$ 3,119,376	\$ 220,258	\$ 1,308,644	\$ 940,123	\$ 357,689	\$ 200,000	\$ 208,129
Receipts:								
Local sources	105,301	2,257,732	323,592	1,262,156	1,029,853	173,765	-	-
Intermediate sources	2,913	-	-	-	-	-	-	-
State sources	8,522,178	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	1,714	-	-	-	-	-	-	-
Total receipts	<u>8,632,106</u>	<u>2,257,732</u>	<u>323,592</u>	<u>1,262,156</u>	<u>1,029,853</u>	<u>173,765</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,650,354	-	-	-	-	-	-	-
Support services	2,587,153	5,000	-	609,348	983,168	140,712	-	25,100
Noninstructional services	187,828	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,046,756	-	-	-	-
Debt services	-	3,537,982	331,503	459,641	344,523	172,428	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	117,864	-
Total disbursements	<u>8,425,335</u>	<u>3,542,982</u>	<u>331,503</u>	<u>2,115,745</u>	<u>1,327,691</u>	<u>313,140</u>	<u>117,864</u>	<u>25,100</u>
Excess (deficiency) of receipts over disbursements	<u>206,771</u>	<u>(1,285,250)</u>	<u>(7,911)</u>	<u>(853,589)</u>	<u>(297,838)</u>	<u>(139,375)</u>	<u>(117,864)</u>	<u>(25,100)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>206,771</u>	<u>(1,285,250)</u>	<u>(7,911)</u>	<u>(853,589)</u>	<u>(297,838)</u>	<u>(139,375)</u>	<u>(117,864)</u>	<u>(25,100)</u>
Cash and investments - ending	<u>\$ 3,165,070</u>	<u>\$ 1,834,126</u>	<u>\$ 212,347</u>	<u>\$ 455,055</u>	<u>\$ 642,285</u>	<u>\$ 218,314</u>	<u>\$ 82,136</u>	<u>\$ 183,029</u>

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Walmart Donation - MES	Wal-Mart Donation WES-Roth	WHS Walmart Donation L Stout	WES Donation
Cash and investments - beginning	\$ 175,604	\$ 78,943	\$ -	\$ 1,853	\$ 166	\$ 54	\$ -	\$ 384
Receipts:								
Local sources	362,520	111,611	-	-	-	-	-	-
Intermediate sources	-	-	-	132	-	-	-	-
State sources	7,467	34,140	-	-	-	-	-	-
Federal sources	240,016	-	-	-	-	-	-	-
Interfund loans	3,302	-	-	-	-	-	-	-
Other	200	600	-	-	-	-	-	-
Total receipts	<u>613,505</u>	<u>146,351</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	54	-	88
Support services	200	181,982	-	-	-	-	-	-
Noninstructional services	653,411	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>653,611</u>	<u>181,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>88</u>
Excess (deficiency) of receipts over disbursements	<u>(40,106)</u>	<u>(35,631)</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>(88)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(40,106)</u>	<u>(35,631)</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>(88)</u>
Cash and investments - ending	<u>\$ 135,498</u>	<u>\$ 43,312</u>	<u>\$ -</u>	<u>\$ 1,985</u>	<u>\$ 166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296</u>

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Morristown Public Library 2012	Waldron Elem Outdoor Lab Gifts	MHS Robotic Program Donations	Northeastern Hometown Grant	Walmart Donation All 4 Bldgs.	Coca-Cola Grant	K-Club	BRF-MHS Life Skills Grant
Cash and investments - beginning	\$ -	\$ 782	\$ 6,370	\$ -	\$ 830	\$ 11,757	\$ 6,408	\$ -
Receipts:								
Local sources	-	-	-	1,500	-	8,290	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,000	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>8,290</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	555	10,750	2,000	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>10,750</u>	<u>2,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>(555)</u>	<u>(2,460)</u>	<u>(2,000)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>(555)</u>	<u>(2,460)</u>	<u>(2,000)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,000</u>	<u>\$ 782</u>	<u>\$ 6,370</u>	<u>\$ 1,500</u>	<u>\$ 275</u>	<u>\$ 9,297</u>	<u>\$ 4,408</u>	<u>\$ -</u>

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Paul O. Goble Memorial Donation	Racino Technology Grant 2009	SCDFC Susie Swaney MES/MHS	Rush/Shelby Energy Rural Grant	Gifted/Talented 2009-2010	Gifted/Talented High Ability 2010-2011	Gifted/Talented High Ability 2011-2012
Cash and investments - beginning	\$ 1,720	\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	1,459	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	29,676
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	1,459	-	-	29,676
Disbursements:							
Current:							
Instruction	-	-	-	1,344	-	-	28,881
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,344	-	-	28,881
Excess (deficiency) of receipts over disbursements	-	-	-	115	-	-	795
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	115	-	-	795
Cash and investments - ending	\$ 1,720	\$ -	\$ 63	\$ 115	\$ -	\$ -	\$ 795

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	School Technology	Title I Grant 2010-2011	Title I Grant 2011-2012	Title I Grant 2009-2010	Special Ed Part B FY 2011
Cash and investments - beginning	\$ -	\$ 3,198	\$ 15,638	\$ 357	\$ -	\$ -	\$ -
Receipts:							
Local sources	3,835	-	303	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	7,891	-	-	-	-
Federal sources	-	-	-	23,961	57,440	-	152,352
Interfund loans	-	-	-	-	58,389	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>3,835</u>	<u>-</u>	<u>8,194</u>	<u>23,961</u>	<u>115,829</u>	<u>-</u>	<u>152,352</u>
Disbursements:							
Current:							
Instruction	3,835	-	-	19,135	114,249	-	141,098
Support services	-	14,453	-	6,456	188	-	-
Noninstructional services	-	-	-	-	119	-	-
Facilities acquisition and construction	-	-	9,942	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>3,835</u>	<u>14,453</u>	<u>9,942</u>	<u>25,591</u>	<u>114,556</u>	<u>-</u>	<u>141,098</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(14,453)</u>	<u>(1,748)</u>	<u>(1,630)</u>	<u>1,273</u>	<u>-</u>	<u>11,254</u>
Other financing sources (uses):							
Transfers in	-	11,255	-	-	(1,273)	-	-
Transfers out	-	-	-	1,273	-	-	(11,254)
Total other financing sources (uses)	<u>-</u>	<u>11,255</u>	<u>-</u>	<u>1,273</u>	<u>(1,273)</u>	<u>-</u>	<u>(11,254)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(3,198)</u>	<u>(1,748)</u>	<u>(357)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Special Ed Preschool Part B	Special Ed Part B IDEA FY 2012	Special Ed Preschool Part B 2012	Title IV, Part A Safe/Drug Free 2008-2009	Title IV, Part A Safe/Drug Free 2009-2010	Title IV Part A 2010 Grant	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	292,016	19,159	-	-	1,882	-
Interfund loans	-	21,708	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>313,724</u>	<u>19,159</u>	<u>-</u>	<u>-</u>	<u>1,882</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	313,724	19,159	-	-	-	-
Support services	-	-	-	-	-	1,882	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>313,724</u>	<u>19,159</u>	<u>-</u>	<u>-</u>	<u>1,882</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Title II, Part A 2009-2010	Title II, Part A 2010-2011	LEP Consortium Grant 2009	Title I Grants to LEAs Stimulus	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,902	\$ 9,658,547
Receipts:							
Local sources	-	-	-	-	-	-	5,641,917
Intermediate sources	-	-	-	-	-	-	3,045
State sources	-	-	-	-	-	-	8,604,352
Federal sources	-	53,871	-	-	251,635	-	1,092,332
Interfund loans	-	-	-	-	34,465	-	117,864
Other	-	-	-	-	-	1,995,087	1,997,601
Total receipts	-	53,871	-	-	286,100	1,995,087	17,457,111
Disbursements:							
Current:							
Instruction	-	53,871	-	-	273,472	-	6,632,569
Support services	-	-	-	-	12,628	-	4,568,270
Noninstructional services	-	-	-	-	-	-	841,358
Facilities acquisition and construction	-	-	-	-	-	-	1,056,698
Debt services	-	-	-	-	-	-	4,846,077
Nonprogrammed charges	-	-	-	-	-	1,986,977	1,986,977
Interfund loans	-	-	-	-	-	-	117,864
Total disbursements	-	53,871	-	-	286,100	1,986,977	20,049,813
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	8,110	(2,592,702)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	9,982
Transfers out	-	-	-	-	-	-	(9,981)
Total other financing sources (uses)	-	-	-	-	-	-	1
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	8,110	(2,592,701)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,012	\$ 7,065,846

SHELBY EASTERN SCHOOLS  
AUDIT RESULTS AND COMMENTS

**OFFICIAL BOND**

The following official bonds were not filed in the Office of the County Recorder:

Mary C. Scott, Treasurer,  
for the period July 1, 2010 to June 30, 2011  
Roseann Connor, Deputy Treasurer,  
for the period July 1, 2010 to June 30, 2011  
Roseann Connor, Deputy Treasurer,  
for the period July 1, 2011 to June 30, 2012  
Position Schedule Bond for Extra-Curricular Treasurers,  
for the period July 1, 2010 to June 30, 2011  
Position Schedule Bond for Extra-Curricular Treasurers,  
for the period July 1, 2011 to June 30, 2012.

Also, it was noted that new bonds were not always obtained, but rather continuation certificates.

The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder and also with the school board. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

The State Board of Accounts is of the audit position a new bond should be obtained each year and continuation certificates should not be used in lieu of obtaining a new bond. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

***EXTRA-CURRICULAR DISBURSEMENTS (Applies to Morristown Jr./Sr. High School)***

The following items were noted from the information presented for audit:

Some employees were paid directly from the extra-curricular Athletic Fund for selling tickets at basketball games, without going through the payroll process.

The School Administrator and Uniform Compliance Guidelines, Volume 170, June 2005, Page 4, states in part that pay of teachers and other personnel for service at interscholastic athletic events such as ticket takers, scoreboard personnel, etc., are expenses of the Athletic Fund of the Extra-Curricular Account. Pay of concession stand supervisors and of ticket takers, etc., for fine arts events should be paid from the proceeds of the activity sponsoring these events. Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the school corporation payroll and charged to a school corporation General Fund appropriation; however, the General Fund must be reimbursed for such payment by the activity which the employees served. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

SHELBY EASTERN SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

***CERTIFIED REPORT NOT FILED***

The School Corporation did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts that was due January 31, 2011.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

***COMPENSATION AND BENEFITS***

All employees of Shelby Eastern Schools received a \$50 gift card, purchased from the Coca-Cola Fund at the end of the 2011-2012 school year. The total amount of gift cards purchased was \$10,750 and was approved at a public School Board meeting on May 10, 2012. The School Board members each received a \$50 gift card in December 2011, purchased from the General Fund. The amount of the gift cards were not included as part of payroll and therefore not included on W-2s to report as income.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SHELBY EASTERN SCHOOLS, SHELBY COUNTY, INDIANA

Compliance

We have audited the Shelby Eastern Schools' (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

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 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 THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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

January 8, 2013

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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.

SHELBY EASTERN SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	2010-2011	\$ 34,714	\$ 45,203
National School Lunch Program	10.555	2011-2012	<u>203,793</u>	<u>230,824</u>
Total for cluster			<u>238,507</u>	<u>276,027</u>
Total for federal grantor agency			<u>238,507</u>	<u>276,027</u>
<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	11-7285 12-7285	70,992 <u>-</u>	23,962 <u>57,439</u>
Total for program			<u>70,992</u>	<u>81,401</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010-2011	<u>16,425</u>	<u>-</u>
Total for cluster			<u>87,417</u>	<u>81,401</u>
Special Education Cluster				
Special Education - Grants to States	84.027	14211-087-PN01 14212-087-PN01	165,390 <u>-</u>	152,353 <u>292,016</u>
Total for program			<u>165,390</u>	<u>444,369</u>
Special Education - Preschool Grants	84.173	45711-087-PN01 45712-087-PN01	18,377 <u>-</u>	<u>-</u> <u>19,159</u>
Total for program			<u>18,377</u>	<u>19,159</u>
Total for cluster			<u>183,767</u>	<u>463,528</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	09-7285	<u>2,098</u>	<u>1,882</u>
Improving Teacher Quality State Grants	84.367	09-7285 10-7285	22,010 <u>-</u>	<u>-</u> <u>53,871</u>
Total for program			<u>22,010</u>	<u>53,871</u>
Education Jobs Fund	84.410	2011-2012	<u>-</u>	<u>251,636</u>
Total for federal grantor agency			<u>295,292</u>	<u>852,318</u>
Total federal awards expended			<u>\$ 533,799</u>	<u>\$ 1,128,345</u>

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

SHELBY EASTERN 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 Shelby Eastern 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 period of July 1, 2010 to June 30, 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 4,254	\$ 5,897
National School Lunch Program	10.555	24,976	30,113

SHELBY EASTERN SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Special Education Cluster Education Jobs Fund

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.



# SHELBY EASTERN SCHOOLS

Superintendent: Donald Swisher ■ Corp Treasurer: Chris Scott

*Two Schools One Corporation!*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2010-2, CASH MANAGEMENT

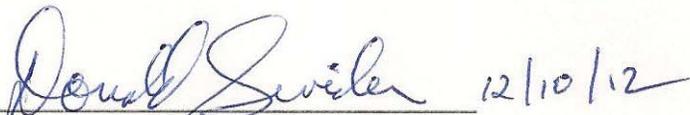
Original SBA Audit Report Number: B38539  
Fiscal Year 2010  
Auditee Contact Person Mary C. Scott  
Title of Contact Person Treasurer  
Phone Number (765) 544-2246

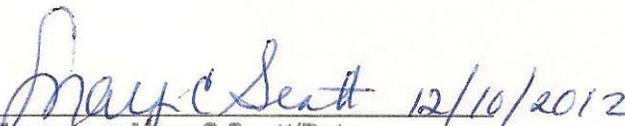
Status of Finding: **All grants passed through the Indiana Department of Education are now on a reimbursement basis so excess cash on hand is no longer an issue.**

### FINDING 2010-3, CAPITAL ASSETS PURCHASED WITH SPECIAL EDUCATION FUNDS

Original SBA Audit Report Number: B38539  
Fiscal Year 2010  
Auditee Contact Person Mary C. Scott  
Title of Contact Person Treasurer  
Phone Number (765) 544-2246

Status of Finding: **Procedures have been put into place and an outside firm has been hired to do our physical inventory**

  
\_\_\_\_\_  
Superintendent, Donald Swisher/Date

  
\_\_\_\_\_  
Treasurer, Mary C Scott/Date

SHELBY EASTERN SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2013, with Brad Valentine, Interim Superintendent of Schools; Mary C. Scott, Treasurer; Kevin Schofner, President of the School Board, and John R. Haymond, Vice-President of the School Board.

The officials indicated that they would be responding to the report but no Official Response was received.