

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ORLEANS COMMUNITY SCHOOLS
ORANGE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/15/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Allana C. Smelser	07-01-10 to 06-30-13
Superintendent of Schools	James L. Terrell Gary McClintic	07-01-10 to 12-31-12 01-01-13 to 06-30-16
President of the School Board	Larry W. Johnson Barry Bishop Larry W. Johnson	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ORLEANS COMMUNITY SCHOOLS, ORANGE COUNTY, INDIANA

We have audited the accompanying financial statement of the Orleans Community 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 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 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 31, 2013



STATE OF INDIANA
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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 ORLEANS COMMUNITY SCHOOLS, ORANGE COUNTY, INDIANA

We have audited the financial statement of the Orleans Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 31, 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.

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 31, 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.

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ORLEANS COMMUNITY 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	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 1,789,896	\$ 5,340,147	\$ 5,550,281	\$ 476	\$ 1,580,238	\$ 5,288,182	\$ 5,142,491	\$ 4,203	\$ 1,730,132
Debt Service	518,846	783,166	694,000	(50,479)	557,533	694,406	694,000	20,900	578,839
Retirement/Severance Bond Debt Service	-	371,377	277,410	(7,205)	86,762	418,157	333,885	7,992	179,026
Capital Projects	118,761	430,117	529,061	(15,271)	4,546	360,742	314,083	20,086	71,291
School Transportation	600,030	481,676	429,440	(254,597)	397,669	497,718	414,246	13,689	494,830
School Bus Replacement	30,698	22,428	-	(26,520)	26,606	28,573	-	1,520	56,699
Rainy Day	295,000	-	104,137	306,000	496,863	-	279,317	-	217,546
Retirement/Severance Bond	393,355	60,559	131,461	-	322,453	64,210	81,387	-	305,276
School Lunch	144,820	396,801	388,455	-	153,166	380,214	387,822	98	145,656
Textbook Rental	34,048	87,469	75,201	-	46,316	85,741	117,829	-	14,228
Levy Excess	3,261	8,039	-	48,072	59,372	9,766	-	(59,372)	9,766
Educational License Plates	112	56	-	-	168	76	225	-	19
Instruction Support	-	-	-	-	-	3,000	-	-	3,000
Donation Fund/Miscellaneous	39	-	39	-	-	-	-	-	-
Donation Fund/Miscellaneous (2010)	-	2,500	2,500	-	-	-	-	-	-
Donation Fund/Miscellaneous (2011)	-	836	-	-	836	-	836	-	-
River Boat Casino	453,041	416,589	430,000	-	439,630	411,264	430,000	-	420,894
High Ability Grant 2009-10	5,246	-	5,246	-	-	27,229	27,229	-	-
High Ability Grant 2010-11	-	28,178	28,178	-	-	-	-	-	-
Non-English Speaking Programs	137	-	-	-	137	-	-	-	137
School Technology	2,717	6,462	6,375	-	2,804	11,026	2,283	-	11,547
School Safety Security Grant	-	-	-	-	-	4,815	-	(4,815)	-
Title 1 (2011-2012)	90,432	-	45,803	(44,629)	-	175,901	231,593	39,495	(16,197)
Title 1 (2010-2011)	-	228,608	250,264	44,629	22,973	41,445	24,923	(39,495)	-
Title IV Drug Free (2009-2011)	5,062	-	4,021	-	1,041	790	1,831	-	-
Team Nutrition Training Grants	-	16,645	16,645	-	-	-	-	-	-
Improving Teaching Quality	20,000	24,918	46,789	-	(1,871)	4,547	2,676	-	-
Title II Part A (2010-2012)	5,083	-	5,083	-	-	41,033	46,748	-	(5,715)
Rural Schools and Low Income Program	21,309	3,960	75,916	-	(50,647)	55,293	4,646	-	-
Title I - Grants to LEAs	8,105	37,731	45,338	-	498	-	498	-	-
Special Education - Part B	27,148	60,533	87,681	-	-	2,646	2,646	-	-
Special Education - Part B - Preschool	712	1,760	2,472	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	171,677	171,677	-	-
Payroll Withholdings	1,691	1,451,359	1,451,340	-	1,710	1,380,310	1,381,434	-	586
Totals	\$ 4,569,549	\$ 10,261,914	\$ 10,683,136	\$ 476	\$ 4,148,803	\$ 10,158,761	\$ 10,094,305	\$ 4,301	\$ 4,217,560

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

ORLEANS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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.

ORLEANS COMMUNITY 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.

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.

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:

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.

ORLEANS COMMUNITY SCHOOLS
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 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.

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.

ORLEANS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

ORLEANS COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENT
 (Continued)

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.

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains funds with deficits in cash at June 30, 2011 and 2012. This is a result of the funds being set up for reimbursable grants. The cash deficits arose from disbursements exceeding receipts due to timing delays in reimbursements being received from the grantors; these deficits are to be repaid from future grant reimbursement receipts.

Note 8. Restatements and Reclassifications

For the year ended June 30, 2010, certain changes have been made to the financial statement to more appropriately reflect activity of the School Corporation. The following schedule presents a summary of restated beginning balances by fund. The new funds are payroll withholding accounts that have not been reflected on the School Corporation's financial statements until the current reporting period.

Fund Name	Balance as Reported June 30, 2010	Prior Period Adjustments	New Fund	Balance as Restated July 1, 2010
Payroll Withholdings	\$ -	\$ -	\$ 1,691	\$ 1,691

ORLEANS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Orleans Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments for the school years ended June 30, 2011, and June 30, 2012, totaled \$780,000 and \$780,000, respectively.

The School Corporation has entered into a capital lease with Orleans Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments for the school years ended June 30, 2011, and June 30, 2012, totaled \$344,000 and \$344,000, respectively.

Note 10. Other Postemployment Benefits

The School Corporation provides a Health Reimbursement Arrangement (HRA) Account Plan for eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,789,896	\$ 518,846	\$ -	\$ 118,761	\$ 600,030	\$ 30,698	\$ 295,000	\$ 393,355	\$ 144,820
Receipts:									
Local sources	15,955	699,833	371,377	430,117	481,028	22,428	-	60,559	140,981
Intermediate sources	590	83,333	-	-	-	-	-	-	-
State sources	5,323,602	-	-	-	-	-	-	-	3,790
Federal sources	-	-	-	-	-	-	-	-	252,030
Other	-	-	-	-	648	-	-	-	-
Total receipts	<u>5,340,147</u>	<u>783,166</u>	<u>371,377</u>	<u>430,117</u>	<u>481,676</u>	<u>22,428</u>	<u>-</u>	<u>60,559</u>	<u>396,801</u>
Disbursements:									
Current:									
Instruction	4,048,846	-	-	-	-	-	16,774	121,557	9,473
Support services	1,343,080	-	-	325,086	429,440	-	87,363	9,904	21
Noninstructional services	103,769	-	-	-	-	-	-	-	345,145
Facilities acquisition and construction	-	-	-	203,975	-	-	-	-	33,816
Debt services	54,586	694,000	277,410	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,550,281</u>	<u>694,000</u>	<u>277,410</u>	<u>529,061</u>	<u>429,440</u>	<u>-</u>	<u>104,137</u>	<u>131,461</u>	<u>388,455</u>
Excess (deficiency) of receipts over disbursements	<u>(210,134)</u>	<u>89,166</u>	<u>93,967</u>	<u>(98,944)</u>	<u>52,236</u>	<u>22,428</u>	<u>(104,137)</u>	<u>(70,902)</u>	<u>8,346</u>
Other financing sources (uses):									
Sale of capital assets	476	-	-	-	-	-	-	-	-
Transfers in	6,054	1,421	787	-	9,092	-	306,000	-	-
Transfers out	<u>(6,054)</u>	<u>(51,900)</u>	<u>(7,992)</u>	<u>(15,271)</u>	<u>(263,689)</u>	<u>(26,520)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>476</u>	<u>(50,479)</u>	<u>(7,205)</u>	<u>(15,271)</u>	<u>(254,597)</u>	<u>(26,520)</u>	<u>306,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(209,658)</u>	<u>38,687</u>	<u>86,762</u>	<u>(114,215)</u>	<u>(202,361)</u>	<u>(4,092)</u>	<u>201,863</u>	<u>(70,902)</u>	<u>8,346</u>
Cash and investments - ending	<u>\$ 1,580,238</u>	<u>\$ 557,533</u>	<u>\$ 86,762</u>	<u>\$ 4,546</u>	<u>\$ 397,669</u>	<u>\$ 26,606</u>	<u>\$ 496,863</u>	<u>\$ 322,453</u>	<u>\$ 153,166</u>

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

	Textbook Rental	Levy Excess	Educational License Plates	Instruction Support	Donation Fund Miscellaneous	Donation Fund Miscellaneous (2010)	Donation Fund Miscellaneous (2011)	River Boat Casino	High Ability Grant 2009-10
Cash and investments - beginning	\$ 34,048	\$ 3,261	\$ 112	\$ -	\$ 39	\$ -	\$ -	\$ 453,041	\$ 5,246
Receipts:									
Local sources	56,765	-	-	-	-	2,500	836	-	-
Intermediate sources	-	-	56	-	-	-	-	416,589	-
State sources	30,704	-	-	-	-	-	-	-	-
Federal sources	-	8,039	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>87,469</u>	<u>8,039</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>836</u>	<u>416,589</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	2,500	-	-	5,246
Support services	75,201	-	-	-	39	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	430,000	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>75,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>2,500</u>	<u>-</u>	<u>430,000</u>	<u>5,246</u>
Excess (deficiency) of receipts over disbursements	<u>12,268</u>	<u>8,039</u>	<u>56</u>	<u>-</u>	<u>(39)</u>	<u>-</u>	<u>836</u>	<u>(13,411)</u>	<u>(5,246)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	59,372	-	-	-	-	-	-	-
Transfers out	-	(11,300)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>48,072</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>12,268</u>	<u>56,111</u>	<u>56</u>	<u>-</u>	<u>(39)</u>	<u>-</u>	<u>836</u>	<u>(13,411)</u>	<u>(5,246)</u>
Cash and investments - ending	<u>\$ 46,316</u>	<u>\$ 59,372</u>	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 836</u>	<u>\$ 439,630</u>	<u>\$ -</u>

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

	High Ability Grant 2010-11	Non-English Speaking Programs	School Technology	School Safety Security Grant	Title 1 (2011-2012)	Title 1 (2010-2011)	Title IV Drug Free (2009-2011)	Team Nutrition Training Grants	Improving Teaching Quality
Cash and investments - beginning	\$ -	\$ 137	\$ 2,717	\$ -	\$ 90,432	\$ -	\$ 5,062	\$ -	\$ 20,000
Receipts:									
Local sources	-	-	6,462	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	28,178	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	228,608	-	16,645	24,918
Other	-	-	-	-	-	-	-	-	-
Total receipts	28,178	-	6,462	-	-	228,608	-	16,645	24,918
Disbursements:									
Current:									
Instruction	28,178	-	5,580	-	45,244	234,025	4,021	-	46,789
Support services	-	-	795	-	559	15,010	-	-	-
Noninstructional services	-	-	-	-	-	1,229	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	16,645	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	28,178	-	6,375	-	45,803	250,264	4,021	16,645	46,789
Excess (deficiency) of receipts over disbursements	-	-	87	-	(45,803)	(21,656)	(4,021)	-	(21,871)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	44,629	-	-	-
Transfers out	-	-	-	-	(44,629)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(44,629)	44,629	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	87	-	(90,432)	22,973	(4,021)	-	(21,871)
Cash and investments - ending	\$ -	\$ 137	\$ 2,804	\$ -	\$ -	\$ 22,973	\$ 1,041	\$ -	\$ (1,871)

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

	Title II Part A (2010-2012)	Rural Schools and Low Income Program	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 5,083	\$ 21,309	\$ 8,105	\$ 27,148	\$ 712	\$ -	\$ 1,691	\$ 4,569,549
Receipts:								
Local sources	-	-	-	-	-	-	-	2,288,841
Intermediate sources	-	-	-	-	-	-	-	500,568
State sources	-	-	-	-	-	-	-	5,386,274
Federal sources	-	3,960	37,731	60,533	1,760	-	-	634,224
Other	-	-	-	-	-	-	1,451,359	1,452,007
Total receipts	<u>-</u>	<u>3,960</u>	<u>37,731</u>	<u>60,533</u>	<u>1,760</u>	<u>-</u>	<u>1,451,359</u>	<u>10,261,914</u>
Disbursements:								
Current:								
Instruction	5,083	75,916	43,338	87,681	2,472	-	-	4,782,723
Support services	-	-	-	-	-	-	-	2,286,498
Noninstructional services	-	-	2,000	-	-	-	-	452,143
Facilities acquisition and construction	-	-	-	-	-	-	-	254,436
Debt services	-	-	-	-	-	-	-	1,455,996
Nonprogrammed charges	-	-	-	-	-	-	1,451,340	1,451,340
Total disbursements	<u>5,083</u>	<u>75,916</u>	<u>45,338</u>	<u>87,681</u>	<u>2,472</u>	<u>-</u>	<u>1,451,340</u>	<u>10,683,136</u>
Excess (deficiency) of receipts over disbursements	<u>(5,083)</u>	<u>(71,956)</u>	<u>(7,607)</u>	<u>(27,148)</u>	<u>(712)</u>	<u>-</u>	<u>19</u>	<u>(421,222)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	476
Transfers in	-	-	-	6,054	-	-	-	433,409
Transfers out	-	-	-	(6,054)	-	-	-	(433,409)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,083)</u>	<u>(71,956)</u>	<u>(7,607)</u>	<u>(27,148)</u>	<u>(712)</u>	<u>-</u>	<u>19</u>	<u>(420,746)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (50,647)</u>	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 4,148,803</u>

ORLEANS COMMUNITY 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	School Lunch
Cash and investments - beginning	\$ 1,580,238	\$ 557,533	\$ 86,762	\$ 4,546	\$ 397,669	\$ 26,606	\$ 496,863	\$ 322,453	\$ 153,166
Receipts:									
Local sources	27,418	611,073	418,157	360,742	497,718	28,573	-	64,210	133,195
Intermediate sources	400	83,333	-	-	-	-	-	-	-
State sources	5,260,364	-	-	-	-	-	-	-	3,814
Federal sources	-	-	-	-	-	-	-	-	243,205
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,288,182</u>	<u>694,406</u>	<u>418,157</u>	<u>360,742</u>	<u>497,718</u>	<u>28,573</u>	<u>-</u>	<u>64,210</u>	<u>380,214</u>
Disbursements:									
Current:									
Instruction	3,692,820	-	-	-	-	-	16,164	74,390	9,290
Support services	1,353,467	-	-	163,237	398,781	-	263,153	6,997	73
Noninstructional services	96,204	-	-	-	-	-	-	-	355,901
Facilities acquisition and construction	-	-	-	150,846	15,465	-	-	-	22,558
Debt services	-	694,000	333,885	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,142,491</u>	<u>694,000</u>	<u>333,885</u>	<u>314,083</u>	<u>414,246</u>	<u>-</u>	<u>279,317</u>	<u>81,387</u>	<u>387,822</u>
Excess (deficiency) of receipts over disbursements	<u>145,691</u>	<u>406</u>	<u>84,272</u>	<u>46,659</u>	<u>83,472</u>	<u>28,573</u>	<u>(279,317)</u>	<u>(17,177)</u>	<u>(7,608)</u>
Other financing sources (uses):									
Sale of capital assets	4,203	-	-	-	-	-	-	-	98
Transfers in	-	20,900	7,992	20,086	13,689	1,520	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,203</u>	<u>20,900</u>	<u>7,992</u>	<u>20,086</u>	<u>13,689</u>	<u>1,520</u>	<u>-</u>	<u>-</u>	<u>98</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>149,894</u>	<u>21,306</u>	<u>92,264</u>	<u>66,745</u>	<u>97,161</u>	<u>30,093</u>	<u>(279,317)</u>	<u>(17,177)</u>	<u>(7,510)</u>
Cash and investments - ending	<u>\$ 1,730,132</u>	<u>\$ 578,839</u>	<u>\$ 179,026</u>	<u>\$ 71,291</u>	<u>\$ 494,830</u>	<u>\$ 56,699</u>	<u>\$ 217,546</u>	<u>\$ 305,276</u>	<u>\$ 145,656</u>

ORLEANS COMMUNITY 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)

	Textbook Rental	Levy Excess	Educational License Plates	Instruction Support	Donation Fund Miscellaneous	Donation Fund Miscellaneous (2010)	Donation Fund Miscellaneous (2011)	River Boat Casino	High Ability Grant 2009-10
Cash and investments - beginning	\$ 46,316	\$ 59,372	\$ 168	\$ -	\$ -	\$ -	\$ 836	\$ 439,630	\$ -
Receipts:									
Local sources	67,699	9,766	-	3,000	-	-	-	-	-
Intermediate sources	-	-	76	-	-	-	-	411,264	-
State sources	18,042	-	-	-	-	-	-	-	27,229
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	85,741	9,766	76	3,000	-	-	-	411,264	27,229
Disbursements:									
Current:									
Instruction	-	-	225	-	-	-	-	-	27,229
Support services	117,829	-	-	-	-	-	836	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	430,000	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	117,829	-	225	-	-	-	836	430,000	27,229
Excess (deficiency) of receipts over disbursements	(32,088)	9,766	(149)	3,000	-	-	(836)	(18,736)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(59,372)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(59,372)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32,088)	(49,606)	(149)	3,000	-	-	(836)	(18,736)	-
Cash and investments - ending	\$ 14,228	\$ 9,766	\$ 19	\$ 3,000	\$ -	\$ -	\$ -	\$ 420,894	\$ -

ORLEANS COMMUNITY 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)

	High Ability Grant 2010-11	Non-English Speaking Programs	School Technology	School Safety Security Grant	Title 1 (2011-2012)	Title 1 (2010-2011)	Title IV Drug Free (2009-2011)	Team Nutrition Training Grants	Improving Teaching Quality
Cash and investments - beginning	\$ -	\$ 137	\$ 2,804	\$ -	\$ -	\$ 22,973	\$ 1,041	\$ -	\$ (1,871)
Receipts:									
Local sources	-	-	6,916	4,815	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	4,110	-	-	-	-	-	-
Federal sources	-	-	-	-	175,901	41,445	790	-	4,547
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	11,026	4,815	175,901	41,445	790	-	4,547
Disbursements:									
Current:									
Instruction	-	-	2,283	-	231,310	24,923	1,831	-	2,676
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	283	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,283	-	231,593	24,923	1,831	-	2,676
Excess (deficiency) of receipts over disbursements	-	-	8,743	4,815	(55,692)	16,522	(1,041)	-	1,871
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	39,495	-	-	-	-
Transfers out	-	-	-	(4,815)	-	(39,495)	-	-	-
Total other financing sources (uses)	-	-	-	(4,815)	39,495	(39,495)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	8,743	-	(16,197)	(22,973)	(1,041)	-	1,871
Cash and investments - ending	\$ -	\$ 137	\$ 11,547	\$ -	\$ (16,197)	\$ -	\$ -	\$ -	\$ -

ORLEANS COMMUNITY 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 (2010-2012)	Rural Schools and Low Income Program	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (50,647)	\$ 498	\$ -	\$ -	\$ -	\$ 1,710	\$ 4,148,803
Receipts:								
Local sources	-	-	-	-	-	-	-	2,233,282
Intermediate sources	-	-	-	-	-	-	-	495,073
State sources	-	-	-	-	-	-	-	5,313,559
Federal sources	41,033	55,293	-	2,646	-	171,677	-	736,537
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,380,310	1,380,310
Total receipts	<u>41,033</u>	<u>55,293</u>	<u>-</u>	<u>2,646</u>	<u>-</u>	<u>171,677</u>	<u>1,380,310</u>	<u>10,158,761</u>
Disbursements:								
Current:								
Instruction	46,748	4,646	498	2,646	-	171,677	-	4,309,356
Support services	-	-	-	-	-	-	-	2,304,373
Noninstructional services	-	-	-	-	-	-	-	452,388
Facilities acquisition and construction	-	-	-	-	-	-	-	188,869
Debt services	-	-	-	-	-	-	-	1,457,885
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	1,381,434	1,381,434
Total disbursements	<u>46,748</u>	<u>4,646</u>	<u>498</u>	<u>2,646</u>	<u>-</u>	<u>171,677</u>	<u>1,381,434</u>	<u>10,094,305</u>
Excess (deficiency) of receipts over disbursements	<u>(5,715)</u>	<u>50,647</u>	<u>(498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,124)</u>	<u>64,456</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,301
Transfers in	-	-	-	-	-	-	-	103,682
Transfers out	-	-	-	-	-	-	-	(103,682)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,301</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,715)</u>	<u>50,647</u>	<u>(498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,124)</u>	<u>68,757</u>
Cash and investments - ending	<u>\$ (5,715)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586</u>	<u>\$ 4,217,560</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

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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 ORLEANS COMMUNITY SCHOOLS, ORANGE COUNTY, INDIANA

Compliance

We have audited the Orleans Community 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 its major federal program for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal program is 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 its major federal program 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 its major federal program 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 31, 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.

ORLEANS COMMUNITY 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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	6145	\$ 61,983	\$ 63,951
National School Lunch Program	10.555	6145	196,727	197,101
Summer Food Service Program for Children	10.559	6145	<u>27,225</u>	<u>-</u>
Total for cluster			<u>285,935</u>	<u>261,052</u>
Child and Adult Care Food Program	10.558	6145	<u>-</u>	<u>535</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	6145	<u>16,645</u>	<u>-</u>
Total for federal grantor agency			<u>302,580</u>	<u>261,587</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
FY 2009-10		10-6145	45,802	-
FY 2010-11		11-6145	250,264	24,923
FY 2011-12		12-6145	<u>-</u>	<u>231,594</u>
Total for program			<u>296,066</u>	<u>256,517</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
FY 2009-10		10-6145	<u>45,338</u>	<u>499</u>
Total for cluster			<u>341,404</u>	<u>257,016</u>
Special Education Cluster (IDEA)				
ARRA - Special Education - Grants to States, Recovery Act	84.391			
FY 2009-10		33310-049-SN01	<u>87,681</u>	<u>2,646</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392			
FY 2009-10		44410-049-SN01	<u>2,472</u>	<u>-</u>
Total for cluster			<u>90,153</u>	<u>2,646</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
FY 2009-10		09-6145	4,021	-
FY 2010-11		10-6145	<u>-</u>	<u>1,831</u>
Total for program			<u>4,021</u>	<u>1,831</u>
Rural Education	84.358			
FY 2009-10		09-6145	75,916	-
FY 2010-11		10-6145	<u>-</u>	<u>4,646</u>
Total for program			<u>75,916</u>	<u>4,646</u>
Improving Teacher Quality State Grants	84.367			
FY 2009-10		09-6145	46,788	2,676
FY 2010-11		10-6145	<u>5,083</u>	<u>46,748</u>
Total for program			<u>51,871</u>	<u>49,424</u>
Education Jobs Fund	84.410	11-6145	<u>-</u>	<u>171,677</u>
Total for federal grantor agency			<u>563,365</u>	<u>487,240</u>
Total federal awards expended			<u>\$ 865,945</u>	<u>\$ 748,827</u>

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

ORLEANS COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Orleans Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010-2011	2011-2012
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 8,059	\$ 8,215
National School Lunch Program	10.555	20,032	16,628

ORLEANS COMMUNITY 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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	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 Program:

Name of Federal Program or Cluster

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ORLEANS COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2013, with Allana C. Smelser, Treasurer, and Gary McClintic, Superintendent of Schools. Our audit disclosed no material items that warrant comment at this time.