

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
SHELBY COUNTY, INDIANA
July 1, 2010 to June 30, 2012



FILED
04/02/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Salli S. Rooks (Vacant) Michele Bedwell	07-01-10 to 07-31-11 08-01-11 to 08-28-11 08-29-11 to 06-30-13
Superintendent of Schools	Dr. Terry R. Sargent Paula Maurer	07-01-10 to 06-30-11 07-01-11 to 06-30-13
President of the School Board	Jerry D. Drake	07-01-10 to 06-30-13



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ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTHWESTERN CONSOLIDATED
SCHOOL DISTRICT, SHELBY COUNTY, INDIANA

We have examined the accompanying financial statement of the Southwestern Consolidated School District of Shelby County (School Corporation), for the period of July 1, 2010 to June 30, 2012. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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 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.

Our examination 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, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 6, 2013

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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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SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
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	\$ 909,687	\$ 4,165,184	\$ 4,281,488	\$ 20,552	\$ 813,935	\$ 4,178,062	\$ 4,124,740	\$ -	\$ 867,257
Debt Service	355,270	640,944	590,425	3,501	409,290	595,460	607,046	-	397,704
Retirement/Severance Bond Debt Service	33,628	58,731	56,277	-	36,082	37,153	55,315	-	17,920
Capital Projects	1,032,796	710,535	598,259	4,359	1,149,431	776,364	873,236	-	1,052,559
School Transportation	334,501	606,671	398,507	3,049	545,714	586,693	522,374	10,351	620,384
School Bus Replacement	521,931	258,906	297,171	(150,168)	333,498	177,316	126,900	-	383,914
Rainy Day	-	-	-	130,000	130,000	-	-	-	130,000
Retirement/Severance Bond	1,740	-	-	-	1,740	-	1,740	-	-
School Lunch	29,361	299,335	308,607	-	20,089	311,825	312,736	-	19,178
Textbook Rental	29,227	95,837	90,149	517	35,432	86,808	103,000	23	19,263
Levy Excess	-	-	-	10,351	10,351	-	-	(10,351)	-
Educational License Plates	559	56	291	-	324	56	-	-	380
Indiana Literacy Early Intervention Grant	-	-	-	-	-	9,001	9,001	-	-
Cape Grant Elementary	2,122	-	763	-	1,359	-	806	-	553
Gifts and Donations	99,109	5,456	103,248	-	1,317	4,176	4,261	-	1,232
Special Ag Clark Estate	60,152	9,450	9,674	-	59,928	618	10,488	-	50,058
High Ability Grant	737	27,767	28,504	-	-	-	-	-	-
Early Childhood Intervention (First Steps)	-	-	-	-	-	26,550	22,241	-	4,309
School Technology	-	7,398	7,398	-	-	61,056	7,863	-	53,193
Preschool	13,459	-	-	-	13,459	-	-	-	13,459
Excess PTRC Distributions	21,645	-	-	(21,645)	-	-	-	-	-
Educational Secretarial Work	1,574	-	-	-	1,574	-	1,574	-	-
Title I 2009-2010	11,052	13,802	11,604	(13,250)	-	-	-	-	-
Title I 2010-2011	-	123,758	129,353	13,250	7,655	4,578	12,233	-	-
Title I 2011-2012	-	-	-	-	-	124,937	130,362	-	(5,425)
Drug Free Schools	255	476	280	-	451	-	476	-	(25)
Medicaid Reimbursement - Federal	-	2,781	457	-	2,324	11,853	467	-	13,710
Improving Teaching Quality, No Child Left, Title II, Part A	29,431	6,992	44,136	-	(7,713)	20,240	12,527	-	-
Title II Part A, Improving Teacher Quality 09-10	17,000	11,000	22,860	-	5,140	14,020	19,160	-	-
Title II Part A, Improving Teacher Quality 11-12	-	-	-	-	-	1,500	1,500	-	-
Title I - Grants to LEAs - Stimulus	(120)	21,451	21,331	-	-	-	-	-	-
Special Education - Part B - Preschool	(1,175)	1,436	261	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	269,971	269,971	-	-
Payroll Withholdings	8,650	1,018,837	1,019,172	-	8,315	957,613	945,887	-	20,041
Totals	\$ 3,512,591	\$ 8,086,803	\$ 8,020,215	\$ 516	\$ 3,579,695	\$ 8,255,850	\$ 8,175,904	\$ 23	\$ 3,659,664

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

SOUTHWESTERN CONSOLIDATED SCHOOLS OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENTS

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 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.

SOUTHWESTERN CONSOLIDATED SCHOOLS OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENTS
(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.

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, 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.

F. Other Financing Sources and Uses

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

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

SOUTHWESTERN CONSOLIDATED SCHOOLS OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

SOUTHWESTERN CONSOLIDATED SCHOOLS OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

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

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

SOUTHWESTERN CONSOLIDATED SCHOOLS OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 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
Cash and investments - beginning	\$ 909,687	\$ 355,270	\$ 33,628	\$ 1,032,796	\$ 334,501	\$ 521,931	\$ -
Receipts:							
Local sources	24,722	640,944	58,731	710,535	604,342	258,906	-
Intermediate sources	244	-	-	-	-	-	-
State sources	4,129,601	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	10,617	-	-	-	2,329	-	-
Total receipts	<u>4,165,184</u>	<u>640,944</u>	<u>58,731</u>	<u>710,535</u>	<u>606,671</u>	<u>258,906</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	2,814,468	-	-	-	-	-	-
Support services	1,391,051	425	-	325,233	398,507	297,171	-
Noninstructional services	75,081	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	273,026	-	-	-
Debt services	888	590,000	56,277	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>4,281,488</u>	<u>590,425</u>	<u>56,277</u>	<u>598,259</u>	<u>398,507</u>	<u>297,171</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(116,304)</u>	<u>50,519</u>	<u>2,454</u>	<u>112,276</u>	<u>208,164</u>	<u>(38,265)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	21,297	3,501	-	4,359	3,049	1,129	130,000
Transfers out	(745)	-	-	-	-	(151,297)	-
Total other financing sources (uses)	<u>20,552</u>	<u>3,501</u>	<u>-</u>	<u>4,359</u>	<u>3,049</u>	<u>(150,168)</u>	<u>130,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(95,752)</u>	<u>54,020</u>	<u>2,454</u>	<u>116,635</u>	<u>211,213</u>	<u>(188,433)</u>	<u>130,000</u>
Cash and investments - ending	<u>\$ 813,935</u>	<u>\$ 409,290</u>	<u>\$ 36,082</u>	<u>\$ 1,149,431</u>	<u>\$ 545,714</u>	<u>\$ 333,498</u>	<u>\$ 130,000</u>

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

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Indiana Literacy Early Intervention Grant	Cape Grant Elementary
Cash and investments - beginning	\$ 1,740	\$ 29,361	\$ 29,227	\$ -	\$ 559	\$ -	\$ 2,122
Receipts:							
Local sources	-	185,541	76,435	-	-	-	-
Intermediate sources	-	-	-	-	56	-	-
State sources	-	3,354	18,745	-	-	-	-
Federal sources	-	110,166	-	-	-	-	-
Other	-	274	657	-	-	-	-
Total receipts	-	299,335	95,837	-	56	-	-
Disbursements:							
Current:							
Instruction	-	-	-	-	291	-	763
Support services	-	337	90,149	-	-	-	-
Noninstructional services	-	308,270	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	308,607	90,149	-	291	-	763
Excess (deficiency) of receipts over disbursements	-	(9,272)	5,688	-	(235)	-	(763)
Other financing sources (uses):							
Sale of capital assets	-	-	517	-	-	-	-
Transfers in	-	-	-	10,351	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	517	10,351	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,272)	6,205	10,351	(235)	-	(763)
Cash and investments - ending	\$ 1,740	\$ 20,089	\$ 35,432	\$ 10,351	\$ 324	\$ -	\$ 1,359

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

	Gifts and Donations	Special Ag Clark Estate	High Ability Grant	Early Childhood Intervention (First Steps)	School Technology	Preschool	Excess PTRC Distributions
Cash and investments - beginning	\$ 99,109	\$ 60,152	\$ 737	\$ -	\$ -	\$ 13,459	\$ 21,645
Receipts:							
Local sources	5,456	177	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	27,767	-	7,398	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	9,273	-	-	-	-	-
Total receipts	<u>5,456</u>	<u>9,450</u>	<u>27,767</u>	<u>-</u>	<u>7,398</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	1,309	9,674	21,767	-	-	-	-
Support services	101,750	-	6,737	-	7,398	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	189	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>103,248</u>	<u>9,674</u>	<u>28,504</u>	<u>-</u>	<u>7,398</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(97,792)</u>	<u>(224)</u>	<u>(737)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	(10,351)
Transfers out	-	-	-	-	-	-	(11,294)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,645)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(97,792)</u>	<u>(224)</u>	<u>(737)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,645)</u>
Cash and investments - ending	<u>\$ 1,317</u>	<u>\$ 59,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,459</u>	<u>\$ -</u>

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

	Educational Secretarial Work	Title I 2009-2010	Title I 2010-2011	Title I 2011-2012	Drug Free Schools	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ 1,574	\$ 11,052	\$ -	\$ -	\$ 255	\$ -	\$ 29,431
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	13,802	123,758	-	476	2,781	6,992
Other	-	-	-	-	-	-	-
Total receipts	-	13,802	123,758	-	476	2,781	6,992
Disbursements:							
Current:							
Instruction	-	11,604	128,992	-	-	457	19,899
Support services	-	-	-	-	280	-	24,237
Noninstructional services	-	-	361	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	11,604	129,353	-	280	457	44,136
Excess (deficiency) of receipts over disbursements	-	2,198	(5,595)	-	196	2,324	(37,144)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	13,250	-	-	-	-
Transfers out	-	(13,250)	-	-	-	-	-
Total other financing sources (uses)	-	(13,250)	13,250	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11,052)	7,655	-	196	2,324	(37,144)
Cash and investments - ending	\$ 1,574	\$ -	\$ 7,655	\$ -	\$ 451	\$ 2,324	\$ (7,713)

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 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 Improving Teacher Quality 09-10	Title II, Part A Improving Teacher Quality 11-12	Title I Grants to LEAs Stimulus	Special Education Part B Preschool	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 17,000	\$ -	\$ (120)	\$ (1,175)	\$ -	\$ 8,650	\$ 3,512,591
Receipts:							
Local sources	-	-	-	-	-	-	2,565,789
Intermediate sources	-	-	-	-	-	-	300
State sources	-	-	-	-	-	-	4,186,865
Federal sources	11,000	-	21,451	1,436	-	-	291,862
Other	-	-	-	-	-	1,018,837	1,041,987
Total receipts	<u>11,000</u>	<u>-</u>	<u>21,451</u>	<u>1,436</u>	<u>-</u>	<u>1,018,837</u>	<u>8,086,803</u>
Disbursements:							
Current:							
Instruction	-	-	18,588	261	-	-	3,028,073
Support services	22,860	-	-	-	-	-	2,666,135
Noninstructional services	-	-	2,743	-	-	-	386,455
Facilities acquisition and construction	-	-	-	-	-	-	273,215
Debt services	-	-	-	-	-	-	647,165
Nonprogrammed charges	-	-	-	-	-	1,019,172	1,019,172
Total disbursements	<u>22,860</u>	<u>-</u>	<u>21,331</u>	<u>261</u>	<u>-</u>	<u>1,019,172</u>	<u>8,020,215</u>
Excess (deficiency) of receipts over disbursements	<u>(11,860)</u>	<u>-</u>	<u>120</u>	<u>1,175</u>	<u>-</u>	<u>(335)</u>	<u>66,588</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	517
Transfers in	-	-	-	-	-	-	176,585
Transfers out	-	-	-	-	-	-	(176,586)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>516</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(11,860)</u>	<u>-</u>	<u>120</u>	<u>1,175</u>	<u>-</u>	<u>(335)</u>	<u>67,104</u>
Cash and investments - ending	<u>\$ 5,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,315</u>	<u>\$ 3,579,695</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 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
Cash and investments - beginning	\$ 813,935	\$ 409,290	\$ 36,082	\$ 1,149,431	\$ 545,714	\$ 333,498	\$ 130,000
Receipts:							
Local sources	64,118	595,460	37,153	641,379	583,374	177,316	-
Intermediate sources	1,942	-	-	-	-	-	-
State sources	4,077,203	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	134,985	-	-	-
Other	34,799	-	-	-	3,319	-	-
Total receipts	<u>4,178,062</u>	<u>595,460</u>	<u>37,153</u>	<u>776,364</u>	<u>586,693</u>	<u>177,316</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	2,643,113	-	-	-	-	-	-
Support services	1,401,844	3,096	-	278,944	522,374	126,900	-
Noninstructional services	79,783	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	459,307	-	-	-
Debt services	-	603,950	55,315	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	134,985	-	-	-
Total disbursements	<u>4,124,740</u>	<u>607,046</u>	<u>55,315</u>	<u>873,236</u>	<u>522,374</u>	<u>126,900</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>53,322</u>	<u>(11,586)</u>	<u>(18,162)</u>	<u>(96,872)</u>	<u>64,319</u>	<u>50,416</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	10,351	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,351</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>53,322</u>	<u>(11,586)</u>	<u>(18,162)</u>	<u>(96,872)</u>	<u>74,670</u>	<u>50,416</u>	<u>-</u>
Cash and investments - ending	<u>\$ 867,257</u>	<u>\$ 397,704</u>	<u>\$ 17,920</u>	<u>\$ 1,052,559</u>	<u>\$ 620,384</u>	<u>\$ 383,914</u>	<u>\$ 130,000</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Indiana Literacy Early Intervention Grant	Cape Grant Elementary
Cash and investments - beginning	\$ 1,740	\$ 20,089	\$ 35,432	\$ 10,351	\$ 324	\$ -	\$ 1,359
Receipts:							
Local sources	-	184,267	65,085	-	-	-	-
Intermediate sources	-	-	-	-	56	-	-
State sources	-	3,115	21,060	-	-	9,001	-
Federal sources	-	124,169	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	274	663	-	-	-	-
Total receipts	-	311,825	86,808	-	56	9,001	-
Disbursements:							
Current:							
Instruction	1,598	-	-	-	-	170	806
Support services	142	339	103,000	-	-	8,831	-
Noninstructional services	-	312,397	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,740	312,736	103,000	-	-	9,001	806
Excess (deficiency) of receipts over disbursements	(1,740)	(911)	(16,192)	-	56	-	(806)
Other financing sources (uses):							
Sale of capital assets	-	-	23	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(10,351)	-	-	-
Total other financing sources (uses)	-	-	23	(10,351)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,740)	(911)	(16,169)	(10,351)	56	-	(806)
Cash and investments - ending	\$ -	\$ 19,178	\$ 19,263	\$ -	\$ 380	\$ -	\$ 553

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Gifts and Donations	Special Ag Clark Estate	High Ability Grant	Early Childhood Intervention (First Steps)	School Technology	Preschool	Excess PTRC Distributions
Cash and investments - beginning	\$ 1,317	\$ 59,928	\$ -	\$ -	\$ -	\$ 13,459	\$ -
Receipts:							
Local sources	4,176	305	-	-	53,658	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	26,550	7,398	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	313	-	-	-	-	-
Total receipts	<u>4,176</u>	<u>618</u>	<u>-</u>	<u>26,550</u>	<u>61,056</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	2,035	10,376	-	5,248	-	-	-
Support services	2,226	112	-	16,993	7,863	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>4,261</u>	<u>10,488</u>	<u>-</u>	<u>22,241</u>	<u>7,863</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(85)</u>	<u>(9,870)</u>	<u>-</u>	<u>4,309</u>	<u>53,193</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
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>(85)</u>	<u>(9,870)</u>	<u>-</u>	<u>4,309</u>	<u>53,193</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,232</u>	<u>\$ 50,058</u>	<u>\$ -</u>	<u>\$ 4,309</u>	<u>\$ 53,193</u>	<u>\$ 13,459</u>	<u>\$ -</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Educational Secretarial Work	Title I 2009-2010	Title I 2010-2011	Title I 2011-2012	Drug Free Schools	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ 1,574	\$ -	\$ 7,655	\$ -	\$ 451	\$ 2,324	\$ (7,713)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	4,578	124,937	-	11,853	20,240
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	4,578	124,937	-	11,853	20,240
Disbursements:							
Current:							
Instruction	-	-	11,976	127,622	-	467	-
Support services	1,574	-	257	243	476	-	12,527
Noninstructional services	-	-	-	2,497	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,574	-	12,233	130,362	476	467	12,527
Excess (deficiency) of receipts over disbursements	(1,574)	-	(7,655)	(5,425)	(476)	11,386	7,713
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	(1,574)	-	(7,655)	(5,425)	(476)	11,386	7,713
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (5,425)	\$ (25)	\$ 13,710	\$ -

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
 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 Improving Teacher Quality 09-10	Title II, Part A Improving Teacher Quality 11-12	Title I Grants to LEAs Stimulus	Special Education Part B Preschool	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 5,140	\$ -	\$ -	\$ -	\$ -	\$ 8,315	\$ 3,579,695
Receipts:							
Local sources	-	-	-	-	-	-	2,406,291
Intermediate sources	-	-	-	-	-	-	1,998
State sources	-	-	-	-	-	-	4,144,327
Federal sources	14,020	1,500	-	-	134,986	-	436,283
Interfund loans	-	-	-	-	134,985	-	269,970
Other	-	-	-	-	-	957,613	996,981
Total receipts	<u>14,020</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>269,971</u>	<u>957,613</u>	<u>8,255,850</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	105,753	-	2,909,164
Support services	19,160	1,500	-	-	29,233	-	2,537,634
Noninstructional services	-	-	-	-	-	-	394,677
Facilities acquisition and construction	-	-	-	-	-	-	459,307
Debt services	-	-	-	-	-	-	659,265
Nonprogrammed charges	-	-	-	-	-	945,887	945,887
Interfund loans	-	-	-	-	134,985	-	269,970
Total disbursements	<u>19,160</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>269,971</u>	<u>945,887</u>	<u>8,175,904</u>
Excess (deficiency) of receipts over disbursements	<u>(5,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,726</u>	<u>79,946</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	23
Transfers in	-	-	-	-	-	-	10,351
Transfers out	-	-	-	-	-	-	(10,351)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,726</u>	<u>79,969</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,041</u>	<u>\$ 3,659,664</u>

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
EXAMINATION RESULT AND COMMENT

ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

Based on audit information obtained from the Indiana Department of Education, the School Corporation had submitted a count of 18 honors diplomas. The names presented for examination indicated 15 honors diplomas were issued.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

SOUTHWESTERN CONSOLIDATED SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2013, with Michele Bedwell, Treasurer, and Jerry D. Drake, President of the School Board. The officials concurred with our finding.

The contents of this report were discussed on February 6, 2013, with Paula Maurer, Superintendent of Schools. The Official Response has been made a part of this report and may be found on page 26.



Mrs. Paula Maurer
Superintendent

Mrs. Michele Bedwell
Treasurer

Mrs. Lyvonne Rowe
Deputy Treasurer

Mrs. Susan Neville
Technology Coordinator

February 7, 2013

Teresa Moody
State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204

Ms. Moody:

This letter is an official response from the superintendent of Southwestern Consolidated Schools of Shelby County to the audit findings of the State Board of Accounts.

I concur with the finding that Southwestern had a discrepancy in the number of students receiving Honors diplomas and the number submitted to the DOE in 2010. The error seems to have occurred because the number of students honored at our spring Senior Awards Program was 18; however, when actual GPA's were calculated at the end of the year, three of those did not meet the required criteria and did not receive Honors diplomas. We will have the principal check with the counselor for accuracy before submitting those numbers in the future.

Sincerely,

Paula Maurer, Superintendent
Southwestern Consolidated Schools of Shelby County
3406 W 600 S
Shelbyville, IN 46176
317-729-5746

406 West 600 South
Shelbyville, Indiana 46176-9632
317-729-5746
Fax 317-729-5330
www.swshelby.k12.in.us

Our mission is to encourage, challenge, explore, and strive for excellence.