

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SEYMOUR COMMUNITY SCHOOLS
JACKSON COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/27/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy R. Lumley	07-01-11 to 09-27-13
	(Vacant)	09-28-13 to 01-05-14
	Steve Nauman	01-06-14 to 06-30-14
Superintendent of Schools	Dr. Teran Armstrong	07-01-11 to 08-24-12
	Robert Mahan (Interim)	08-25-12 to 09-30-12
	Robert D. Hooker (Interim)	10-01-12 to 06-30-13
	Robert D. Hooker	07-01-13 to 06-30-16
President of the School Board	Martha McIntire	07-01-11 to 06-30-12
	Art Juergens	07-01-12 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Seymour Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2014, 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* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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 records 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.


Paul D. Joyce, CPA
State Examiner

March 13, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, 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, the financial statement of the Seymour Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated March 13, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

INDEPENDENT AUDITOR'S 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002.

Seymour Community Schools' Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 13, 2014

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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.

SEYMOUR COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 155,699	\$ 24,713,198	\$ 23,418,620	\$ 10,877	\$ 1,461,154	\$ 26,373,262	\$ 24,827,156	\$ 19,646	\$ 3,026,906
Debt Service	1,871,671	3,898,192	3,921,578	(29,096)	1,819,189	3,458,756	3,881,950	-	1,395,995
Retirement/Severance Bond Debt Service	39,112	307,611	315,033	-	31,690	306,797	317,731	-	20,756
Capital Projects	7,497,848	3,956,801	3,131,669	(29,824)	8,293,156	4,014,822	3,638,692	-	8,669,286
School Transportation	388,021	1,294,740	1,422,690	6,666	266,737	1,287,297	1,469,525	105,796	190,305
School Bus Replacement	(27,239)	385,617	600	(2,962)	354,816	354,765	581,782	-	127,799
Rainy Day	3,383,439	-	53,258	-	3,330,181	-	91,424	-	3,238,757
Construction	55,763	-	-	-	55,763	-	-	-	55,763
School Lunch	422,730	2,097,498	2,075,396	-	444,832	2,237,596	2,097,830	-	584,598
Textbook Rental	358,438	516,635	697,559	-	177,514	467,909	378,544	-	266,879
Self-Insurance	1,439,331	4,893,538	4,925,092	-	1,407,777	5,362,934	5,930,161	-	840,550
Levy Excess	-	-	-	71,200	71,200	28,097	-	(93,467)	5,830
Educational License Plates	3,710	469	60	-	4,119	394	1,524	-	2,989
Alternative Education	15,479	16,268	-	-	31,747	14,614	33,658	-	12,703
Early Intervention Grant	-	51,000	51,000	-	-	-	-	-	-
Instruction Support	925	-	-	-	925	-	-	-	925
ECO 15 Grant	-	1,063	1,063	-	-	-	-	-	-
Pepsi Building Allocation	-	3,000	3,000	-	-	3,000	3,000	-	-
Pepsi Corp Allocation	19,923	20,000	8,977	-	30,946	25,000	11,775	-	44,171
Comm Found/J Otte/DOC Camera	250	-	250	-	-	-	-	-	-
Cortland Library Donation	-	500	500	-	-	-	-	-	-
Community Foundation Jackson IPADS	-	20,000	20,000	-	-	-	-	-	-
Summer Adv/Trans/Cummins	10,498	5,000	7,350	-	8,148	-	6,807	-	1,341
Down Syndrome Grant	-	-	-	-	-	1,800	-	-	1,800
Brown Vectren Donation	-	500	-	-	500	-	500	-	-
Kremers Jackson PTO Donation	-	-	-	-	-	500	500	-	-
Jackson Elementary/Community Foundation	-	-	-	-	-	229	229	-	-
River Valley Bank Donation	-	-	-	-	-	2,000	51	-	1,949
Aisin Art Donation Fund	4,375	-	-	-	4,375	-	194	-	4,181
M R Brown Fund	30,630	-	1,683	-	28,947	-	1,579	-	27,368
James Emily Scholarship	5,000	-	-	-	5,000	-	1,000	-	4,000
G.B. Burkhardt Scholarship Fund	47,763	46,800	18,375	-	76,188	60,065	38,750	-	97,503
2010-2011 G/T Grant	3,872	-	3,872	-	-	-	-	-	-
2011-2012 G/T Grant	-	41,613	39,101	-	2,512	-	2,512	-	-

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

SEYMOUR COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
2012-2013 High Ability Grant	-	-	-	-	-	39,575	31,833	-	7,742
Medicaid Reimbursement	-	18,556	-	(10,877)	7,679	15,829	-	(12,313)	11,195
Non-English Speaking Programs P.L. 273-1999	1,772	-	-	-	1,772	-	-	-	1,772
2010-2011 Non-English Speaking	82	-	82	-	-	-	-	-	-
2011-2012 Non-English Speaking	-	33,626	19,064	-	14,562	-	14,562	-	-
2012-13 NESP	-	-	-	-	-	23,568	23,347	-	221
School Technology	4,894	4,275	-	-	9,169	5,856	-	-	15,025
School Farm	130,639	1,833	50,306	102,523	184,689	2,541	81,286	153,940	259,884
Senator David Ford Technology	-	-	-	-	-	30,000	24,267	-	5,733
2010-2011 Title I	(15,893)	155,277	108,331	(31,053)	-	-	-	-	-
2011-2012 Title I	-	301,656	447,897	15,069	(131,172)	380,396	236,895	(12,329)	-
2012-2013 Title I	-	-	-	-	-	268,426	413,579	-	(145,153)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(1,074)	3,007	1,933	-	-	-	-	-	-
2010 - 2011 IDEA	(39,313)	135,040	98,933	-	(3,206)	3,206	-	-	-
2011 -2012 IDEA	-	734,695	853,693	-	(118,998)	236,662	117,664	-	-
2012-2013 IDEA	-	-	-	-	-	728,149	797,737	-	(69,588)
2010-2011 Preschool	(3,672)	5,338	1,666	-	-	-	-	-	-
2011-2012 Preschool	-	28,931	28,931	-	-	-	-	-	-
2012-2013 Preschool	-	-	-	-	-	32,273	32,273	-	-
2009-2010 Drug Grant	(5,802)	7,666	2,041	-	(177)	1,906	1,729	-	-
Medicaid Reimbursement - Federal	-	34,387	3,735	-	30,652	29,574	41,526	-	18,700
2010-2011 Class Red Title II, Part A	(60,580)	151,049	90,899	-	(430)	2,394	1,964	-	-
2011-2012 Title II A	-	31,044	32,133	-	(1,089)	74,835	74,462	-	(716)
2010-2011 Language Minority Title III	(30,914)	43,826	12,912	-	-	-	-	-	-
2011-2012 Title III	-	12,359	15,593	-	(3,234)	20,863	17,629	-	-
2012-2013 Title III	-	-	-	-	-	24,152	28,674	-	(4,522)
Insurance Reimbursement	480	-	-	-	480	-	480	-	-
Title I - Grants to LEAs	43,911	-	43,911	-	-	-	-	-	-
Special Education - Part B	(6,386)	229,446	223,060	-	-	-	-	-	-
Special Education - Part B - Preschool	(20,861)	22,261	1,400	-	-	-	-	-	-
Qualified School Construction Bond	676,389	-	544,188	-	132,201	-	132,201	-	-
Education Jobs	-	771,477	771,477	-	-	15,753	15,753	-	-
Payroll Withholdings	106,440	7,536,695	7,478,099	-	165,036	7,954,877	8,038,349	-	81,564
Totals	\$ 16,507,350	\$ 52,532,487	\$ 50,947,010	\$ 102,523	\$ 18,195,350	\$ 53,890,672	\$ 53,443,084	\$ 161,273	\$ 18,804,211

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

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 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 include the following:

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

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(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.

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. 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

For the year ended June 30, 2012, a change has been made to a beginning balance of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of the restated beginning balance.

SEYMOUR COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Fund Name	Balance as Reported June 30, 2011	New Fund	Balance as Restated July 1, 2011
Payroll Withholdings	\$ -	\$ 106,440	\$ 106,440

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with the Seymour 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 during the years ending June 30, 2012 and 2013, totaled \$1,975,000 and \$1,974,500, respectively.

The School Corporation has entered into a capital lease with the Community High School Building Corporation of Seymour (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 during the years ending June 30, 2012 and 2013, totaled \$1,691,000 and \$1,690,000, respectively.

Note 10. Subsequent Events

On December 23, 2013, the School Corporation refunded the Taxable General Obligations Bonds of 2004, with an outstanding principal balance of \$2,680,000. As a result of the bond refunding, the School Corporation estimated there will be a savings of \$98,329 in interest expense over the term of the bond.

On December 30, 2013, the School Corporation issued General Obligation Bonds of 2013 in the amount of \$2,000,000 with an interest rate of 1.5 percent to fund the renovation of and addition to Brown Elementary School. The initial payment on the bond proceeds is due July 15, 2014, and the final payment will be due January 15, 2016.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: health insurance benefits. 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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 155,699	\$ 1,871,671	\$ 39,112	\$ 7,497,848	\$ 388,021	\$ (27,239)	\$ 3,383,439	\$ 55,763	\$ 422,730	\$ 358,438
Receipts:										
Local sources	289,628	3,898,192	307,611	3,956,801	1,289,519	385,617	-	-	801,302	342,437
Intermediate sources	14,540	-	-	-	-	-	-	-	-	-
State sources	24,409,030	-	-	-	-	-	-	-	-	174,198
Federal sources	-	-	-	-	-	-	-	-	1,296,196	-
Other	-	-	-	-	5,221	-	-	-	-	-
Total receipts	24,713,198	3,898,192	307,611	3,956,801	1,294,740	385,617	-	-	2,097,498	516,635
Disbursements:										
Current:										
Instruction	16,554,082	-	-	-	-	-	43,386	-	-	-
Support services	6,483,099	-	-	2,296,566	1,422,690	600	9,872	-	-	697,559
Noninstructional services	381,439	-	-	-	-	-	-	-	1,975,396	-
Facilities acquisition and construction	-	-	-	835,103	-	-	-	-	-	-
Debt services	-	3,921,578	315,033	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	100,000	-
Total disbursements	23,418,620	3,921,578	315,033	3,131,669	1,422,690	600	53,258	-	2,075,396	697,559
Excess (deficiency) of receipts over disbursements	1,294,578	(23,386)	(7,422)	825,132	(127,950)	385,017	(53,258)	-	22,102	(180,924)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	10,877	-	-	-	15,984	-	-	-	-	-
Transfers out	-	(29,096)	-	(29,824)	(9,318)	(2,962)	-	-	-	-
Total other financing sources (uses)	10,877	(29,096)	-	(29,824)	6,666	(2,962)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,305,455	(52,482)	(7,422)	795,308	(121,284)	382,055	(53,258)	-	22,102	(180,924)
Cash and investments - ending	\$ 1,461,154	\$ 1,819,189	\$ 31,690	\$ 8,293,156	\$ 266,737	\$ 354,816	\$ 3,330,181	\$ 55,763	\$ 444,832	\$ 177,514

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

	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Instruction Support	ECO 15 Grant	Pepsi Building Allocation	Pepsi Corp Allocation	Comm Found/ J OTTE/ DOC Camera
Cash and investments - beginning	\$ 1,439,331	\$ -	\$ 3,710	\$ 15,479	\$ -	\$ 925	\$ -	\$ -	\$ 19,923	\$ 250
Receipts:										
Local sources	4,893,538	-	-	-	-	-	1,063	3,000	20,000	-
Intermediate sources	-	-	469	-	-	-	-	-	-	-
State sources	-	-	-	16,268	51,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	4,893,538	-	469	16,268	51,000	-	1,063	3,000	20,000	-
Disbursements:										
Current:										
Instruction	-	-	-	-	45,000	-	988	-	-	-
Support services	-	-	60	-	6,000	-	75	3,000	8,977	250
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	4,925,092	-	-	-	-	-	-	-	-	-
Total disbursements	4,925,092	-	60	-	51,000	-	1,063	3,000	8,977	250
Excess (deficiency) of receipts over disbursements	(31,554)	-	409	16,268	-	-	-	-	11,023	(250)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	71,200	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	71,200	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,554)	71,200	409	16,268	-	-	-	-	11,023	(250)
Cash and investments - ending	\$ 1,407,777	\$ 71,200	\$ 4,119	\$ 31,747	\$ -	\$ 925	\$ -	\$ -	\$ 30,946	\$ -

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

	Cortland Library Donation	Community Foundation Jackson IPADS	Summer Adv/Trans/ Cummins	Brown Vectren Donation	Aisin Art Donation Fund	M R Brown Fund	James Emily Scholarship	G.B. Burkhart Scholarship Fund	2010-2011 G/T Grant	2011-2012 G/T Grant
Cash and investments - beginning	\$ -	\$ -	\$ 10,498	\$ -	\$ 4,375	\$ 30,630	\$ 5,000	\$ 47,763	\$ 3,872	\$ -
Receipts:										
Local sources	500	20,000	5,000	500	-	-	-	46,800	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	41,613
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	500	20,000	5,000	500	-	-	-	46,800	-	41,613
Disbursements:										
Current:										
Instruction	-	-	498	-	-	-	-	-	3,575	39,101
Support services	500	20,000	6,852	-	-	-	-	-	297	-
Noninstructional services	-	-	-	-	-	1,683	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	18,375	-	-
Total disbursements	500	20,000	7,350	-	-	1,683	-	18,375	3,872	39,101
Excess (deficiency) of receipts over disbursements	-	-	(2,350)	500	-	(1,683)	-	28,425	(3,872)	2,512
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	-	-	(2,350)	500	-	(1,683)	-	28,425	(3,872)	2,512
Cash and investments - ending	\$ -	\$ -	\$ 8,148	\$ 500	\$ 4,375	\$ 28,947	\$ 5,000	\$ 76,188	\$ -	\$ 2,512

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

	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	2010-2011 Non-English Speaking	2011-2012 Non-English Speaking	School Technology	School Farm	2010-2011 Title I	2011-2012 Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ 1,772	\$ 82	\$ -	\$ 4,894	\$ 130,639	\$ (15,893)	\$ -	\$ (1,074)
Receipts:									
Local sources	-	-	-	-	-	1,833	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	18,556	-	-	33,626	4,275	-	-	-	-
Federal sources	-	-	-	-	-	-	155,277	301,656	3,007
Other	-	-	-	-	-	-	-	-	-
Total receipts	18,556	-	-	33,626	4,275	1,833	155,277	301,656	3,007
Disbursements:									
Current:									
Instruction	-	-	82	19,064	-	47,706	81,298	328,803	1,933
Support services	-	-	-	-	-	600	21,832	117,374	-
Noninstructional services	-	-	-	-	-	-	5,201	1,720	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	2,000	-	-	-
Total disbursements	-	-	82	19,064	-	50,306	108,331	447,897	1,933
Excess (deficiency) of receipts over disbursements	18,556	-	(82)	14,562	4,275	(48,473)	46,946	(146,241)	1,074
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	102,523	-	-	-
Transfers in	-	-	-	-	-	-	-	31,053	-
Transfers out	(10,877)	-	-	-	-	-	(31,053)	(15,984)	-
Total other financing sources (uses)	(10,877)	-	-	-	-	102,523	(31,053)	15,069	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,679	-	(82)	14,562	4,275	54,050	15,893	(131,172)	1,074
Cash and investments - ending	\$ 7,679	\$ 1,772	\$ -	\$ 14,562	\$ 9,169	\$ 184,689	\$ -	\$ (131,172)	\$ -

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

	2010-2011 IDEA	2011-2012 IDEA	2010-2011 Preschool	2011-2012 Preschool	2009-2010 Drug Grant	Medicaid Reimbursement Federal	2010-2011 Class Red Title II, Part A	2011-2012 Title II A	2010-2011 Language Minority Title III
Cash and investments - beginning	\$ (39,313)	\$ -	\$ (3,672)	\$ -	\$ (5,802)	\$ -	\$ (60,580)	\$ -	\$ (30,914)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	135,040	734,695	5,338	28,931	7,666	34,387	151,049	31,044	43,826
Other	-	-	-	-	-	-	-	-	-
Total receipts	135,040	734,695	5,338	28,931	7,666	34,387	151,049	31,044	43,826
Disbursements:									
Current:									
Instruction	93,356	756,821	1,666	28,931	-	-	89,667	-	12,672
Support services	5,577	96,872	-	-	2,041	3,735	1,232	32,133	240
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	98,933	853,693	1,666	28,931	2,041	3,735	90,899	32,133	12,912
Excess (deficiency) of receipts over disbursements	36,107	(118,998)	3,672	-	5,625	30,652	60,150	(1,089)	30,914
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	36,107	(118,998)	3,672	-	5,625	30,652	60,150	(1,089)	30,914
Cash and investments - ending	\$ (3,206)	\$ (118,998)	\$ -	\$ -	\$ (177)	\$ 30,652	\$ (430)	\$ (1,089)	\$ -

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

	2011-2012 Title III	Insurance Reimbursement	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Qualified School Construction Bond	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 480	\$ 43,911	\$ (6,386)	\$ (20,861)	\$ 676,389	\$ -	\$ 106,440	\$ 16,507,350
Receipts:									
Local sources	-	-	-	-	-	-	-	-	16,263,341
Intermediate sources	-	-	-	-	-	-	-	-	15,009
State sources	-	-	-	-	-	-	-	-	24,748,566
Federal sources	12,359	-	-	229,446	22,261	-	771,477	-	3,963,655
Other	-	-	-	-	-	-	-	7,536,695	7,541,916
Total receipts	12,359	-	-	229,446	22,261	-	771,477	7,536,695	52,532,487
Disbursements:									
Current:									
Instruction	15,593	-	24,896	69,015	1,400	-	771,477	-	19,031,010
Support services	-	-	17,905	24,741	-	-	-	-	11,280,679
Noninstructional services	-	-	1,110	-	-	-	-	-	2,366,549
Facilities acquisition and construction	-	-	-	129,304	-	544,188	-	-	1,508,595
Debt services	-	-	-	-	-	-	-	-	4,236,611
Nonprogrammed charges	-	-	-	-	-	-	-	7,478,099	12,523,566
Total disbursements	15,593	-	43,911	223,060	1,400	544,188	771,477	7,478,099	50,947,010
Excess (deficiency) of receipts over disbursements	(3,234)	-	(43,911)	6,386	20,861	(544,188)	-	58,596	1,585,477
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	102,523
Transfers in	-	-	-	-	-	-	-	-	129,114
Transfers out	-	-	-	-	-	-	-	-	(129,114)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	102,523
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,234)	-	(43,911)	6,386	20,861	(544,188)	-	58,596	1,688,000
Cash and investments - ending	\$ (3,234)	\$ 480	\$ -	\$ -	\$ -	\$ 132,201	\$ -	\$ 165,036	\$ 18,195,350

SEYMOUR COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Serverance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,461,154	\$ 1,819,189	\$ 31,690	\$ 8,293,156	\$ 266,737	\$ 354,816	\$ 3,330,181	\$ 55,763	\$ 444,832
Receipts:									
Local sources	293,915	3,458,756	306,797	4,014,822	1,286,689	354,765	-	-	862,248
Intermediate sources	14,091	-	-	-	-	-	-	-	-
State sources	26,065,256	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	1,375,348
Other	-	-	-	-	608	-	-	-	-
Total receipts	<u>26,373,262</u>	<u>3,458,756</u>	<u>306,797</u>	<u>4,014,822</u>	<u>1,287,297</u>	<u>354,765</u>	<u>-</u>	<u>-</u>	<u>2,237,596</u>
Disbursements:									
Current:									
Instruction	17,655,292	-	-	-	-	-	43,387	-	-
Support services	6,812,163	-	-	2,487,667	1,469,525	581,782	9,872	-	-
Noninstructional services	359,701	-	-	-	-	-	38,165	-	1,997,830
Facilities acquisition and construction	-	-	-	1,151,025	-	-	-	-	-
Debt services	-	3,881,950	317,731	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	100,000
Total disbursements	<u>24,827,156</u>	<u>3,881,950</u>	<u>317,731</u>	<u>3,638,692</u>	<u>1,469,525</u>	<u>581,782</u>	<u>91,424</u>	<u>-</u>	<u>2,097,830</u>
Excess (deficiency) of receipts over disbursements	<u>1,546,106</u>	<u>(423,194)</u>	<u>(10,934)</u>	<u>376,130</u>	<u>(182,228)</u>	<u>(227,017)</u>	<u>(91,424)</u>	<u>-</u>	<u>139,766</u>
Other financing sources (uses):									
Sale of capital assets	7,333	-	-	-	-	-	-	-	-
Transfers in	12,313	-	-	-	105,796	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>19,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,565,752</u>	<u>(423,194)</u>	<u>(10,934)</u>	<u>376,130</u>	<u>(76,432)</u>	<u>(227,017)</u>	<u>(91,424)</u>	<u>-</u>	<u>139,766</u>
Cash and investments - ending	<u>\$ 3,026,906</u>	<u>\$ 1,395,995</u>	<u>\$ 20,756</u>	<u>\$ 8,669,286</u>	<u>\$ 190,305</u>	<u>\$ 127,799</u>	<u>\$ 3,238,757</u>	<u>\$ 55,763</u>	<u>\$ 584,598</u>

SEYMOUR COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	Instruction Support	Pepsi Building Allocation	Pepsi Corp Allocation	Summer Adv/Trans/ Cummins
Cash and investments - beginning	\$ 177,514	\$ 1,407,777	\$ 71,200	\$ 4,119	\$ 31,747	\$ 925	\$ -	\$ 30,946	\$ 8,148
Receipts:									
Local sources	292,208	5,362,934	28,097	-	-	-	3,000	25,000	-
Intermediate sources	-	-	-	394	-	-	-	-	-
State sources	175,701	-	-	-	14,614	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	467,909	5,362,934	28,097	394	14,614	-	3,000	25,000	-
Disbursements:									
Current:									
Instruction	-	-	-	-	33,658	-	-	-	-
Support services	378,544	-	-	1,524	-	-	3,000	11,775	6,807
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	5,930,161	-	-	-	-	-	-	-
Total disbursements	378,544	5,930,161	-	1,524	33,658	-	3,000	11,775	6,807
Excess (deficiency) of receipts over disbursements	89,365	(567,227)	28,097	(1,130)	(19,044)	-	-	13,225	(6,807)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(93,467)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(93,467)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	89,365	(567,227)	(65,370)	(1,130)	(19,044)	-	-	13,225	(6,807)
Cash and investments - ending	\$ 266,879	\$ 840,550	\$ 5,830	\$ 2,989	\$ 12,703	\$ 925	\$ -	\$ 44,171	\$ 1,341

SEYMOUR COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Down Syndrome Grant	Brown Vectren Donation	Kremers Jackson PTO Donation	Jackson Elementary/ Community Foundation	River Valley Bank Donation	Aisin Art Donation Fund	M R Brown Fund	James Emily Scholarship	G.B. Burkhart Scholarship Fund
Cash and investments - beginning	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 4,375	\$ 28,947	\$ 5,000	\$ 76,188
Receipts:									
Local sources	1,800	-	500	229	2,000	-	-	-	60,065
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,800	-	500	229	2,000	-	-	-	60,065
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	500	500	229	51	194	-	-	-
Noninstructional services	-	-	-	-	-	-	1,579	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,000	38,750
Total disbursements	-	500	500	229	51	194	1,579	1,000	38,750
Excess (deficiency) of receipts over disbursements	1,800	(500)	-	-	1,949	(194)	(1,579)	(1,000)	21,315
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	1,800	(500)	-	-	1,949	(194)	(1,579)	(1,000)	21,315
Cash and investments - ending	\$ 1,800	\$ -	\$ -	\$ -	\$ 1,949	\$ 4,181	\$ 27,368	\$ 4,000	\$ 97,503

SEYMOUR COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	2011-2012 G/T Grant	2012-2013 High Ability Grant	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	2011-2012 Non-English Speaking	2012-2013 NESP	School Technology	School Farm	Senator David Ford Technology
Cash and investments - beginning	\$ 2,512	\$ -	\$ 7,679	\$ 1,772	\$ 14,562	\$ -	\$ 9,169	\$ 184,689	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	2,541	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	39,575	15,829	-	-	23,568	5,856	-	30,000
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	39,575	15,829	-	-	23,568	5,856	2,541	30,000
Disbursements:									
Current:									
Instruction	2,512	31,833	-	-	14,562	23,347	-	77,686	-
Support services	-	-	-	-	-	-	-	600	24,267
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	3,000	-
Total disbursements	2,512	31,833	-	-	14,562	23,347	-	81,286	24,267
Excess (deficiency) of receipts over disbursements	(2,512)	7,742	15,829	-	(14,562)	221	5,856	(78,745)	5,733
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	153,940	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(12,313)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(12,313)	-	-	-	-	153,940	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,512)	7,742	3,516	-	(14,562)	221	5,856	75,195	5,733
Cash and investments - ending	\$ -	\$ 7,742	\$ 11,195	\$ 1,772	\$ -	\$ 221	\$ 15,025	\$ 259,884	\$ 5,733

SEYMOUR COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	2011-2012 Title I	2012-2013 Title I	2010-2011 IDEA	2011-2012 IDEA	2012-2013 IDEA	2012-2013 Preschool	2009-2010 Drug Grant	Medicaid Reimbursement Federal	2010-2011 Class Red Title II, Part A
Cash and investments - beginning	\$ (131,172)	\$ -	\$ (3,206)	\$ (118,998)	\$ -	\$ -	\$ (177)	\$ 30,652	\$ (430)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	380,396	268,426	3,206	236,662	728,149	32,273	1,906	29,574	2,394
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>380,396</u>	<u>268,426</u>	<u>3,206</u>	<u>236,662</u>	<u>728,149</u>	<u>32,273</u>	<u>1,906</u>	<u>29,574</u>	<u>2,394</u>
Disbursements:									
Current:									
Instruction	163,075	91,043	-	117,119	694,959	32,273	-	-	-
Support services	67,814	319,941	-	545	102,778	-	1,729	41,526	1,964
Noninstructional services	6,006	2,595	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>236,895</u>	<u>413,579</u>	<u>-</u>	<u>117,664</u>	<u>797,737</u>	<u>32,273</u>	<u>1,729</u>	<u>41,526</u>	<u>1,964</u>
Excess (deficiency) of receipts over disbursements	<u>143,501</u>	<u>(145,153)</u>	<u>3,206</u>	<u>118,998</u>	<u>(69,588)</u>	<u>-</u>	<u>177</u>	<u>(11,952)</u>	<u>430</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(12,329)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(12,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>131,172</u>	<u>(145,153)</u>	<u>3,206</u>	<u>118,998</u>	<u>(69,588)</u>	<u>-</u>	<u>177</u>	<u>(11,952)</u>	<u>430</u>
Cash and investments - ending	\$ -	\$ (145,153)	\$ -	\$ -	\$ (69,588)	\$ -	\$ -	\$ 18,700	\$ -

SEYMOUR COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	2011-2012 Title II A	2011-2012 Title III	2012-2013 Title III	Insurance Reimbursement	Qualified School Construction Bond	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (1,089)	\$ (3,234)	\$ -	\$ 480	\$ 132,201	\$ -	\$ 165,036	\$ 18,195,350
Receipts:								
Local sources	-	-	-	-	-	-	-	16,356,366
Intermediate sources	-	-	-	-	-	-	-	14,485
State sources	-	-	-	-	-	-	-	26,370,399
Federal sources	74,835	20,863	24,152	-	-	15,753	-	3,193,937
Other	-	-	-	-	-	-	7,954,877	7,955,485
Total receipts	74,835	20,863	24,152	-	-	15,753	7,954,877	53,890,672
Disbursements:								
Current:								
Instruction	-	16,729	28,674	-	-	15,753	-	19,041,902
Support services	74,462	900	-	480	-	-	-	12,401,139
Noninstructional services	-	-	-	-	-	-	-	2,405,876
Facilities acquisition and construction	-	-	-	-	132,201	-	-	1,283,226
Debt services	-	-	-	-	-	-	-	4,199,681
Nonprogrammed charges	-	-	-	-	-	-	8,038,349	14,111,260
Total disbursements	74,462	17,629	28,674	480	132,201	15,753	8,038,349	53,443,084
Excess (deficiency) of receipts over disbursements	373	3,234	(4,522)	(480)	(132,201)	-	(83,472)	447,588
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	161,273
Transfers in	-	-	-	-	-	-	-	118,109
Transfers out	-	-	-	-	-	-	-	(118,109)
Total other financing sources (uses)	-	-	-	-	-	-	-	161,273
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	373	3,234	(4,522)	(480)	(132,201)	-	(83,472)	608,861
Cash and investments - ending	\$ (716)	\$ -	\$ (4,522)	\$ -	\$ -	\$ -	\$ 81,564	\$ 18,804,211

SEYMOUR COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,049,101</u>	<u>\$ 134,907</u>

SEYMOUR COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Seymour Elementary School Building Corporation	Jackson and Redding Elementary Schools	\$ 1,975,500	09-21-10	01-15-24
Community High School Building Corporation of Seymour	Seymour High School	<u>845,000</u>	06-18-09	01-10-14
Total of annual lease payments		<u>\$ 2,820,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	QSCB bonds	\$ 1,632,000	\$ 217,520
General obligation bonds	2004 pension bonds	<u>2,680,000</u>	<u>314,848</u>
Totals		<u>\$ 4,312,000</u>	<u>\$ 532,368</u>

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SEYMOUR COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 189,400
Buildings	58,568,744
Improvements other than buildings	11,585,219
Machinery, equipment, and vehicles	<u>6,398,025</u>
Total capital assets	<u>\$ 76,741,388</u>

SEYMOUR COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Debt Service	2011	\$ 130,590
School Transportation	2011	75,375
School Transportation	2012	58,410

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Seymour 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 each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 13, 2014

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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.

SEYMOUR COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553		\$ 282,914	\$ 300,969
National School Lunch Program		10.555		1,042,457	1,168,526
Special Milk Program for Children		10.556		5,512	-
Summer Food Service Program for Children		10.559		24,984	21,635
Total - Child Nutrition Cluster				1,355,867	1,491,130
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582			
FY 2011-2012				14,980	-
FY 2012-2013				-	325
Total - Fresh Fruit and Vegetable Program				14,980	325
Total for federal grantor agency				1,370,847	1,491,455
<u>U.S. Department of Education</u>					
Title I Cluster, Part A					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 2010-2011			11-3675	155,277	-
FY 2011-2012			12-3675	301,656	380,396
FY 2012-2013			13-3675	-	268,426
Total - Title I Grants to Local Educational Agencies				456,933	648,822
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389			
FY 2010-2011			11-3675	43,911	-
Total - Title I Cluster, Part A				500,844	648,822
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
FY 2011-2012			14212-098-PN01	734,695	236,662
FY 2012-2013			14213-098-PN01	-	728,149
Total - Special Education - Grants to States				734,695	964,811

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

SEYMOUR COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Education (continued)</u>					
Special Education Cluster (continued)					
Special Education - Preschool Grants FY 2011-2012	Indiana Department of Education	84.173	45712-098-PN01	28,931	-
FY 2012-2013			45713-234-PN01	-	32,273
Total - Special Education - Preschool Grants				<u>28,931</u>	<u>32,273</u>
ARRA - Special Education - Grants to States, Recovery Act FY 2011-2012	Bartholomew Special Services Cooperative	84.391	33310-033-SN01	229,446	-
ARRA - Special Education - Preschool Grants, Recovery Act FY 2011-2012	Bartholomew Special Services Cooperative	84.392	44410-003-SN01	22,261	-
Total - Special Education Cluster				<u>1,015,333</u>	<u>997,084</u>
Safe and Drug-Free Schools and Communities - State Grants FY 2009-2010	Indiana Department of Education	84.186	09-3675	7,666	1,906
English Language Acquisition State Grants FY 2010-2011	Indiana Department of Education	84.365	01111-029-PN01	43,826	-
FY 2011-2012			01112-030-PN01	12,359	20,863
FY 2012-2013			01113-031-PN01	-	24,152
Total - English Language Acquisition State Grants				<u>56,185</u>	<u>45,015</u>
Improving Teacher Quality State Grants FY 2010-2011	Indiana Department of Education	84.367	10-3675	151,049	2,394
FY 2011-2012			11-3675	31,044	74,835
Total - Improving Teacher Quality State Grants				<u>182,093</u>	<u>77,229</u>
Education Jobs Fund FY 2011-2012	Indiana Department of Education	84.410	11-3675	771,477	15,753
Total for federal grantor agency				<u>2,533,598</u>	<u>1,785,809</u>
Total federal awards expended				<u>\$ 3,904,445</u>	<u>\$ 3,277,264</u>

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

SEYMOUR COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 28,263	\$ 29,085
National School Lunch Program	10.555	105,100	113,957

SEYMOUR 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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to cash and receipts. The failure to establish controls related to cash and receipts could enable material misstatements or irregularities to remain undetected.

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

One employee was responsible for issuing receipts, making deposits, and posting receipt transactions. The same person was also responsible for performing the monthly bank reconciliements. There was no documentation to indicate the activities related to receipts or to the monthly bank reconciliements were being reviewed or verified by someone other than the employee performing these activities.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FINDING 2013-002 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Corporation Treasurer prepares the SEFA, but no other review or approval of the information is conducted to verify the accuracy of the information and amounts. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors:

1. Five of the School Corporation's federal programs were not reported.
2. The amount reported for some federal programs were incorrect.
3. Some federal awards reported did not include the correct federal program name.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III – Federal Award Findings and Questioned Costs

**FINDING 2012-003 - INTERNAL CONTROLS OVER COMPLIANCE
REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT
TO THE CHILD NUTRITION CLUSTER**

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.556, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2011-12 and FY 2012-13

Pass-Through Entity: Indiana Department of Education

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

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and one of the compliance requirements that have a direct and material effect to the programs. This includes the compliance requirement for Reporting.

There was no documentation of oversight over the reporting process. Required program reports were not reviewed by someone other than the preparer to verify the accuracy and completeness of the data and information included in the reports prior to submission. The lack of review by someone other than the preparer could result in program reports being submitted with inaccurate or incomplete data.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements for Reporting.



SEYMOUR COMMUNITY SCHOOLS

1638 S. Walnut Street • Seymour, Indiana • 47274

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Website www.scsc.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-1 – Reporting – Meal Reimbursement Claims

Original SBA Audit Report Number: B40162
Fiscal Year: July 1, 2011 to June 30, 2013
Auditee Contact Person: Steve Nauman
Title of Contact Person: Business Manager / Treasurer
Phone Number: 812-522-3340
Status of Finding: Complete

Corrective Action Plan

The board approved a new Meal Charge Policy in 2011 that effectively eliminated the accumulation of owed money by families. In addition, the school corporation has discontinued the practice of retroactively claiming free & reduced lunches for those students with charge balances that were later approved for assistance. During the 2012-13 school year, both of the Corrective Action Plan procedures were in place and working.

Steve Nauman 2-24-14

Robert Hooker, Superintendent
Lisa Ferguson, Director Curriculum & Instruction
Steve Nauman, CFO

Board of School Trustee Officers
Art Juergens, President
Stu Silver, Vice President
Dave McIntire, Secretary



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CORRECTIVE ACTION PLAN

Date: March 13, 2014

Auditee Contact Person: Steve Nauman
Title of Contact Person: Treasurer
Phone Number: (812) 522-3340

Section II - Financial Statement Findings

FINDING 2013 -001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

To address the Lack of Segregation of Duties, the corporation has selected and developed at various levels of the School Corporation procedures to reduce risks to the achievement of financial reporting objectives. The School Corporation has now separated incompatible activities related to cash and receipts

Now one employee is responsible for issuing receipts, making deposits, and posting receipt transactions. Another person is responsible for performing the monthly bank reconciliements. A school board monthly reporting document has been created to indicate the activities related to receipts and the monthly bank reconciliements were reviewed and verified by the superintendent, business manager and the school board members.

We feel these new internal controls in effect will provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

We agree that controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

Robert Hooker, Superintendent
Lisa Ferguson, Director Curriculum & Instruction
Steve Nauman, CFO

Board of School Trustee Officers
Art Juergens, President
Stu Silver, Vice President
Dave McIntire, Secretary



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FINDING 2013-002 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

In the future the School Corporation will have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Corporation Treasurer prepares the SEFA, with a review of the information conducted to verify the accuracy of the information and amounts by the Deputy Treasurer. The School Corporation now has proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.

Seymour Community School now has internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.556, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 12 and FY 13

Pass-Through Entity: Indiana Department of Education

Robert Hooker, Superintendent
Lisa Ferguson, Director Curriculum & Instruction
Steve Nauman, CFO

Board of School Trustee Officers
Art Juergens, President
Stu Silver, Vice President
Dave McIntire, Secretary



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Management of Seymour Community Schools has now established an effective internal control system, which includes segregation of duties, related to the grant agreement and one of the compliance requirements that have a direct and material effect to the program. This includes the compliance requirement for reporting.

There is now documentation to indicate that there is oversight over the reporting process. Starting in March 2014, required program reports prepared by the food service department are being reviewed by the Business Manager to verify the accuracy and completeness of the data and information included in the reports prior to submission.

This new internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This has been accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

Steve Nauman, Treasurer

Robert D. Hooker, Superintendent

Robert Hooker, Superintendent
Lisa Ferguson, Director Curriculum & Instruction
Steve Nauman, CFO

Board of School Trustee Officers
Art Juergens, President
Stu Silver, Vice President
Dave McIntire, Secretary

SEYMOUR COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2014, with Steve Nauman, Treasurer; Art Juergens, President of the School Board; and Robert D. Hooker, Superintendent of Schools.