

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
FOUNTAIN COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**

03/31/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cynthia C. Alward	07-01-11 to 06-30-14
Superintendent of Schools	Corey Austin (Vacant) Dr. Robert Brower Douglas A. Allison	07-01-11 to 06-30-12 07-01-12 to 07-02-12 07-03-12 to 12-31-12 01-01-13 to 06-30-14
President of the School Board	Nick Davis Doug Davenport Eli Hoagland	01-01-11 to 12-31-11 01-01-12 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTHEAST FOUNTAIN  
SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Southeast Fountain School Corporation (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 February 24, 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 and Schedule of Leases and Debt, 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

February 24, 2014



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 SOUTHEAST FOUNTAIN  
SCHOOL CORPORATION, FOUNTAIN 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 Southeast Fountain School Corporation (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 February 24, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Southeast Fountain School Corporation's 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

February 24, 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.

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SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
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	\$ 1,531,299	\$ 7,690,563	\$ 7,702,271	\$ 6,681	\$ 1,526,272	\$ 7,533,907	\$ 7,388,223	\$ 2,304	\$ 1,674,260
Debt Service	277,127	821,910	757,938	(10,074)	331,025	887,354	729,665	(11,566)	477,148
Capital Projects	344,195	1,020,380	973,248	-	391,327	1,009,769	973,985	-	427,111
School Transportation	483,202	820,513	677,688	(72,000)	554,027	838,714	707,130	(223,178)	462,433
School Bus Replacement	97,259	243,405	180,282	-	160,382	260,179	198,075	-	222,486
Rainy Day	1,963,770	-	-	72,000	2,035,770	-	333,422	250,000	1,952,348
Construction	37,607	-	37,607	-	-	-	-	-	-
School Lunch	183,484	700,779	651,397	-	232,866	627,786	683,699	-	176,953
Textbook Rental	89,278	201,340	233,234	-	57,384	144,260	69,373	-	132,271
Self-Insurance	-	-	-	-	-	-	-	-	-
2009-10 Voc Ed Welding	-	119,660	90,667	-	28,993	-	17,332	(11,661)	-
2010-11 Voc Ed Welding	16,941	-	16,943	-	(2)	95,614	92,710	11,661	14,563
2009-10 Pharmacy Tech	-	5,986	4,730	-	1,256	-	1,256	-	-
2010-11 Pharmacy Tech	1,710	-	1,710	-	-	5,000	4,420	-	580
Educational License Plates	2,687	75	879	-	1,883	150	-	-	2,033
Alternative Education	-	-	-	-	-	-	-	-	-
Cultural Arts	142	5,000	1,726	-	3,416	5,000	7,824	-	592
German Exchange Program	1,564	23,848	23,362	-	2,050	22,780	22,915	-	1,915
Scholarships and Awards	100,391	1,961	1,657	-	100,695	578	-	-	101,273
David Sanders Scholarship Fund	2,392	42	1,200	-	1,234	5	-	-	1,239
Neal/Barbara Zick Scholarship	-	-	-	-	-	2,500	2,500	-	-
Miscellaneous Programs	-	-	-	-	-	-	-	-	-
MAC Grant	1	-	1	-	-	-	-	-	-
Elem Needy Children Fund	1,234	-	28	-	1,206	-	242	-	964
National Recess Week Grant	-	-	-	-	-	-	-	-	-
Elementary Pond Project	86	-	-	-	86	-	-	-	86
2010-11 High Ability Grant	-	-	-	-	-	30,268	30,268	-	-
2009-10 High Ability Grant	-	29,339	29,339	-	-	-	-	-	-
Drug Free Communities	180	-	-	-	180	-	-	-	180
Prescription Drug Abuse Awareness	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement	2,517	4,346	-	(6,681)	182	2,122	-	(2,304)	-
Non-English Speaking Programs P.L. 273-1999	-	2,248	2,248	-	-	1,813	1,813	-	-
School Technology	-	4,110	3,084	-	1,026	4,491	5,517	-	-
Excess PTRC Distributions	-	-	-	23,177	23,177	6,271	-	(26,822)	2,626
2010-11 Title I	-	8,289	8,288	-	1	178,708	188,150	-	(9,441)
2009-10 Title I	-	199,800	204,724	-	(4,924)	38,673	33,749	-	-
2010-11 IDEA	1	25,475	25,476	-	-	194,591	212,358	-	(17,767)
2009-10 IDEA	-	223,076	237,419	-	(14,343)	47,774	33,431	-	-
2010-11 Federal Assistance Educational Preschool Handicapped	-	-	-	-	-	12,665	12,965	-	(300)
2009-10 Federal Assistance Educational Preschool Handicapped	-	11,278	11,278	-	-	-	-	-	-
Drug Free Schools	-	-	-	-	-	-	-	-	-
2009-11 Drug Free Schools	208	1,943	2,151	-	-	-	-	-	-
2011 Supplemental PTLW Grant	-	78,821	78,821	-	-	-	-	-	-
2010-11 Supplemental PTLW Grant	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement - Federal	17,890	8,024	6,671	-	19,243	3,961	5,930	-	17,274
Improving Teaching Quality, No Child Left, Title II, Part A	-	4,083	4,083	-	-	11,495	12,154	-	(659)
2011-13 Title II, Part A Grant	-	33,553	36,546	-	(2,993)	21,176	18,183	-	-
Title III, Language Instruction	-	420	450	-	(30)	930	900	-	-
Title I - Grants to LEAs	-	-	-	-	-	-	-	-	-
Education Jobs	464	98,845	108,452	-	(9,143)	50,463	41,320	-	-
Clearing Fund	-	1,897,772	1,897,772	-	-	1,973,003	1,973,003	-	-
<b>Totals</b>	<b>\$ 5,155,629</b>	<b>\$ 14,286,884</b>	<b>\$ 14,013,370</b>	<b>\$ 13,103</b>	<b>\$ 5,442,246</b>	<b>\$ 14,012,000</b>	<b>\$ 13,802,512</b>	<b>\$ (11,566)</b>	<b>\$ 5,640,168</b>

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
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, 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:

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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied 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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. The Improving Teacher Quality, No Child Left, Title II, Part A Fund; 2010-11 Title I Fund; 2010-11 IDEA; and 2010-11 Federal Assistance Educational Preschool Handicapped Fund cash deficits are a result of the funds being set up as reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into a capital lease with Southeast Fountain Elementary 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 2011-2012 and 2012-2013 totaled \$223,000 and \$256,000, respectively.

The School Corporation has entered into a capital lease with Southeast Fountain Central 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 2011-2012 and 2012-2013 totaled \$494,533 and \$493,020, respectively.

**Note 9. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses the following benefits: health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, one retiree meets those eligibility requirements. The School Corporation and retirees pay 54 percent and 46 percent, respectively, of these postemployment 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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,531,299	\$ 277,127	\$ 344,195	\$ 483,202	\$ 97,259	\$ 1,963,770	\$ 37,607	\$ 183,484
Receipts:								
Local sources	91,420	821,910	1,020,380	807,541	243,405	-	-	329,262
Intermediate sources	412	-	-	-	-	-	-	-
State sources	7,597,880	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	369,475
Other	851	-	-	12,972	-	-	-	2,042
Total receipts	<u>7,690,563</u>	<u>821,910</u>	<u>1,020,380</u>	<u>820,513</u>	<u>243,405</u>	<u>-</u>	<u>-</u>	<u>700,779</u>
Disbursements:								
Current:								
Instruction	5,379,416	-	-	-	-	-	-	-
Support services	2,174,773	-	415,126	677,688	180,282	-	-	600
Noninstructional services	148,082	-	-	-	-	-	-	650,797
Facilities acquisition and construction	-	-	558,122	-	-	-	37,607	-
Debt services	-	757,938	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>7,702,271</u>	<u>757,938</u>	<u>973,248</u>	<u>677,688</u>	<u>180,282</u>	<u>-</u>	<u>37,607</u>	<u>651,397</u>
Excess (deficiency) of receipts over disbursements	<u>(11,708)</u>	<u>63,972</u>	<u>47,132</u>	<u>142,825</u>	<u>63,123</u>	<u>-</u>	<u>(37,607)</u>	<u>49,382</u>
Other financing sources (uses):								
Transfers in	6,681	445,000	-	-	-	517,000	-	-
Transfers out	-	(455,074)	-	(72,000)	-	(445,000)	-	-
Total other financing sources (uses)	<u>6,681</u>	<u>(10,074)</u>	<u>-</u>	<u>(72,000)</u>	<u>-</u>	<u>72,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,027)</u>	<u>53,898</u>	<u>47,132</u>	<u>70,825</u>	<u>63,123</u>	<u>72,000</u>	<u>(37,607)</u>	<u>49,382</u>
Cash and investments - ending	<u>\$ 1,526,272</u>	<u>\$ 331,025</u>	<u>\$ 391,327</u>	<u>\$ 554,027</u>	<u>\$ 160,382</u>	<u>\$ 2,035,770</u>	<u>\$ -</u>	<u>\$ 232,866</u>

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

	Textbook Rental	Self- Insurance	2009-10 Voc Ed Welding	2010-11 Voc Ed Welding	2009-10 Pharmacy Tech	2010-11 Pharmacy Tech	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 89,278	\$ -	\$ -	\$ 16,941	\$ -	\$ 1,710	\$ 2,687	\$ -
Receipts:								
Local sources	105,337	-	117,361	-	5,986	-	-	-
Intermediate sources	-	-	-	-	-	-	75	-
State sources	54,634	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	41,369	-	2,299	-	-	-	-	-
Total receipts	201,340	-	119,660	-	5,986	-	75	-
Disbursements:								
Current:								
Instruction	-	-	90,667	14,343	4,730	-	-	-
Support services	233,234	-	-	2,600	-	1,710	879	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	233,234	-	90,667	16,943	4,730	1,710	879	-
Excess (deficiency) of receipts over disbursements	(31,894)	-	28,993	(16,943)	1,256	(1,710)	(804)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,894)	-	28,993	(16,943)	1,256	(1,710)	(804)	-
Cash and investments - ending	\$ 57,384	\$ -	\$ 28,993	\$ (2)	\$ 1,256	\$ -	\$ 1,883	\$ -

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

	Cultural Arts	German Exchange Program	Scholarships and Awards	David Sanders Scholarship Fund	Neal/Barbara Zick Scholarship	Miscellaneous Programs	MAC Grant	Elem Needy Children Fund
Cash and investments - beginning	\$ 142	\$ 1,564	\$ 100,391	\$ 2,392	\$ -	\$ -	\$ 1	\$ 1,234
Receipts:								
Local sources	5,000	12,813	1,961	42	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	11,035	-	-	-	-	-	-
Total receipts	5,000	23,848	1,961	42	-	-	-	-
Disbursements:								
Current:								
Instruction	1,726	23,362	-	-	-	-	1	-
Support services	-	-	-	-	-	-	-	28
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,657	1,200	-	-	-	-
Total disbursements	1,726	23,362	1,657	1,200	-	-	1	28
Excess (deficiency) of receipts over disbursements	3,274	486	304	(1,158)	-	-	(1)	(28)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,274	486	304	(1,158)	-	-	(1)	(28)
Cash and investments - ending	\$ 3,416	\$ 2,050	\$ 100,695	\$ 1,234	\$ -	\$ -	\$ -	\$ 1,206

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

	National Recess Week Grant	Elementary Pond Project	2010-11 High Ability Grant	2009-10 High Ability Grant	Drug Free Communities	Prescription Drug Abuse Awareness	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 86	\$ -	\$ -	\$ 180	\$ -	\$ 2,517
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	29,339	-	-	4,346
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	29,339	-	-	4,346
Disbursements:							
Current:							
Instruction	-	-	-	29,339	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	29,339	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	4,346
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(6,681)
Total other financing sources (uses)	-	-	-	-	-	-	(6,681)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(2,335)
Cash and investments - ending	\$ -	\$ 86	\$ -	\$ -	\$ 180	\$ -	\$ 182

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

	Non-English Speaking Programs P.L. 273-1999	School Technology	Excess PTRC Distributions	2010-11 Title I	2009-10 Title I	2010-11 IDEA	2009-10 IDEA
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	2,248	4,110	-	-	-	-	-
Federal sources	-	-	-	8,289	199,800	25,475	223,076
Other	-	-	-	-	-	-	-
Total receipts	<u>2,248</u>	<u>4,110</u>	<u>-</u>	<u>8,289</u>	<u>199,800</u>	<u>25,475</u>	<u>223,076</u>
Disbursements:							
Current:							
Instruction	2,248	-	-	4,129	152,000	16,652	183,473
Support services	-	3,084	-	4,159	51,234	8,824	53,946
Noninstructional services	-	-	-	-	1,490	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>2,248</u>	<u>3,084</u>	<u>-</u>	<u>8,288</u>	<u>204,724</u>	<u>25,476</u>	<u>237,419</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,026</u>	<u>-</u>	<u>1</u>	<u>(4,924)</u>	<u>(1)</u>	<u>(14,343)</u>
Other financing sources (uses):							
Transfers in	-	-	59,534	-	-	-	-
Transfers out	-	-	(36,357)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>1,026</u>	<u>23,177</u>	<u>1</u>	<u>(4,924)</u>	<u>(1)</u>	<u>(14,343)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,026</u>	<u>\$ 23,177</u>	<u>\$ 1</u>	<u>\$ (4,924)</u>	<u>\$ -</u>	<u>\$ (14,343)</u>

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

	2010-11 Federal Assistance Educational Preschool Handicapped	2009-10 Federal Assistance Educational Preschool Handicapped	Drug Free Schools	2009-11 Drug Free Schools	2011 Supplemental PTLW Grant	2010-11 Supplemental PTLW Grant	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 208	\$ -	\$ -	\$ 17,890
Receipts:							
Local sources	-	-	-	-	78,821	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	11,278	-	1,943	-	-	8,024
Other	-	-	-	-	-	-	-
Total receipts	-	11,278	-	1,943	78,821	-	8,024
Disbursements:							
Current:							
Instruction	-	11,278	-	2,151	78,821	-	5,291
Support services	-	-	-	-	-	-	1,380
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	11,278	-	2,151	78,821	-	6,671
Excess (deficiency) of receipts over disbursements	-	-	-	(208)	-	-	1,353
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(208)	-	-	1,353
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,243

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

	Improving Teaching Quality No Child Left Title II, Part A	2011-13 Title II Part A Grant	Title III Language Instruction	Title I Grants to LEAs	Education Jobs	Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ -	\$ 5,155,629
Receipts:							
Local sources	-	-	-	-	-	-	3,641,239
Intermediate sources	-	-	-	-	-	-	487
State sources	-	-	-	-	-	-	7,692,557
Federal sources	4,083	33,553	420	-	98,845	-	984,261
Other	-	-	-	-	-	1,897,772	1,968,340
Total receipts	<u>4,083</u>	<u>33,553</u>	<u>420</u>	<u>-</u>	<u>98,845</u>	<u>1,897,772</u>	<u>14,286,884</u>
Disbursements:							
Current:							
Instruction	4,083	21,891	450	-	106,380	-	6,132,431
Support services	-	14,655	-	-	2,072	-	3,826,274
Noninstructional services	-	-	-	-	-	-	800,369
Facilities acquisition and construction	-	-	-	-	-	-	595,729
Debt services	-	-	-	-	-	-	757,938
Nonprogrammed charges	-	-	-	-	-	1,897,772	1,900,629
Total disbursements	<u>4,083</u>	<u>36,546</u>	<u>450</u>	<u>-</u>	<u>108,452</u>	<u>1,897,772</u>	<u>14,013,370</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(2,993)</u>	<u>(30)</u>	<u>-</u>	<u>(9,607)</u>	<u>-</u>	<u>273,514</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	1,028,215
Transfers out	-	-	-	-	-	-	(1,015,112)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,103</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(2,993)</u>	<u>(30)</u>	<u>-</u>	<u>(9,607)</u>	<u>-</u>	<u>286,617</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (2,993)</u>	<u>\$ (30)</u>	<u>\$ -</u>	<u>\$ (9,143)</u>	<u>\$ -</u>	<u>\$ 5,442,246</u>

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,526,272	\$ 331,025	\$ 391,327	\$ 554,027	\$ 160,382	\$ 2,035,770	\$ -	\$ 232,866
Receipts:								
Local sources	96,743	887,354	1,008,688	833,585	260,179	-	-	304,010
Intermediate sources	412	-	-	-	-	-	-	-
State sources	7,426,651	-	-	-	-	-	-	8,030
Federal sources	-	-	-	-	-	-	-	313,047
Other	10,101	-	1,081	5,129	-	-	-	2,699
Total receipts	<u>7,533,907</u>	<u>887,354</u>	<u>1,009,769</u>	<u>838,714</u>	<u>260,179</u>	<u>-</u>	<u>-</u>	<u>627,786</u>
Disbursements:								
Current:								
Instruction	5,113,369	-	-	-	-	-	-	-
Support services	2,118,993	-	493,728	707,130	198,075	48,812	-	600
Noninstructional services	155,861	-	-	-	-	-	-	683,099
Facilities acquisition and construction	-	-	480,257	-	-	284,610	-	-
Debt services	-	729,665	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>7,388,223</u>	<u>729,665</u>	<u>973,985</u>	<u>707,130</u>	<u>198,075</u>	<u>333,422</u>	<u>-</u>	<u>683,699</u>
Excess (deficiency) of receipts over disbursements	<u>145,684</u>	<u>157,689</u>	<u>35,784</u>	<u>131,584</u>	<u>62,104</u>	<u>(333,422)</u>	<u>-</u>	<u>(55,913)</u>
Other financing sources (uses):								
Transfers in	2,304	42,000	-	26,822	-	292,000	-	-
Transfers out	-	(53,566)	-	(250,000)	-	(42,000)	-	-
Total other financing sources (uses)	<u>2,304</u>	<u>(11,566)</u>	<u>-</u>	<u>(223,178)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>147,988</u>	<u>146,123</u>	<u>35,784</u>	<u>(91,594)</u>	<u>62,104</u>	<u>(83,422)</u>	<u>-</u>	<u>(55,913)</u>
Cash and investments - ending	<u>\$ 1,674,260</u>	<u>\$ 477,148</u>	<u>\$ 427,111</u>	<u>\$ 462,433</u>	<u>\$ 222,486</u>	<u>\$ 1,952,348</u>	<u>\$ -</u>	<u>\$ 176,953</u>

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 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	2009-10 Voc Ed Welding	2010-11 Voc Ed Welding	2009-10 Pharmacy Tech	2010-11 Pharmacy Tech	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 57,384	\$ -	\$ 28,993	\$ (2)	\$ 1,256	\$ -	\$ 1,883	\$ -
Receipts:								
Local sources	89,814	-	-	93,670	-	5,000	-	-
Intermediate sources	-	-	-	-	-	-	150	-
State sources	53,301	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	1,145	-	-	1,944	-	-	-	-
Total receipts	144,260	-	-	95,614	-	5,000	150	-
Disbursements:								
Current:								
Instruction	-	-	17,332	92,710	-	4,420	-	-
Support services	69,373	-	-	-	1,256	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	69,373	-	17,332	92,710	1,256	4,420	-	-
Excess (deficiency) of receipts over disbursements	74,887	-	(17,332)	2,904	(1,256)	580	150	-
Other financing sources (uses):								
Transfers in	-	-	-	11,661	-	-	-	-
Transfers out	-	-	(11,661)	-	-	-	-	-
Total other financing sources (uses)	-	-	(11,661)	11,661	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	74,887	-	(28,993)	14,565	(1,256)	580	150	-
Cash and investments - ending	\$ 132,271	\$ -	\$ -	\$ 14,563	\$ -	\$ 580	\$ 2,033	\$ -

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Cultural Arts	German Exchange Program	Scholarships and Awards	David Sanders Scholarship Fund	Neal/Barbara Zick Scholarship	Miscellaneous Programs	MAC Grant	Elem Needy Children Fund
Cash and investments - beginning	\$ 3,416	\$ 2,050	\$ 100,695	\$ 1,234	\$ -	\$ -	\$ -	\$ 1,206
Receipts:								
Local sources	5,000	12,160	578	5	2,500	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	10,620	-	-	-	-	-	-
Total receipts	5,000	22,780	578	5	2,500	-	-	-
Disbursements:								
Current:								
Instruction	7,824	22,915	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	242
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,500	-	-	-
Total disbursements	7,824	22,915	-	-	2,500	-	-	242
Excess (deficiency) of receipts over disbursements	(2,824)	(135)	578	5	-	-	-	(242)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,824)	(135)	578	5	-	-	-	(242)
Cash and investments - ending	\$ 592	\$ 1,915	\$ 101,273	\$ 1,239	\$ -	\$ -	\$ -	\$ 964

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	National Recess Week Grant	Elementary Pond Project	2010-11 High Ability Grant	2009-10 High Ability Grant	Drug Free Communities	Prescription Drug Abuse Awareness	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 86	\$ -	\$ -	\$ 180	\$ -	\$ 182
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	30,268	-	-	-	2,122
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	30,268	-	-	-	2,122
Disbursements:							
Current:							
Instruction	-	-	30,268	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	30,268	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	2,122
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(2,304)
Total other financing sources (uses)	-	-	-	-	-	-	(2,304)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(182)
Cash and investments - ending	\$ -	\$ 86	\$ -	\$ -	\$ 180	\$ -	\$ -

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Excess PTRC Distributions	2010-11 Title I	2009-10 Title I	2010-11 IDEA	2009-10 IDEA
Cash and investments - beginning	\$ -	\$ 1,026	\$ 23,177	\$ 1	\$ (4,924)	\$ -	\$ (14,343)
Receipts:							
Local sources	-	-	6,271	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,813	4,491	-	-	-	-	-
Federal sources	-	-	-	178,708	38,673	194,591	47,774
Other	-	-	-	-	-	-	-
Total receipts	<u>1,813</u>	<u>4,491</u>	<u>6,271</u>	<u>178,708</u>	<u>38,673</u>	<u>194,591</u>	<u>47,774</u>
Disbursements:							
Current:							
Instruction	1,813	-	-	154,209	29,126	158,533	24,404
Support services	-	5,517	-	33,753	4,623	53,825	9,027
Noninstructional services	-	-	-	188	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>1,813</u>	<u>5,517</u>	<u>-</u>	<u>188,150</u>	<u>33,749</u>	<u>212,358</u>	<u>33,431</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,026)</u>	<u>6,271</u>	<u>(9,442)</u>	<u>4,924</u>	<u>(17,767)</u>	<u>14,343</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(26,822)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(26,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(1,026)</u>	<u>(20,551)</u>	<u>(9,442)</u>	<u>4,924</u>	<u>(17,767)</u>	<u>14,343</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,626</u>	<u>\$ (9,441)</u>	<u>\$ -</u>	<u>\$ (17,767)</u>	<u>\$ -</u>

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	2010-11 Federal Assistance Educational Preschool Handicapped	2009-10 Federal Assistance Educational Preschool Handicapped	Drug Free Schools	2009-11 Drug Free Schools	2011 Supplemental PTLW Grant	2010-11 Supplemental PTLW Grant	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,243
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	12,665	-	-	-	-	-	3,961
Other	-	-	-	-	-	-	-
Total receipts	<u>12,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,961</u>
Disbursements:							
Current:							
Instruction	12,965	-	-	-	-	-	5,408
Support services	-	-	-	-	-	-	522
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>12,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,930</u>
Excess (deficiency) of receipts over disbursements	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,969)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,969)</u>
Cash and investments - ending	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,274</u>

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	2011-13 Title II Part A Grant	Title III Language Instruction	Title I Grants to LEAs	Education Jobs	Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ (2,993)	\$ (30)	\$ -	\$ (9,143)	\$ -	\$ 5,442,246
Receipts:							
Local sources	-	-	-	-	-	-	3,605,557
Intermediate sources	-	-	-	-	-	-	562
State sources	-	-	-	-	-	-	7,526,676
Federal sources	11,495	21,176	930	-	50,463	-	873,483
Other	-	-	-	-	-	1,973,003	2,005,722
Total receipts	<u>11,495</u>	<u>21,176</u>	<u>930</u>	<u>-</u>	<u>50,463</u>	<u>1,973,003</u>	<u>14,012,000</u>
Disbursements:							
Current:							
Instruction	-	17,434	900	-	41,320	-	5,734,950
Support services	12,154	749	-	-	-	-	3,758,379
Noninstructional services	-	-	-	-	-	-	839,148
Facilities acquisition and construction	-	-	-	-	-	-	764,867
Debt services	-	-	-	-	-	-	729,665
Nonprogrammed charges	-	-	-	-	-	1,973,003	1,975,503
Total disbursements	<u>12,154</u>	<u>18,183</u>	<u>900</u>	<u>-</u>	<u>41,320</u>	<u>1,973,003</u>	<u>13,802,512</u>
Excess (deficiency) of receipts over disbursements	<u>(659)</u>	<u>2,993</u>	<u>30</u>	<u>-</u>	<u>9,143</u>	<u>-</u>	<u>209,488</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	374,787
Transfers out	-	-	-	-	-	-	(386,353)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,566)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(659)</u>	<u>2,993</u>	<u>30</u>	<u>-</u>	<u>9,143</u>	<u>-</u>	<u>197,922</u>
Cash and investments - ending	<u>\$ (659)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,640,168</u>

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SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Southeast Fountain Elementary Building Corporation	2013 Refinance for 2004 Elementary Building Project	\$ 191,000	07-15-13	07-15-25
Southeast Fountain Central School Building Corporation	2012 Elementary & High School Building Projects	<u>514,000</u>	07-15-13	01-15-21
Total of annual lease payments		<u><u>\$ 705,000</u></u>		

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***PUBLIC WORKS PROJECT***

Payments totaling \$284,610 were made to Sentry Roofing, Inc., for the roof project at Southeast Fountain Elementary School in 2012. There was no evidence presented for audit that sealed bids were requested or received.

Indiana Code 36-1-12-4(a) (Version a, effective until July 1, 2012)(Version b, effective July 1, 2012) states in part: "This section applies whenever the cost of a public work project will be: (1) at least one hundred fifty thousand dollars (\$150,000)."

Indiana Code 36-1-12-4(b) (Version a, effective until July 1, 2012)(Version b, effective July 1, 2012) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SOUTHEAST FOUNTAIN  
SCHOOL CORPORATION, FOUNTAIN COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Southeast Fountain School Corporation's (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.

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in item 2013-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment and Real Property Management that are applicable to the Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2011 to June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2011 to June 30, 2013.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-005. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance 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.

***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 and 2013-006 to be material weaknesses.

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

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

February 24, 2014

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
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>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 10-11	\$ 17,206	\$ -
			FY 11-12	74,270	15,127
			FY 12-13	-	55,190
				<u>91,476</u>	<u>70,317</u>
Total - School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555			
			FY 10-11	\$ 51,092	\$ -
			FY 11-12	262,990	50,911
			FY 12-13	-	239,905
				<u>314,082</u>	<u>290,816</u>
Total - National School Lunch Program					
Total - Child Nutrition Cluster				<u>405,558</u>	<u>361,133</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			11-2455	8,289	-
			12-2455	199,800	38,673
			13-2455	-	178,708
				<u>208,089</u>	<u>217,381</u>
Total - Title I, Part A Cluster					
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14211-076-PN01	25,475	-
			14212-076-PN01	223,076	47,774
			14213-076-PN01	-	194,591
				<u>248,551</u>	<u>242,365</u>
Total - Special Education - Grants to States					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45712-076-PN01	11,278	-
			45713-076-PN01	-	12,665
				<u>11,278</u>	<u>12,665</u>
Total - Special Education - Preschool Grants					
Total - Special Education Cluster				<u>259,829</u>	<u>255,030</u>

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
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>Department of Education (continued)</u>					
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	11-6200-5855	<u>78,821</u>	<u>-</u>
Safe and Drug Free Schools and Communities - State Grants	Indiana Department of Education	84.186	09-2455	<u>2,151</u>	<u>-</u>
English Language Acquisition Grants	Wabash Valley Education Center	84.365	2011-12 2012-13	420 <u>-</u>	- <u>930</u>
Total - English Language Acquisition Grants				<u>420</u>	<u>930</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	10-2455 11-2455 12-2455	4,083 33,553 <u>-</u>	- 21,176 <u>11,495</u>
Total - Improving Teacher Quality State Grants				<u>37,636</u>	<u>32,671</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 11-12 FY 12-13	108,451 <u>-</u>	- <u>41,321</u>
Total - Education Jobs Fund				<u>108,451</u>	<u>41,321</u>
Total - Department of Education				<u>695,397</u>	<u>547,333</u>
Total federal awards expended				<u>\$ 1,100,955</u>	<u>\$ 908,466</u>

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

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

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2011-2012	2012-2013
National School Lunch Program	10.555	\$ 44,124	\$ 48,018

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
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?	no

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:	Child Nutrition Cluster - Qualified Title I, Part A Cluster - 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:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**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:

1. 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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

related to receipts, disbursements, and payroll and related liabilities. State distributions are received by electronic transfer and the Treasurer receives an email to notify her that they are deposited. The Treasurer posts the transaction and no one reviews to make sure those are posted correctly. All other receipts (local distributions, misc. receipts) are handled by the Treasurer. She writes a receipt, posts the receipt and completes the deposit ticket. The Deputy Treasurer processes payroll. She accepts the time sheets, inputs payroll, reviews the payroll trial journal, posts payroll and reviews the direct deposit report. No one else reviews payroll. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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 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 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.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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)

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

***FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO SCHOOL BREAKFAST PROGRAM AND NATIONAL SCHOOL LUNCH PROGRAM***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553 and 10.555

Federal Award Years (or Other Identifying Number): FY 10-11, FY 11-12, and FY 12-13

Pass-Through Entity: Indiana Department of Education

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 some of the compliance requirements that have a direct and material effect to the programs. This includes the following compliance requirements: Cash Management; Eligibility; Equipment and Real Property Management; Procurement, Suspension, and Debarment; Program Income; Reporting; and Special Tests and Provisions (Verification of Free and Reduced Price Applications). We identified the following deficiencies:

Cash Management and Reporting: Reimbursement requests prepared by the School Lunch Director were not reviewed or approved by another person prior to submission.

Procurement, Suspension and Debarment: There are no established controls to ensure that the School Corporation does not enter into a covered transaction with an entity that is suspended or debarred or otherwise excluded from participating in the transaction by the federal government.

Equipment and Real Property Management: As described in Finding 2012-004, equipment records for the School Corporation were not updated during the audit period and no cafeteria equipment has been added to the equipment records since 2007. There are no controls in place to ensure that equipment purchased with program funds are maintained on equipment records.

Eligibility and Verification of Free and Reduced Price Applications: Elementary free/reduced applications did not show evidence that they were reviewed or verified by a person independent of the original determination.

Program Income: At the High School, there are no controls to ensure that variances between the line report and the deposit are investigated or explained.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 remain 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 all compliance requirements that have a direct and material effect to the programs.

***FINDING 2013-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Numbers: 10.553 and 10.555

Federal Award Years (or Other Identifying Number): FY 10-11, FY 11-12, and FY 12-13

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established procedures for managing equipment purchased with programs funds. Equipment records for the School Corporation were not updated during the audit period and no cafeteria equipment has been added to the equipment records since 2007. No separate listing of equipment purchased for the School Breakfast Program and National School Lunch Program with the required information was provided. A physical inventory was not taken of equipment.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 3016.32 states in part:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
- (3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

(f) *Federal equipment.* In the event a grantee or subgrantee is provided federally-owned equipment:

- (1) Title will remain vested in the Federal Government.
- (2) Grantees or subgrantees will manage the equipment in accordance with Federal agency rules and procedures, and submit an annual inventory listing.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (3) When the equipment is no longer needed, the grantee or subgrantee will request disposition instructions from the Federal agency.

(g) *Right to transfer title.* The Federal awarding agency may reserve the right to transfer title to the Federal Government or a third party named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:

- (1) The property shall be identified in the grant or otherwise made known to the grantee in writing.
- (2) The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow §3016.32(e).
- (3) When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property."

Failure to adequately maintain a listing of equipment could allow misappropriation or improper disposition of equipment purchased with federal funding.

We recommended that the School Corporation take a physical inventory to establish proper capital asset records, then maintain the records in perpetuity and take additional physical inventories, at least every two years, as required.

**FINDING 2013-005 - SPECIAL TESTS AND PROVISIONS**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Breakfast Program

CFDA Numbers: 10.553 and 10.555

Federal Award Number and Year (or Other Identifying Number): FY 11-12 and FY 12-13

Pass-Through Entity: Indiana Department of Education

Verification of the free/reduced applications at the Elementary School was not properly documented. The verification sections of the applications were either left blank or were not included. Applications submitted electronically do not have this section, but should have a copy of the verification section attached. There were no signatures or other evidence that a person is reviewing or verifying the applications. For the 2011-2012 school year, the only evidence of the results of the verification process was a copy of the letter sent to the applicant. In one of the letters, the determination was left blank. For the 2012-2013 school year, the application was re-entered into the computerized system using income amounts from verification documentation and then printed out with the computer's determination. Evidence presented for the verification by the applicants was attached to the verification. For one applicant, a second request was sent to the applicant requesting an explanation of how the applicant provided for basic needs, since they reported no income (as required by the verification standards). There was no evidence of receipt of this explanation and no evidence that any follow-up action was taken to get the information or change the application status.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The verification information submitted to the School Corporation for inclusion in the official verification report was incorrect. The report showed that four applications were verified, but there were six in the verification file.

7 CFR 245.6a states:

"(c)(3) *Standard sample size.* Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:

- (i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or
- (ii) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year.
- (iii) Local educational agencies shall not exceed the standard sample size in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable, and, unless eligible for one of the alternative sample sizes provided in paragraph (c)(4) of this section, the local educational agency shall not use a smaller sample size than those in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable.
- (iv) If the number of error-prone applications exceeds the required sample size, the local educational agency shall select the required sample at random, i.e., each application has an equal chance of being selected, from the total number of error-prone applications.

(f)(7) *Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

Failure to properly complete the verification process could allow ineligible children to receive free and reduced price meal benefits for that school year.

We recommended that the School Corporation implement procedures to properly document and complete verification process.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers (or Other Identifying Number): 11-2455, 12-2455, and 13-2455  
Pass-Through Entity: Indiana Department of Education

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 some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; Activities Allowed or Unallowed; Allowable Cost/Cost Principles; Cash Management; Eligibility; and Special Tests and Provisions. We identified the following deficiencies:

Activities Allowed or Unallowed/Allowable Cost/Cost Principles: Payroll was 76 percent of the expenses for this program and the Deputy Treasurer performs all functions of the payroll process. She accepts the time sheets, inputs payroll, reviews the payroll trial journal, posts payroll and reviews the direct deposit report. No one else reviews payroll.

Cash Management: The Treasurer prepares the Reimbursement Request Report and no one else reviews the report for accuracy prior to submission.

Eligibility: The School Corporation qualified for a Schoolwide Program and this is based on free and reduced lunch applications. The free/reduced applications at the Elementary School did not show evidence that they were reviewed or verified by a person independent of the original determination.

Special Test and Provisions: The School Corporation did not have controls in place to ensure that Highly Qualified Teachers and Paraprofessionals were hired.

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 program.

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."

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish internal controls could enable material noncompliance to remain 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 all compliance requirements that have a direct and material effect to the program.

# Southwest Fountain School Corporation

744 East U.S. Highway 136  
Heedersburg, Indiana 47987-9783

Mr. Douglas A. Allison, Superintendent

Phone: (765) 294-2254

FAX: (765) 294-3200

## SOUTHEAST FOUNTAIN SCHOOL CORPORATION CORRECTIVE ACTION PLAN

### **FINDING 2013-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

Contact Person: Cynthia Alward

Title of Contact Person: Treasurer

Phone Number: 765-294-2254

Expected Completion: Immediately

Corrective Action: The treasurer will present daily deposit slips to the deputy treasurer for review. The treasurer will also have the deputy treasurer review and sign off on the Receipts Posting Journal prior to posting and the Fund Transaction Posting report after posting.

The deputy treasurer will present the Payroll Distribution report to the superintendent for review before and after posting payroll. The certified and non-certified salary schedules will be presented and reviewed by the superintendent.

### **FINDING 2013-002 – INTERNAL CONTROLS OVER SCHEDULE OF FEDERAL EXPENDITURES**

Contact Person: Cynthia Alward

Title of Contact Person: Treasurer

Phone Number: 765-294-2254

Expected Completion: Immediately

Corrective Action: All purchases to be made by federal grant funds will be submitted to the respective federal grant administrator for approval and assignment of the account number from which the purchase is to be paid. The treasurer will process the purchase and the superintendent will review and approve all cash requests before submission.

# Southwest Fountain School Corporation

744 East U.S. Highway 136  
Weedersburg, Indiana 47987-9783

Mr. Douglas A. Allison, Superintendent

Phone: (765) 294-2254  
FAX: (765) 294-3200

## SOUTHEAST FOUNTAIN SCHOOL CORPORATION CORRECTIVE ACTION PLAN

### FINDING 2013-003 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO SCHOOL BREAKFAST PROGRAM AND NATIONAL SCHOOL LUNCH PROGRAM

FEDERAL AGENCY: Department of Agriculture  
FEDERAL PROGRAM: School Breakfast Program and National School Lunch Program  
CFDA NUMBER: 10.553 and 10.555  
FEDERAL AWARD NUMBER AND YEAR: FY 10-11, FY 11-12, and FY 12-13  
PASS –THROUGH ENTITY: Indiana Department of Education

Contact Person & Title: Cynthia Alward, Treasurer  
Contact Person & Title: Carla Whitehead, Food Service Director  
Phone Number: 765-294-2254  
Expected Completion: Immediately

Corrective Action: The Food Service Director will receive a report from the head cashiers at each building monthly to complete the reimbursement request. The Food Service Director will also collect the student eligibility reports from the State Assistance clerks at each building in order to compile the monthly claim. The claim report will be reviewed prior to submission by each building's State Assistance clerks.

The superintendent will request the information to determine if any suspensions or debarments are on record for our food service prior to renewing contracts for their services.

# Southwest Mountain School Corporation

744 East U.S. Highway 136  
Weedersburg, Indiana 47987-9783

Mr. Douglas A. Allison, Superintendent  
SOUTHWEST MOUNTAIN SCHOOL CORPORATION  
CORRECTIVE ACTION PLAN  
Phone: (765) 294-2254  
FAX: (765) 294-3200

## **FINDING 2013-004 – EQUIPMENT AND REAL PROPERTY MANAGEMENT**

FEDERAL AGENCY: Department of Agriculture  
FEDERAL PROGRAM: School Breakfast Program and National School Lunch Program  
CFDA NUMBER: 10.553 and 10.555  
FEDERAL AWARD NUMBER AND YEAR: FY 10-11, FY 11-12, and FY 12-13  
PASS –THROUGH ENTITY: Indiana Department of Education

Contact Person: Cynthia Alward  
Title of Contact Person: Treasurer  
Phone Number: 765-294-2254  
Expected Completion: Immediately

Corrective Action: The Treasurer will keep an annual inventory listing of equipment purchased from the funds of each federal grant. This inventory will be maintained monthly.

## **FINDING 2013-005 – SPECIAL TESTS AND PROVISIONS**

FEDERAL AGENCY: Department of Agriculture  
FEDERAL PROGRAM: School Breakfast Program and National School Lunch Program  
CFDA NUMBER: 10.553 and 10.555  
FEDERAL AWARD NUMBER AND YEAR: FY 11-12 and FY 12-13  
PASS –THROUGH ENTITY: Indiana Department of Education

Contact Person: Diana Spence  
Title of Contact Person: Elementary School Principal  
Phone Number: 765-294-2216  
Expected Completion: Immediately

Corrective Action: The State Assistance clerk will follow verification of income rules as set forth by the State of Indiana. Once verification paperwork has been returned to the clerk, it will be reviewed by the School Principal to ensure the information is complete and correct. Once the process is completed the Principal will sign the verification sheet and place back in the appropriate file.

# Southeast Fountain School Corporation

744 East U.S. Highway 136  
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Mr. Douglas A. Allison, Superintendent

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## SOUTHEAST FOUNTAIN SCHOOL CORPORATION CORRECTIVE ACTION PLAN

### FINDING 2013-006 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER

FEDERAL AGENCY: Department of Education  
FEDERAL PROGRAM: Title I, Part A Cluster  
CFDA NUMBER: 84.010  
FEDERAL AWARD NUMBER AND YEAR: 2010-11, 2011-12, 2012-13  
PASS –THROUGH ENTITY: Indiana Department of Education

Contact Person & Title: Cynthia Alward, Treasurer  
Contact Person & Title: Melissa Duncan, Title I Director  
Phone Number: 765-294-2254  
Expected Completion: Immediately

Corrective Action: The deputy treasurer will present the Payroll Distribution report to the superintendent for review before and after posting payroll. The certified and non-certified salary schedules will be presented and reviewed by the superintendent.

All purchases to be made by federal grant funds will be submitted to the respective federal grant administrator for approval and assignment of the account number from which the purchase is to be paid. The treasurer will process the purchase and the superintendent will review and approve all cash requests before submission.

The Treasurer will keep an annual inventory listing of equipment purchased from the funds of each federal grant. This inventory will be maintained monthly.

Cynthia C. Alward  
Cynthia C. Alward, Treasurer

2/20/14  
Date

SOUTHEAST FOUNTAIN SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2014, with Douglas A. Allison, Superintendent of Schools; Eli Hoagland, President of the School Board; and Cynthia C. Alward, Treasurer.