

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION
HARRISON COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/21/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela L. Seipel	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Neyland G. Clark	07-01-10 to 06-30-14
President of the School Board	Roger Windell Jeffery L. Brown Mary Mathes	01-01-10 to 12-31-10 01-01-11 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have audited the accompanying financial statement of the South Harrison Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

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

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

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT
(Continued)

and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

STATE BOARD OF ACCOUNTS

February 7, 2013



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

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have audited the financial statement of the South Harrison Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 7, 2013

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 1,502,246	\$ 19,969,579	\$ 19,487,100	\$ 295,225	\$ 2,279,950	\$ 18,246,719	\$ 20,367,942	\$ -	\$ 158,727
Debt Service	3,531,460	4,183,376	4,647,459	296,948	3,364,325	4,811,672	4,605,172	(8,526)	3,562,299
Retirement/Severance Bond Debt Service	464,826	711,135	951,329	92,569	317,201	792,712	953,722	-	156,191
Capital Projects	1,020,209	2,479,922	1,928,357	61,257	1,633,031	2,208,542	2,030,233	9,504	1,820,844
School Transportation	1,211,690	1,791,011	1,968,335	202,549	1,236,915	1,762,176	1,923,216	1,637	1,077,512
School Bus Replacement	147,123	167,917	257,500	19,705	77,245	151,702	-	(2,615)	226,332
Rainy Day	399,500	-	-	-	399,500	-	-	-	399,500
Retirement/Severance Bond	3,301,400	128	239,373	-	3,062,155	-	186,410	-	2,875,745
School Lunch	152,153	1,397,448	1,262,269	-	287,332	1,442,207	1,337,902	-	391,637
Textbook Rental	523,792	51,000	61,969	-	512,823	339,521	572,692	-	279,652
Levy Excess	497,727	470,528	-	(968,255)	-	55,346	-	-	55,346
Joint Services and Supply -									
Special Education Cooperative	(354,974)	573,551	290,760	72,183	-	-	-	-	-
HCELC 2009-10 Joint Services	-	263,766	302,113	(76,571)	(114,918)	-	-	-	(114,918)
HCELC 2010-11 Joint Services	-	336	252,097	2,218	(249,543)	518,242	149,535	-	119,164
HCELC 2011-12 Joint Services	-	-	-	-	-	696	399,840	-	(399,144)
HCELC Trans-Deaf & Blind	-	179	13,511	13,332	-	-	-	-	-
HCELC 2008-09 Trans-Deaf & Blind	-	4,042	-	(4,042)	-	-	-	-	-
HCELC 2009-10 Deaf/Blind Trans	-	-	-	-	-	-	-	-	-
HCELC 2010-11 Deaf/Blind Trans	-	-	12,842	(7,119)	(19,961)	38,487	22,132	-	(3,606)
HCELC 2011-12 Deaf/Blind Trans	-	-	-	-	-	-	45,189	-	(45,189)
Educational License Plates	3,422	394	1,081	-	2,735	394	1,984	-	1,145
Alternative Education	-	18,454	1,825	-	16,629	20,947	4,907	-	32,669
Miscellaneous Grants	8,231	2,267	2,946	-	7,552	1,921	1,409	-	8,064
CCHS Miscellaneous Grants	888	350	-	-	1,238	-	172	-	1,066
SCHS Miscellaneous Grants	-	500	464	-	36	-	-	-	36
Health Insurance Escrow Account	300,563	4,365	-	-	304,928	3,471	-	-	308,399
Scholarships and Awards	5,089	1,117	-	-	6,206	71	-	-	6,277
Riverboat Education old	1,715,666	1,074,757	307,176	(2,483,247)	-	-	-	-	-
Riverboat Education new	-	1,052,413	486,024	2,475,560	3,041,949	1,060,083	1,202,906	-	2,899,126
Harrison County Community Foundation Grants	(17,871)	33,353	33,425	7,687	(10,256)	390,363	384,326	-	(4,219)
WHAS Grant	(1,147)	193	5,614	6,568	-	-	-	-	-
WHAS Grant 1	-	-	-	(945)	(945)	-	-	-	(945)
WHAS Grant 2009-10	-	-	-	(9)	(9)	-	-	-	(9)
WHAS Grant 2010-11	-	5,614	208	(5,614)	(208)	386	178	-	-
WHAS Grant 2011-12	-	-	-	-	-	9,149	9,644	-	(495)
Teacher Quality Improvement Program	9,278	-	-	(9,278)	-	-	-	-	-
4-Block	-	-	1,206	5,061	3,855	-	273	-	3,582
Mentor Program	-	-	1,698	3,065	1,367	-	966	-	401
ISIT	-	-	1,153	1,153	-	-	-	-	-
HWE Lowe's Grant - Shelter House	2,314	-	2,314	-	-	-	-	-	-
Cultural Competency Grant 2005-06	22	-	-	-	22	-	-	-	22
Non-English Speaking Programs P.L. 273-1999	9,871	4,395	4,263	-	10,003	5,166	3,424	-	11,745
State Connectivity Grant 2010-11	-	6,248	-	-	6,248	5,590	-	-	11,838

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Title 1	140,771	135,485	137,706	(138,550)	-	-	-	-	-
Title 1 2010-11	-	202,337	317,759	102,131	(13,291)	134,724	117,430	(4,003)	-
Title 1 2011-12	-	-	-	-	-	267,355	275,937	4,003	(4,579)
Title 1 2009-10	-	-	-	-	-	-	-	-	-
Title 1 2010-11 Wyandotte	-	-	8,419	9,916	1,497	7,959	9,456	-	-
Title 1 2011-12 Wyandotte Summer	-	-	-	-	-	2,072	2,072	-	-
Title 1 2009-10 Wyandotte/Cert	-	-	-	-	-	-	-	-	-
Title 1 CES School Improvement 1003G	-	-	2,507	2,507	-	-	-	-	-
Title 1 SCE School Improvement 1003G	-	-	23,996	23,996	-	-	-	-	-
HCELC	58,586	166,076	735,724	511,062	-	-	-	-	-
HCELC Pt B 2011-12	-	-	-	-	-	-	788,343	-	(788,343)
HCELC Pt B Carryover 2008-09	-	-	-	-	-	-	-	-	-
HCELC Pt B 2009-10	-	281,547	54,465	(212,730)	14,352	90,000	104,352	-	-
HCELC Pt B 2010-11	-	485,592	747,392	(298,332)	(560,132)	-	549,226	-	(1,109,358)
HCELC Assistive Tech Grant	-	-	-	-	-	46,568	46,568	-	-
HCELC Pre-School	(1,427)	1,427	17,019	17,019	-	-	-	-	-
HCELC Pre-School 2011-12	-	-	-	-	-	31,944	33,693	-	(1,749)
HCELC Pre-School 2009-10	-	-	-	-	-	-	-	-	-
HCELC Pre-School 2010-11	-	22,124	22,124	(17,019)	(17,019)	15,526	12,103	-	(13,596)
Drug Free Schools	4,875	(3,500)	1,224	(151)	-	-	-	-	-
Drug Free Schools 2009-11	-	4,896	5,211	-	(315)	7,060	6,745	-	-
Drug Free Schools 1	-	-	151	151	-	-	-	-	-
PLTW Grant 2010-11	-	16,298	16,298	-	-	3,690	3,690	-	-
PLTW Grant 2011-12	-	-	1,143	-	(1,143)	37,033	35,890	-	-
21st Century Community Learning Centers 2010-11	106,538	176,734	284,994	-	(1,722)	102,160	100,438	-	-
21st Century Community Learning Centers 2011-12	-	-	-	-	-	352,825	352,825	-	-
21st Century Community Learning Centers 2012-13	-	-	-	-	-	-	234	-	(234)
Hurricane Relief Fund	4,842	-	-	-	4,842	-	-	-	4,842
Improving Teaching Quality, No Child Left, Title II, Part A	69,049	-	73,905	4,856	-	-	-	-	-
Title II Part A 2009-11	-	17,674	11,102	(6,647)	(75)	41,654	41,579	-	-
Title II Part A 2008-10	-	-	1,791	1,791	-	-	-	-	-
Title II Part A 2010-12	-	37,040	44,433	-	(7,393)	72,608	65,215	-	-
Reading First No Child Left Behind	701	-	-	-	701	-	-	-	701
CES College Success Grant 2011-12	-	-	-	-	-	2,500	-	-	2,500
Title 1 Stimulus 2009-10	40,388	18,269	122,400	-	(63,743)	87,724	23,981	-	-
HCELC Part B Stimulus	(1,445)	502,038	551,581	-	(50,988)	195,415	144,427	-	-
HCELC Pre-School Stimulus	12,130	8,666	21,985	-	(1,189)	17,207	16,018	-	-
Title 1 Part D Stimulus	2,488	-	420	-	2,068	-	1,865	-	203
Education Jobs	-	131,648	144,840	-	(13,192)	284,186	346,164	-	(75,170)
Payroll Withholdings	116,556	4,965,688	4,958,920	-	123,324	4,756,877	4,740,262	-	139,939
Totals	\$ 14,987,530	\$ 41,438,377	\$ 40,831,920	\$ -	\$ 15,593,987	\$ 38,422,650	\$ 42,022,687	\$ -	\$ 11,993,950

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

SOUTH HARRISON COMMUNITY 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 State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

F. Other Financing Sources and Uses

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

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.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

SOUTH HARRISON COMMUNITY 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.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

Note 7 Other Postemployment Benefits

The School Corporation provides medical benefits to eligible retirees. 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.

Note 8. Restatements

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Fund Name	Balance as Reported June 30, 2010	New Fund	Balance as Restated July 1, 2010
Payroll Withholdings	\$ -	\$ 116,556	\$ 116,556

Note 9. Negative Receipts and Disbursements

The financial statement contains receipts and/or disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the period in which the correction was made.

Note 10. Cash Balance Deficits

The financial statement contains funds with deficits in cash. This is a result of funds being set up as reimbursable grants/activities. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2011 and 2012.

Note 11. Holding Corporation

The School Corporation has entered into capital leases with South Harrison School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2011 and 2012, totaled \$4,616,000 and \$4,651,000, respectively.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,502,246	\$ 3,531,460	\$ 464,826	\$ 1,020,209	\$ 1,211,690	\$ 147,123	\$ 399,500	\$ 3,301,400	\$ 152,153	\$ 523,792
Receipts:										
Local sources	223,225	2,887,270	711,135	2,478,566	1,790,961	167,917	-	128	657,191	2,341
Intermediate sources	-	1,296,106	-	-	-	-	-	-	-	-
State sources	18,070,843	-	-	-	-	-	-	-	14,863	48,659
Federal sources	-	-	-	-	-	-	-	-	725,394	-
Temporary loans	1,675,000	-	-	-	-	-	-	-	-	-
Other	511	-	-	1,356	50	-	-	-	-	-
Total receipts	19,969,579	4,183,376	711,135	2,479,922	1,791,011	167,917	-	128	1,397,448	51,000
Disbursements:										
Current:										
Instruction	12,416,493	-	-	-	-	-	-	-	-	-
Support services	5,551,858	-	-	1,381,328	1,663,335	257,500	-	239,373	-	61,969
Noninstructional services	418,749	-	-	-	-	-	-	-	1,262,269	-
Facilities acquisition and construction	-	-	-	547,029	-	-	-	-	-	-
Debt services	1,100,000	4,647,459	951,329	-	305,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	19,487,100	4,647,459	951,329	1,928,357	1,968,335	257,500	-	239,373	1,262,269	61,969
Excess (deficiency) of receipts over disbursements	482,479	(464,083)	(240,194)	551,565	(177,324)	(89,583)	-	(239,245)	135,179	(10,969)
Other financing sources (uses):										
Transfers in	333,240	296,948	92,569	167,628	202,549	19,705	-	-	-	-
Transfers out	(38,015)	-	-	(106,371)	-	-	-	-	-	-
Total other financing sources (uses)	295,225	296,948	92,569	61,257	202,549	19,705	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	777,704	(167,135)	(147,625)	612,822	25,225	(69,878)	-	(239,245)	135,179	(10,969)
Cash and investments - ending	\$ 2,279,950	\$ 3,364,325	\$ 317,201	\$ 1,633,031	\$ 1,236,915	\$ 77,245	\$ 399,500	\$ 3,062,155	\$ 287,332	\$ 512,823

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

	Levy Excess	Joint Services and Supply Special Education Cooperative	HCELC 2009-10 Joint Services	HCELC 2010-11 Joint Services	HCELC 2011-12 Joint Services	HCELC Trans-Deaf & Blind	HCELC 2008-09 Trans-Deaf & Blind	HCELC 2009-10 Deaf/Blind Trans	HCELC 2010-11 Deaf/Blind Trans	HCELC 2011-12 Deaf/Blind Trans
Cash and investments - beginning	\$ 497,727	\$ (354,974)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	470,528	573,551	263,766	336	-	-	4,042	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	179	-	-	-	-
Total receipts	470,528	573,551	263,766	336	-	179	4,042	-	-	-
Disbursements:										
Current:										
Instruction	-	79,225	213,615	88,163	-	-	-	-	-	-
Support services	-	211,535	88,498	163,934	-	13,511	-	-	12,842	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	290,760	302,113	252,097	-	13,511	-	-	12,842	-
Excess (deficiency) of receipts over disbursements	470,528	282,791	(38,347)	(251,761)	-	(13,332)	4,042	-	(12,842)	-
Other financing sources (uses):										
Transfers in	-	72,183	63,124	207,773	-	13,332	-	49,442	6,392	-
Transfers out	(968,255)	-	(139,695)	(205,555)	-	-	(4,042)	(49,442)	(13,511)	-
Total other financing sources (uses)	(968,255)	72,183	(76,571)	2,218	-	13,332	(4,042)	-	(7,119)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(497,727)	354,974	(114,918)	(249,543)	-	-	-	-	(19,961)	-
Cash and investments - ending	\$ -	\$ -	\$ (114,918)	\$ (249,543)	\$ -	\$ -	\$ -	\$ -	\$ (19,961)	\$ -

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

	Educational License Plates	Alternative Education	Miscellaneous Grants	CCHS Miscellaneous Grants	SCHS Miscellaneous Grants	Health Insurance Escrow Account	Scholarships and Awards	Riverboat Education Old	Riverboat Education New	Harrison County Community Foundation Grants
Cash and investments - beginning	\$ 3,422	\$ -	\$ 8,231	\$ 888	\$ -	\$ 300,563	\$ 5,089	\$ 1,715,666	\$ -	\$ (17,871)
Receipts:										
Local sources	-	-	2,267	350	500	4,365	1,117	1,049,304	1,052,413	-
Intermediate sources	394	-	-	-	-	-	-	25,453	-	33,353
State sources	-	18,454	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	394	18,454	2,267	350	500	4,365	1,117	1,074,757	1,052,413	33,353
Disbursements:										
Current:										
Instruction	1,081	1,825	2,752	-	464	-	-	88,914	127,468	15,868
Support services	-	-	194	-	-	-	-	180,836	306,390	17,557
Noninstructional services	-	-	-	-	-	-	-	8,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	29,426	52,166	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,081	1,825	2,946	-	464	-	-	307,176	486,024	33,425
Excess (deficiency) of receipts over disbursements	(687)	16,629	(679)	350	36	4,365	1,117	767,581	566,389	(72)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	2,475,560	-
Transfers out	-	-	-	-	-	-	-	(2,483,247)	-	7,687
Total other financing sources (uses)	-	-	-	-	-	-	-	(2,483,247)	2,475,560	7,687
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(687)	16,629	(679)	350	36	4,365	1,117	(1,715,666)	3,041,949	7,615
Cash and investments - ending	\$ 2,735	\$ 16,629	\$ 7,552	\$ 1,238	\$ 36	\$ 304,928	\$ 6,206	\$ -	\$ 3,041,949	\$ (10,256)

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

	WHAS Grant	WHAS Grant 1	WHAS Grant 2009-10	WHAS Grant 2010-11	WHAS Grant 2011-12	Teacher Quality Improvement Program	4-Block	Mentor Program	ISIT
Cash and investments - beginning	\$ (1,147)	\$ -	\$ -	\$ -	\$ -	\$ 9,278	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	193	-	-	5,614	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	193	-	-	5,614	-	-	-	-	-
Disbursements:									
Current:									
Instruction	5,614	-	-	208	-	-	304	1,698	-
Support services	-	-	-	-	-	-	902	-	1,153
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,614	-	-	208	-	-	1,206	1,698	1,153
Excess (deficiency) of receipts over disbursements	(5,421)	-	-	5,406	-	-	(1,206)	(1,698)	(1,153)
Other financing sources (uses):									
Transfers in	6,568	-	-	-	-	-	5,061	3,065	1,153
Transfers out	-	(945)	(9)	(5,614)	-	(9,278)	-	-	-
Total other financing sources (uses)	6,568	(945)	(9)	(5,614)	-	(9,278)	5,061	3,065	1,153
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,147	(945)	(9)	(208)	-	(9,278)	3,855	1,367	-
Cash and investments - ending	\$ -	\$ (945)	\$ (9)	\$ (208)	\$ -	\$ -	\$ 3,855	\$ 1,367	\$ -

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

	HWE Lowe's Grant Shelter House	Cultural Competency Grant 2005-06	Non-English Speaking Programs P.L. 273-1999	State Connectivity Grant 2010-11	Title I	Title 1 2010-11	Title 1 2011-12	Title 1 2009-10	Title 1 2010-11 Wyandotte
Cash and investments - beginning	\$ 2,314	\$ 22	\$ 9,871	\$ -	\$ 140,771	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	4,395	6,248	-	-	-	-	-
Federal sources	-	-	-	-	135,485	202,337	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,395	6,248	135,485	202,337	-	-	-
Disbursements:									
Current:									
Instruction	-	-	3,310	-	32,485	204,837	-	-	8,419
Support services	-	-	953	-	105,233	112,044	-	-	-
Noninstructional services	-	-	-	-	(12)	878	-	-	-
Facilities acquisition and construction	2,314	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,314	-	4,263	-	137,706	317,759	-	-	8,419
Excess (deficiency) of receipts over disbursements	(2,314)	-	132	6,248	(2,221)	(115,422)	-	-	(8,419)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	102,131	-	102,131	9,916
Transfers out	-	-	-	-	(138,550)	-	-	(102,131)	-
Total other financing sources (uses)	-	-	-	-	(138,550)	102,131	-	-	9,916
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,314)	-	132	6,248	(140,771)	(13,291)	-	-	1,497
Cash and investments - ending	\$ -	\$ 22	\$ 10,003	\$ 6,248	\$ -	\$ (13,291)	\$ -	\$ -	\$ 1,497

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

	Title 1 2011-12 Wyandotte Summer	Title 1 2009-10 Wyandotte/Cert	Title 1 CES School Improvement 1003G	Title 1 SCE School Improvement 1003G	HCELC	HCELC Pt B 2011-12	HCELC Pt B Carryover 2008-09	HCELC Pt B 2009-10	HCELC Pt B 2010-11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 58,586	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	166,076	-	-	-	485,592
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	281,547	-
Total receipts	-	-	-	-	166,076	-	-	281,547	485,592
Disbursements:									
Current:									
Instruction	-	-	-	-	419,200	-	-	3,268	413,326
Support services	-	-	2,507	23,996	316,524	-	-	13,614	334,066
Noninstructional services	-	-	-	-	-	-	-	37,583	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,507	23,996	735,724	-	-	54,465	747,392
Excess (deficiency) of receipts over disbursements	-	-	(2,507)	(23,996)	(569,648)	-	-	227,082	(261,800)
Other financing sources (uses):									
Transfers in	-	9,916	2,507	23,996	511,062	-	53,988	-	-
Transfers out	-	(9,916)	-	-	-	-	(53,988)	(212,730)	(298,332)
Total other financing sources (uses)	-	-	2,507	23,996	511,062	-	-	(212,730)	(298,332)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(58,586)	-	-	14,352	(560,132)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,352	\$ (560,132)

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

	HCELC Assistive Tech Grant	HCELC Pre-School	HCELC Pre-School 2011-12	HCELC Pre-School 2009-10	HCELC Pre-School 2010-11	Drug Free Schools	Drug Free Schools 2009-11	Drug Free Schools 1	PLTW Grant 2010-11
Cash and investments - beginning	\$ -	\$ (1,427)	\$ -	\$ -	\$ -	\$ 4,875	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	1,427	-	-	22,124	(3,500)	4,896	-	16,298
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,427	-	-	22,124	(3,500)	4,896	-	16,298
Disbursements:									
Current:									
Instruction	-	17,019	-	-	22,124	400	348	-	16,298
Support services	-	-	-	-	-	352	4,568	151	-
Noninstructional services	-	-	-	-	-	472	295	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	17,019	-	-	22,124	1,224	5,211	151	16,298
Excess (deficiency) of receipts over disbursements	-	(15,592)	-	-	-	(4,724)	(315)	(151)	-
Other financing sources (uses):									
Transfers in	-	17,019	-	1,427	-	-	-	151	-
Transfers out	-	-	-	(1,427)	(17,019)	(151)	-	-	-
Total other financing sources (uses)	-	17,019	-	-	(17,019)	(151)	-	151	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,427	-	-	(17,019)	(4,875)	(315)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (17,019)	\$ -	\$ (315)	\$ -	\$ -

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

	PLTW Grant 2011-12	21st Century Community Learning Centers 2010-11	21st Century Community Learning Centers 2011-12	21st Century Community Learning Centers 2012-13	Hurricane Relief Fund	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A 2009-11	Title II Part A 2008-10	Title II Part A 2010-12
Cash and investments - beginning	\$ -	\$ 106,538	\$ -	\$ -	\$ 4,842	\$ 69,049	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	176,574	-	-	-	-	17,674	-	37,040
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	160	-	-	-	-	-	-	-
Total receipts	-	176,734	-	-	-	-	17,674	-	37,040
Disbursements:									
Current:									
Instruction	1,143	225,553	-	-	-	51,766	8,235	-	44,433
Support services	-	52,581	-	-	-	22,139	2,867	1,791	-
Noninstructional services	-	6,860	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,143	284,994	-	-	-	73,905	11,102	1,791	44,433
Excess (deficiency) of receipts over disbursements	(1,143)	(108,260)	-	-	-	(73,905)	6,572	(1,791)	(7,393)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	4,856	-	1,791	-
Transfers out	-	-	-	-	-	-	(6,647)	-	-
Total other financing sources (uses)	-	-	-	-	-	4,856	(6,647)	1,791	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,143)	(108,260)	-	-	-	(69,049)	(75)	-	(7,393)
Cash and investments - ending	\$ (1,143)	\$ (1,722)	\$ -	\$ -	\$ 4,842	\$ -	\$ (75)	\$ -	\$ (7,393)

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

	Reading First No Child Left Behind	CES College Success Grant 2011-12	Title I Stimulus 2009-10	HCELC Part B Stimulus	HCELC Pre-School Stimulus	Title I Part D Stimulus	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 701	\$ -	\$ 40,388	\$ (1,445)	\$ 12,130	\$ 2,488	\$ -	\$ 116,556	\$ 14,987,530
Receipts:									
Local sources	-	-	-	-	-	-	-	-	12,341,273
Intermediate sources	-	-	-	-	-	-	-	-	1,355,306
State sources	-	-	-	-	-	-	-	-	18,169,269
Federal sources	-	-	18,269	502,038	8,666	-	131,648	-	2,648,038
Temporary loans	-	-	-	-	-	-	-	-	1,675,000
Other	-	-	-	-	-	-	-	4,965,688	5,249,491
Total receipts	-	-	18,269	502,038	8,666	-	131,648	4,965,688	41,438,377
Disbursements:									
Current:									
Instruction	-	-	93,845	531,272	7,327	420	144,840	-	15,293,560
Support services	-	-	26,055	(3,437)	14,658	-	-	-	11,183,377
Noninstructional services	-	-	2,500	23,746	-	-	-	-	1,761,340
Facilities acquisition and construction	-	-	-	-	-	-	-	-	630,935
Debt services	-	-	-	-	-	-	-	-	7,003,788
Nonprogrammed charges	-	-	-	-	-	-	-	4,958,920	4,958,920
Total disbursements	-	-	122,400	551,581	21,985	420	144,840	4,958,920	40,831,920
Excess (deficiency) of receipts over disbursements	-	-	(104,131)	(49,543)	(13,319)	(420)	(13,192)	6,768	606,457
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	4,857,183
Transfers out	-	-	-	-	-	-	-	-	(4,857,183)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(104,131)	(49,543)	(13,319)	(420)	(13,192)	6,768	606,457
Cash and investments - ending	\$ 701	\$ -	\$ (63,743)	\$ (50,988)	\$ (1,189)	\$ 2,068	\$ (13,192)	\$ 123,324	\$ 15,593,987

SOUTH HARRISON COMMUNITY 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,279,950	\$ 3,364,325	\$ 317,201	\$ 1,633,031	\$ 1,236,915	\$ 77,245	\$ 399,500	\$ 3,062,155	\$ 287,332	\$ 512,823
Receipts:										
Local sources	109,201	3,174,758	792,712	2,204,385	1,762,170	151,702	-	-	659,236	251,306
Intermediate sources	2,473	1,636,914	-	-	-	-	-	-	-	-
State sources	18,134,653	-	-	-	-	-	-	-	15,051	87,921
Federal sources	-	-	-	-	-	-	-	-	767,920	-
Other	392	-	-	4,157	6	-	-	-	-	294
Total receipts	<u>18,246,719</u>	<u>4,811,672</u>	<u>792,712</u>	<u>2,208,542</u>	<u>1,762,176</u>	<u>151,702</u>	<u>-</u>	<u>-</u>	<u>1,442,207</u>	<u>339,521</u>
Disbursements:										
Current:										
Instruction	12,668,286	-	-	-	-	-	-	-	-	-
Support services	5,601,722	-	-	1,443,096	1,923,216	-	-	186,410	-	572,692
Noninstructional services	422,934	-	-	-	-	-	-	-	1,337,902	-
Facilities acquisition and construction	-	-	-	587,137	-	-	-	-	-	-
Debt services	1,675,000	4,605,172	953,722	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>20,367,942</u>	<u>4,605,172</u>	<u>953,722</u>	<u>2,030,233</u>	<u>1,923,216</u>	<u>-</u>	<u>-</u>	<u>186,410</u>	<u>1,337,902</u>	<u>572,692</u>
Excess (deficiency) of receipts over disbursements	<u>(2,121,223)</u>	<u>206,500</u>	<u>(161,010)</u>	<u>178,309</u>	<u>(161,040)</u>	<u>151,702</u>	<u>-</u>	<u>(186,410)</u>	<u>104,305</u>	<u>(233,171)</u>
Other financing sources (uses):										
Transfers in	-	42,732	-	40,255	28,056	1,470	-	-	-	-
Transfers out	-	(51,258)	-	(30,751)	(26,419)	(4,085)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(8,526)</u>	<u>-</u>	<u>9,504</u>	<u>1,637</u>	<u>(2,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,121,223)</u>	<u>197,974</u>	<u>(161,010)</u>	<u>187,813</u>	<u>(159,403)</u>	<u>149,087</u>	<u>-</u>	<u>(186,410)</u>	<u>104,305</u>	<u>(233,171)</u>
Cash and investments - ending	<u>\$ 158,727</u>	<u>\$ 3,562,299</u>	<u>\$ 156,191</u>	<u>\$ 1,820,844</u>	<u>\$ 1,077,512</u>	<u>\$ 226,332</u>	<u>\$ 399,500</u>	<u>\$ 2,875,745</u>	<u>\$ 391,637</u>	<u>\$ 279,652</u>

SOUTH HARRISON COMMUNITY 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)

	Levy Excess	Joint Services and Supply Special Education Cooperative	HCELC 2009-10 Joint Services	HCELC 2010-11 Joint Services	HCELC 2011-12 Joint Services	HCELC Trans-Deaf & Blind	HCELC 2008-09 Trans-Deaf & Blind	HCELC 2009-10 Deaf/Blind Trans	HCELC 2010-11 Deaf/Blind Trans	HCELC 2011-12 Deaf/Blind Trans
Cash and investments - beginning	\$ -	\$ -	\$ (114,918)	\$ (249,543)	\$ -	\$ -	\$ -	\$ -	\$ (19,961)	\$ -
Receipts:										
Local sources	55,346	-	-	518,242	696	-	-	-	38,487	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>55,346</u>	<u>-</u>	<u>-</u>	<u>518,242</u>	<u>696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,487</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	-	-	-	36,251	146,812	-	-	-	-	-
Support services	-	-	-	113,284	249,348	-	-	-	22,132	45,189
Noninstructional services	-	-	-	-	3,680	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,535</u>	<u>399,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,132</u>	<u>45,189</u>
Excess (deficiency) of receipts over disbursements	<u>55,346</u>	<u>-</u>	<u>-</u>	<u>368,707</u>	<u>(399,144)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,355</u>	<u>(45,189)</u>
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>55,346</u>	<u>-</u>	<u>-</u>	<u>368,707</u>	<u>(399,144)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,355</u>	<u>(45,189)</u>
Cash and investments - ending	<u>\$ 55,346</u>	<u>\$ -</u>	<u>\$ (114,918)</u>	<u>\$ 119,164</u>	<u>\$ (399,144)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,606)</u>	<u>\$ (45,189)</u>

SOUTH HARRISON COMMUNITY 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)

	Educational License Plates	Alternative Education	Miscellaneous Grants	CCHS Miscellaneous Grants	SCHS Miscellaneous Grants	Health Insurance Escrow Account	Scholarships and Awards	Riverboat Education Old	Riverboat Education New	Harrison County Community Foundation Grants
Cash and investments - beginning	\$ 2,735	\$ 16,629	\$ 7,552	\$ 1,238	\$ 36	\$ 304,928	\$ 6,206	\$ -	\$ 3,041,949	\$ (10,256)
Receipts:										
Local sources	-	-	1,921	-	-	3,288	71	-	1,055,787	-
Intermediate sources	394	-	-	-	-	-	-	-	-	386,988
State sources	-	20,947	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	183	-	-	4,296	3,375
Total receipts	394	20,947	1,921	-	-	3,471	71	-	1,060,083	390,363
Disbursements:										
Current:										
Instruction	1,984	4,907	1,409	172	-	-	-	-	184,542	85,239
Support services	-	-	-	-	-	-	-	-	773,772	41,134
Noninstructional services	-	-	-	-	-	-	-	-	-	6,000
Facilities acquisition and construction	-	-	-	-	-	-	-	-	244,592	251,953
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,984	4,907	1,409	172	-	-	-	-	1,202,906	384,326
Excess (deficiency) of receipts over disbursements	(1,590)	16,040	512	(172)	-	3,471	71	-	(142,823)	6,037
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	(1,590)	16,040	512	(172)	-	3,471	71	-	(142,823)	6,037
Cash and investments - ending	\$ 1,145	\$ 32,669	\$ 8,064	\$ 1,066	\$ 36	\$ 308,399	\$ 6,277	\$ -	\$ 2,899,126	\$ (4,219)

SOUTH HARRISON COMMUNITY 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)

	WHAS Grant	WHAS Grant 1	WHAS Grant 2009-10	WHAS Grant 2010-11	WHAS Grant 2011-12	Teacher Quality Improvement Program	4-Block	Mentor Program	ISIT
Cash and investments - beginning	\$ -	\$ (945)	\$ (9)	\$ (208)	\$ -	\$ -	\$ 3,855	\$ 1,367	\$ -
Receipts:									
Local sources	-	-	-	-	9,149	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	386	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	386	9,149	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	178	9,644	-	273	966	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	178	9,644	-	273	966	-
Excess (deficiency) of receipts over disbursements	-	-	-	208	(495)	-	(273)	(966)	-
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	(495)	-	(273)	(966)	-
Cash and investments - ending	\$ -	\$ (945)	\$ (9)	\$ -	\$ (495)	\$ -	\$ 3,582	\$ 401	\$ -

SOUTH HARRISON COMMUNITY 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)

	HWE Lowe's Grant Shelter House	Cultural Competency Grant 2005-06	Non-English Speaking Programs P.L. 273-1999	State Connectivity Grant 2010-11	Title I	Title 1 2010-11	Title 1 2011-12	Title 1 2009-10	Title 1 2010-11 Wyandotte
Cash and investments - beginning	\$ -	\$ 22	\$ 10,003	\$ 6,248	\$ -	\$ (13,291)	\$ -	\$ -	\$ 1,497
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	5,166	5,590	-	-	-	-	-
Federal sources	-	-	-	-	-	134,724	267,355	-	7,959
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	5,166	5,590	-	134,724	267,355	-	7,959
Disbursements:									
Current:									
Instruction	-	-	3,115	-	-	31,454	208,265	-	8,699
Support services	-	-	309	-	-	78,086	67,672	-	-
Noninstructional services	-	-	-	-	-	7,890	-	-	757
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,424	-	-	117,430	275,937	-	9,456
Excess (deficiency) of receipts over disbursements	-	-	1,742	5,590	-	17,294	(8,582)	-	(1,497)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	4,003	-	-
Transfers out	-	-	-	-	-	(4,003)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(4,003)	4,003	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,742	5,590	-	13,291	(4,579)	-	(1,497)
Cash and investments - ending	\$ -	\$ 22	\$ 11,745	\$ 11,838	\$ -	\$ -	\$ (4,579)	\$ -	\$ -

SOUTH HARRISON COMMUNITY 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)

	Title 1 2011-12 Wyandotte Summer	Title 1 2009-10 Wyandotte/Cert	Title 1 CES School Improvement 1003G	Title 1 SCE School Improvement 1003G	HCELC	HCELC Pt B 2011-12	HCELC Pt B Carryover 2008-09	HCELC Pt B 2009-10	HCELC Pt B 2010-11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,352	\$ (560,132)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	2,072	-	-	-	-	-	-	90,000	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	2,072	-	-	-	-	608,361	-	6,130	204,996
Support services	-	-	-	-	-	152,317	-	94,603	344,193
Noninstructional services	-	-	-	-	-	27,665	-	3,619	37
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>2,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,343</u>	<u>-</u>	<u>104,352</u>	<u>549,226</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(788,343)</u>	<u>-</u>	<u>(14,352)</u>	<u>(549,226)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(788,343)</u>	<u>-</u>	<u>(14,352)</u>	<u>(549,226)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (788,343)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,109,358)</u>

SOUTH HARRISON COMMUNITY 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)

	HCELC Assistive Tech Grant	HCELC Pre-School	HCELC Pre-School 2011-12	HCELC Pre-School 2009-10	HCELC Pre-School 2010-11	Drug Free Schools	Drug Free Schools 2009-11	Drug Free Schools 1	PLTW Grant 2010-11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (17,019)	\$ -	\$ (315)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	46,568	-	31,944	-	15,526	-	7,060	-	3,690
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>46,568</u>	<u>-</u>	<u>31,944</u>	<u>-</u>	<u>15,526</u>	<u>-</u>	<u>7,060</u>	<u>-</u>	<u>3,690</u>
Disbursements:									
Current:									
Instruction	-	-	33,693	-	12,103	-	5,568	-	3,690
Support services	46,568	-	-	-	-	-	655	-	-
Noninstructional services	-	-	-	-	-	-	522	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>46,568</u>	<u>-</u>	<u>33,693</u>	<u>-</u>	<u>12,103</u>	<u>-</u>	<u>6,745</u>	<u>-</u>	<u>3,690</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(1,749)</u>	<u>-</u>	<u>3,423</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(1,749)</u>	<u>-</u>	<u>3,423</u>	<u>-</u>	<u>315</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,749)</u>	<u>\$ -</u>	<u>\$ (13,596)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH HARRISON COMMUNITY 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)

	PLTW Grant 2011-12	21st Century Community Learning Centers 2010-11	21st Century Community Learning Centers 2011-12	21st Century Community Learning Centers 2012-13	Hurricane Relief Fund	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A 2009-11	Title II Part A 2008-10	Title II Part A 2010-12
Cash and investments - beginning	\$ (1,143)	\$ (1,722)	\$ -	\$ -	\$ 4,842	\$ -	\$ (75)	\$ -	\$ (7,393)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	37,033	102,320	352,825	-	-	-	41,654	-	72,608
Other	-	(160)	-	-	-	-	-	-	-
Total receipts	37,033	102,160	352,825	-	-	-	41,654	-	72,608
Disbursements:									
Current:									
Instruction	32,695	96,729	308,783	-	-	-	-	-	40,567
Support services	3,195	3,709	44,042	234	-	-	41,579	-	24,648
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	35,890	100,438	352,825	234	-	-	41,579	-	65,215
Excess (deficiency) of receipts over disbursements	1,143	1,722	-	(234)	-	-	75	-	7,393
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	1,143	1,722	-	(234)	-	-	75	-	7,393
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (234)	\$ 4,842	\$ -	\$ -	\$ -	\$ -

SOUTH HARRISON COMMUNITY 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)

	Reading First No Child Left Behind	CES College Success Grant 2011-12	Title I Stimulus 2009-10	HCELC Part B Stimulus	HCELC Pre-School Stimulus	Title I Part D Stimulus	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 701	\$ -	\$ (63,743)	\$ (50,988)	\$ (1,189)	\$ 2,068	\$ (13,192)	\$ 123,324	\$ 15,593,987
Receipts:									
Local sources	-	-	-	-	-	-	-	-	10,788,457
Intermediate sources	-	-	-	-	-	-	-	-	2,026,769
State sources	-	-	-	-	-	-	-	-	18,269,714
Federal sources	-	2,500	87,724	195,415	17,207	-	284,186	-	2,568,290
Other	-	-	-	-	-	-	-	4,756,877	4,769,420
Total receipts	-	2,500	87,724	195,415	17,207	-	284,186	4,756,877	38,422,650
Disbursements:									
Current:									
Instruction	-	-	20,483	122,249	6,497	1,865	313,083	-	15,211,760
Support services	-	-	3,498	2,090	9,521	-	33,081	-	11,921,995
Noninstructional services	-	-	-	20,088	-	-	-	-	1,831,094
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,083,682
Debt services	-	-	-	-	-	-	-	-	7,233,894
Nonprogrammed charges	-	-	-	-	-	-	-	4,740,262	4,740,262
Total disbursements	-	-	23,981	144,427	16,018	1,865	346,164	4,740,262	42,022,687
Excess (deficiency) of receipts over disbursements	-	2,500	63,743	50,988	1,189	(1,865)	(61,978)	16,615	(3,600,037)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	116,516
Transfers out	-	-	-	-	-	-	-	-	(116,516)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,500	63,743	50,988	1,189	(1,865)	(61,978)	16,615	(3,600,037)
Cash and investments - ending	\$ 701	\$ 2,500	\$ -	\$ -	\$ -	\$ 203	\$ (75,170)	\$ 139,939	\$ 11,993,950

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF RECEIVABLES
JUNE 30, 2012

<u>School Corporation</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,648,316</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Capital Lease: South Harrison 2000 School Building Corporation - First Mortgage Refunding Bonds of 2005B	Refinance of Renovation/Expansion Costs of South Central Schools and Heth-Washington Elementary School	\$ 1,117,000	07-05-05	01-05-26
Capital Lease: South Harrison 2000 School Building Corporation - First Mortgage Refunding Bonds of 2007	Refinance of Renovation/Expansion Costs of Corydon Central High School, Corydon Elementary School, South Central Junior/Senior High and Elementary Schools and New Middletown Elementary School	2,267,000	07-01-07	01-01-26
Capital Lease: South Harrison 2000 School Building Corporation - First Mortgage Refunding Bonds of 2008	Refinance of Construction Costs of Corydon Central Junior High School	<u>1,254,000</u>	04-16-08	07-15-20
Total of annual lease payments		<u>\$ 4,638,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Taxable Retirement/Severance Liability Funding Bonds of 2006	<u>\$ 3,740,000</u>	<u>\$ 953,310</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The School Corporation is a participant with North Harrison Community School Corporation and Lanesville Community School Corporation in a joint venture to operate the Harrison County Exceptional Learners Cooperative (Co-op). The Co-op was created to provide instruction for handicapped children. The Co-op is funded by federal grants and funds provided by the participating School Corporations. The Joint Service Agreement provides that the South Harrison Community School Corporation (School Corporation) will be the administering corporation. Each participating school corporation's share is to be due and payable in four installments throughout the year, upon billing by the administering corporation. The School Corporation has not billed the participating school corporations for their share of the Co-op's expenses for the 2011-2012 school year. At June 30, 2012, the HCELC 2011-12 Joint Services Fund had a deficit balance of \$399,144.

The School Corporation has also been approved for grants to assist in the operation of the Co-op. These grants, Special Education - Grants to States, are on a reimbursement basis for approved expenditures. No reimbursement requests were filed during the 2011-2012 school year. The funds set up to account for the expenditures of these grant funds, HCELC Pt B 2010-11 and HCELC Pt B 2011-12, had deficit balances of \$1,109,358 and \$788,343, respectively at June 30, 2012.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Compliance

We have audited the South Harrison Community 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, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements 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 2012-2.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal

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

program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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 significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 to be a material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 7, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 191,614	\$ 216,446
National School Lunch Program	10.555		<u>658,232</u>	<u>655,311</u>
Total for federal grantor agency			<u>849,846</u>	<u>871,757</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
FY 2009-10		10-3190	78,415	-
FY 2010-11		11-3190	317,756	117,434
FY 2011-12		12-3190	-	267,355
FY 2009-10 (2)		10-3190	11,202	-
FY 2010-11 (2)		11-3190	8,419	9,457
FY 2011-12 (2)		12-3190	-	2,072
FY 2008-10 School Improvement Funds CES		08-3190 & 09-3190	14,510	-
FY 2008-10 School Improvement Funds SCE		08-3190 & 09-3190	<u>46,000</u>	<u>-</u>
Total for program			<u>476,302</u>	<u>396,318</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
FY 2010-12, Part A		11-3190	122,400	23,981
FY 2010-12, Part D		11-3190	<u>420</u>	<u>1,865</u>
Total for program			<u>122,820</u>	<u>25,846</u>
Total for cluster			<u>599,122</u>	<u>422,164</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
FY 2009-10		14210-028-PN01	-	104,353
FY 2010-12		14211-028-PN01	1,211,797	549,230
FY 2011-13		14212-028-PN01	-	788,343
FY 2008-09 C/O		14209-048-PY02	<u>53,988</u>	<u>-</u>
Total for program			<u>1,265,785</u>	<u>1,441,926</u>
Special Education - Preschool Grants	84.173			
FY 2010-12		45711-028-PN01	39,143	-
FY 2011-13		45712-028-PN01	<u>-</u>	<u>31,944</u>
Total for program			<u>39,143</u>	<u>31,944</u>

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Special Education Cluster (continued)				
ARRA - Special Education Grants to States, Recovery Act FY 2010-12	84.391	33310-028-SN01	551,580	144,428
ARRA - Special Education - Preschool Grants, Recovery Act FY 2010-12	84.392	44410-028-SN01	21,984	16,019
Total for cluster			<u>1,878,492</u>	<u>1,634,317</u>
Safe and Drug-Free Schools and Communities - State Grants SY 2008-2010 SY 2009-2011	84.186	08-3190 11-3190	1,375 5,211	- 6,745
Total for program			<u>6,586</u>	<u>6,745</u>
Twenty-First Century Community Learning Centers FY 2010-11 FY 2011-12	84.287		284,995 -	100,437 352,825
Total for program			<u>284,995</u>	<u>453,262</u>
Improving Teacher Quality State Grants SY 2009-2011 SY 2010-2012	84.367	09-3190 10-3190	89,499 44,433	41,579 65,214
Total for program			<u>133,932</u>	<u>106,793</u>
Education Jobs Fund FY 2010-12	84.410		144,840	270,994
Total for federal grantor agency			<u>3,047,967</u>	<u>2,894,275</u>
Total federal awards expended			<u>\$ 3,897,813</u>	<u>\$ 3,766,032</u>

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

SOUTH HARRISON COMMUNITY 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 South Harrison Community 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, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 26,296	\$ 25,409
National School Lunch Program	10.555	89,089	76,730

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

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Special Education Cluster
84.287	Twenty-First Century Community Learning Centers
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Finding

FINDING 2012 - 1 - INTERNAL CONTROLS OVER FILING REIMBURSEMENT REQUESTS

We noted control deficiencies in the internal control system related to administration of the Harrison County Exceptional Learners Cooperative (Co-op) and for the Special Education program. We believe the following deficiencies constitutes a material weakness:

Lack of Internal Controls: Control activities were not developed and implemented to reduce the risk that reimbursement requests would not timely submitted so that the applicable funds do not incur significant deficit cash balances which could affect the School Corporation's ability to operate effectively.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The South Harrison Community School Corporation (School Corporation) is a participant with North Harrison Community School Corporation and Lanesville Community School Corporation in a joint venture to operate the Harrison County Exceptional Learners Cooperative. The Co-op was created to provide instruction for handicapped children. The Co-op is funded by federal grants and funds provided by the participating school corporations. The Joint Service Agreement provides that the South Harrison Community School Corporation (School Corporation) will be the administering corporation. Each participating school corporation's share is to be due and payable in four installments throughout the year, upon billing by the administering corporation. The School Corporation has not billed the participating school corporations for their share of the Co-op's expenses for the 2011-2012 school year. At June 30, 2012, this fund had a deficit balance of \$399,144.

The School Corporation has also been approved for grants to assist in the operation of the Co-op. These grants, Special Education - Grants to States, are on a reimbursement basis for approved expenditures. No reimbursement requests were filed during the 2011-2012 school year. The funds set up to account for the expenditures of these grant funds had deficit balances of \$1,109,358 and \$788,343, respectively, at June 30, 2012.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

We recommended that the School Corporation establish proper controls to address the deficiencies noted with obtaining timely reimbursements from the participating schools and applicable federal grants.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - INTERNAL CONTROLS AND NONCOMPLIANCE OVER REPORTING

Federal Agency: U. S. Department of Education
Federal Program: Special Education - Grants to States
CFDA Number: 84.027
Pass-Through Entity: Indiana Department of Education
Federal Award Number and Year (or Other Identifying Number): 14211-028-PN01 and 14212-028-PN01

The School Corporation was approved for special education grants to assist them in operating the Harrison County Exceptional Learners Cooperative (Co-op). Compliance requirements of the grants provide that the School Corporation be reimbursed for eligible expenses. During the 2011-2012 school year, the School Corporation did not submit any reimbursement requests. The two grants that had expenditures during this period of time had deficit fund balances at June 30, 2012 of \$1,109,358 and \$788,343.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the School Corporation has not established an effective internal control system related to timely filing for expenditure reimbursement requests. 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.

OMB Circular A-133, Subpart C, section .300 (b) states:

"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."

34 CFR 80.41 (d) states: "(2) Reimbursements. Requests for reimbursement under nonconstruction grants will also be submitted on Standard Form 270."

OMB Circular A-133, Subpart C, section .300 (c) states: "The auditee shall: (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs. "

The failure to establish proper controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement proper controls to ensure that reimbursement requests are timely submitted and to adhere to all compliance requirements governing reporting.



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Superintendent

Indiana State Board of Accounts
302 West Washington Street
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Indianapolis, IN 46204-2738

Corrective Action Plan - Sections II & III – Finding 2012-1, Internal Controls Over Filing Reimbursement Requests & Noncompliance Over Reporting

Mission Statement

The mission of South Harrison Community School Corporation is to create an environment which develops, nurtures and reinforces the success of students as well as all people served by the corporation. Further, through the shared involvement of home, community and school, our purpose is to develop and provide quality work to prepare each student to think, reason and participate in a diverse society as a lifelong, self-directed learner.

Vision Statement

We envision schools in which students experience success through authentic, real-life learning activities, focusing on an appreciation of the diversity of society and the ever-changing world, thus creating the greatest opportunities for students after graduation.

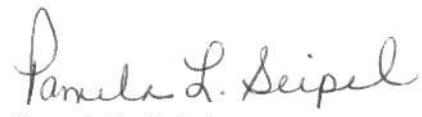
South Harrison Community School Corporation continues to closely monitor fund balances associated with the Harrison County Exceptional Learners Cooperative. Throughout this audit period, the processes for grants have changed multiple times ultimately resulting in a reimbursement process of collection. Further complicating the processes is the delayed approvals of the grants. The business office of the South Harrison Community School Corporation is developing new internal control processes by which assures the timely submission of reimbursement requests. However, the internal control processes alone will not eliminate the negative balances attributed to the delayed grant approval process. Furthermore, internal controls will also be developed to monitor special education expenditures pertaining to the calculations of excess cost and maintenance of effort.

Further, the process by which the cooperative budget is established will be revised and presented to the governing board of the cooperative for the next budgetary cycle for consideration. The intent of these revisions is to provide expeditious reporting and billings to the participating school corporations in accordance with the joint services agreement established for the organization.

In closing, it is the desire of the South Harrison Community School Corporation to fully comply with all requirements pertaining to the administration of all funds entrusted to the Corporation.

Respectfully submitted,


Neyland G. Clark
Superintendent


Pamela L. Seipel
Treasurer

*An Equal Opportunity
Employer*

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2013, with Dr. Neyland G. Clark, Superintendent of Schools; Pamela L. Seipel, Treasurer; Carolyn Wallace, Director of Business Operations; and Mary Mathes, President of the School Board. The officials concurred with our finding.