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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION
ORANGE COUNTY, INDIANA

July 1, 2011 to June 30, 2013

FILED
03/03/2014

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Kathy Allstott	07-01-11 to 12-31-14
Superintendent of Schools	Todd Pritchitt	07-01-11 to 06-30-13
	Dr. Jerrill Vandeventer	07-01-13 to 12-31-13
	Anthony Whitaker	01-01-14 to 12-31-14
President of the School Board	Todd Marshall	07-01-11 to 12-31-12
	Ralph Purkhiser	01-01-13 to 12-31-13
	Cheryl Lynch	01-01-14 to 12-31-14

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION, ORANGE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

February 6, 2014

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

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY
SCHOOL CORPORATION, ORANGE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Springs Valley Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated February 6, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Springs Valley Community School Corporation's Response to Findings

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

Purpose of This Report

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

February 6, 2014

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FINANCIAL STATEMENT

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

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

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	$ 921,490	$ 6,397,514	$ 6,683,547	$ 4,697	$ 640,154	$ 6,317,366	$ 6,618,437	$ -	$ 339,083
Debt Service	160,082	760,462	800,600	-	119,944	831,882	813,900	-	137,926
Retirement/Severance Bond Debt Service	28,627	118,597	122,576	-	24,648	117,094	119,731	-	22,011
Capital Projects	916,814	1,050,141	752,836	(200,000)	1,014,119	1,021,572	947,764	(350,000)	737,927
School Transportation	752,252	654,875	497,116	(200,000)	710,011	675,752	519,982	(350,000)	515,781
School Bus Replacement	-	40,856	-	(33,111)	7,745	48,173	88,000	32,082	-
Rainy Day	479,626	-	8,347	400,000	871,279	-	145,835	700,000	1,425,444
School Lunch	251,725	458,079	557,364	750	153,190	559,873	516,954	576	196,685
Textbook Rental	60,803	181,032	208,830	-	33,005	197,818	189,948	-	40,875
Self-Insurance	150,808	941,487	944,772	-	147,523	922,987	924,688	-	145,822
Educational License Plates	5,006	206	-	-	5,212	169	-	-	5,381
SAFE School Haven	-	6,300	6,300	-	-	-	-	-	-
Early Intervention Grant	215	4,020	215	(4,020)	-	-	-	-	-
Instruction Support	2,000	65,300	66,800	-	500	37,100	37,600	-	-
Backyard Habitat Project	134	-	-	-	134	-	-	-	134
OCCF/Professional Development Grant	-	3,000	-	-	3,000	-	1,124	-	1,876
OCCF/Strings Grant	-	2,000	-	-	2,000	-	2,000	-	-
Casino Revenue	1,723,840	919,206	1,668,027	72,674	1,047,693	918,905	1,211,334	(32,082)	723,182
Instructional Support	-	-	-	-	-	27,732	27,732	-	-
School Technology	1,069	3,288	4,050	-	307	3,621	2,977	-	951
After School Teen Program	7,282	2,650	2,098	-	7,834	1,300	1,173	-	7,961
After School Teen Operating	21,149	11,500	11,732	-	20,917	11,500	11,592	-	20,825
Excess PTRC Distributions	19,282	-	19,282	-	-	16,003	15,978	-	25
High Ability	-	27,950	27,950	-	-	-	-	-	-
Title I FY 2011-12	-	196,352	196,470	-	(118)	11,118	11,000	-	-
Title I FY 2012-13	-	28,129	22,428	(5,701)	-	153,035	167,666	-	(14,631)
Serve America	-	160	160	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	70,000	70,000	-	-
Safe and Drug Free Schools	-	719	719	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	34,960	39,778	-	(4,818)	46,390	41,572	-	-
Rural Schools and Low Income Program - Pass Through State	-	34,182	3,393	(30,789)	-	22,939	22,939	-	-
Education Jobs	-	207,406	207,406	-	-	4,235	4,235	-	-
CAGIT PTRC Distribution	-	19,989	8,544	-	11,445	9,295	20,740	-	-
Payroll Withholdings	-	1,770,695	1,779,634	-	(8,939)	1,858,517	1,875,085	-	(25,507)
Totals	$ 5,502,204	$ 13,941,055	$ 14,640,974	$ 4,500	$ 4,806,785	$ 13,884,376	$ 14,409,986	$ 576	$ 4,281,751

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

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.

B. *Teachers' Retirement Fund*

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

C. *Additional Pension Plans*

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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants and reimbursable payroll expenditures. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012 and 2013, respectively.

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with Springs Valley Primary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2012, and June 30, 2013, totaled $100,000 and $100,000, respectively.

The School Corporation has entered into a capital lease with Springs Valley School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2012, and June 30, 2013, totaled $600,600 and $613,900, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, vision, and life insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: http://mustang.doe.state.in.us/TRENDS/fin.cfm. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

SPRINGS VALLEY 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
Cash and investments - beginning	$ 921,490	$ 160,082	$ 28,627	$ 916,814	$ 752,252	$ -	$ 479,626
Receipts:							
Local sources	112,829	760,462	118,597	950,141	654,875	40,856	-
Intermediate sources	14	-	-	100,000	-	-	-
State sources	6,284,671	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	6,397,514	760,462	118,597	1,050,141	654,875	40,856	-
Disbursements:							
Current:							
Instruction	4,336,344	-	-	-	-	-	-
Support services	2,204,483	-	-	512,597	497,116	-	8,347
Noninstructional services	141,935	-	-	-	-	-	-
Facilities acquisition and construction	785	-	-	240,239	-	-	-
Debt services	-	800,600	122,576	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	6,683,547	800,600	122,576	752,836	497,116	-	8,347
Excess (deficiency) of receipts over disbursements	(286,033)	(40,138)	(3,979)	297,305	157,759	40,856	(8,347)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	3,750	-
Transfers in	4,697	-	-	-	-	-	400,000
Transfers out	-	-	-	(200,000)	(200,000)	(36,861)	-
Total other financing sources (uses)	4,697	-	-	(200,000)	(200,000)	(33,111)	400,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(281,336)	(40,138)	(3,979)	97,305	(42,241)	7,745	391,653
Cash and investments - ending	$ 640,154	$ 119,944	$ 24,648	$ 1,014,119	$ 710,011	$ 7,745	$ 871,279

SPRINGS VALLEY 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)

	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	SAFE School Haven	Early Intervention Grant	Instruction Support
Cash and investments - beginning	$ 251,725	$ 60,803	$ 150,808	$ 5,006	$ -	$ 215	$ 2,000
Receipts:							
Local sources	160,985	66,426	941,487	-	-	-	65,300
Intermediate sources	-	-	-	206	-	-	-
State sources	3,736	40,439	-	-	6,300	4,020	-
Federal sources	292,062	-	-	-	-	-	-
Interfund loans	946	74,067	-	-	-	-	-
Other	350	100	-	-	-	-	-
Total receipts	458,079	181,032	941,487	206	6,300	4,020	65,300
Disbursements:							
Current:							
Instruction	-	-	-	-	-	215	-
Support services	432	207,884	227	-	6,300	-	-
Noninstructional services	482,865	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	944,545	-	-	-	66,800
Interfund loans	74,067	946	-	-	-	-	-
Total disbursements	557,364	208,830	944,772	-	6,300	215	66,800
Excess (deficiency) of receipts over disbursements	(99,285)	(27,798)	(3,285)	206	-	3,805	(1,500)
Other financing sources (uses):							
Sale of capital assets	750	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(4,020)	-
Total other financing sources (uses)	750	-	-	-	-	(4,020)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(98,535)	(27,798)	(3,285)	206	-	(215)	(1,500)
Cash and investments - ending	$ 153,190	$ 33,005	$ 147,523	$ 5,212	$ -	$ -	$ 500

SPRINGS VALLEY 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)

	Backyard Habitat Project	OCCF/ Professional Development Grant	OCCF/Strings Grant	Casino Revenue	Instructional Support	School Technology	After School Teen Program
Cash and investments - beginning	$ 134	$ -	$ -	$ 1,723,840	$ -	$ 1,069	$ 7,282
Receipts:							
Local sources	-	3,000	2,000	17,211	-	-	2,650
Intermediate sources	-	-	-	901,995	-	-	-
State sources	-	-	-	-	-	3,288	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	3,000	2,000	919,206	-	3,288	2,650
Disbursements:							
Current:							
Instruction	-	-	-	79,709	-	-	2,098
Support services	-	-	-	130,181	-	4,050	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,458,137	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,668,027	-	4,050	2,098
Excess (deficiency) of receipts over disbursements	-	3,000	2,000	(748,821)	-	(762)	552
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	72,674	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	72,674	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,000	2,000	(676,147)	-	(762)	552
Cash and investments - ending	$ 134	$ 3,000	$ 2,000	$ 1,047,693	$ -	$ 307	$ 7,834

SPRINGS VALLEY 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)

	After School Teen Operating	Excess PTRC Distributions	High Ability	Title I FY 2011-12	Title I FY 2012-13	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	$ 21,149	$ 19,282	$ -	$ -	$ -	$ -	$ -
Receipts:							
Local sources	11,500	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	27,950	-	-	-	-
Federal sources	-	-	-	196,352	28,129	160	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	11,500	-	27,950	196,352	28,129	160	-
Disbursements:							
Current:							
Instruction	11,732	-	27,950	164,078	22,172	160	-
Support services	-	19,282	-	32,392	256	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	11,732	19,282	27,950	196,470	22,428	160	-
Excess (deficiency) of receipts over disbursements	(232)	(19,282)	-	(118)	5,701	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(5,701)	-	-
Total other financing sources (uses)	-	-	-	-	(5,701)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(232)	(19,282)	-	(118)	-	-	-
Cash and investments - ending	$ 20,917	$ -	$ -	$ (118)	$ -	$ -	$ -

SPRINGS VALLEY 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)

	Safe and Drug Free Schools	Improving Teaching Quality No Child Left Title II, Part A	Rural Schools and Low Income Program Pass Through State	Education Jobs	CAGIT PTRC Distribution	Payroll Withholdings	Totals
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,502,204
Receipts:							
Local sources	-	-	-	-	-	-	3,908,319
Intermediate sources	-	-	-	-	-	-	1,002,215
State sources	-	-	-	-	-	-	6,370,404
Federal sources	719	34,960	34,182	207,406	-	-	793,970
Interfund loans	-	-	-	-	-	-	75,013
Other	-	-	-	-	19,989	1,770,695	1,791,134
Total receipts	719	34,960	34,182	207,406	19,989	1,770,695	13,941,055
Disbursements:							
Current:							
Instruction	-	39,778	-	207,406	-	-	4,891,642
Support services	719	-	3,393	-	-	-	3,627,659
Noninstructional services	-	-	-	-	-	-	624,800
Facilities acquisition and construction	-	-	-	-	-	-	1,699,161
Debt services	-	-	-	-	-	-	923,176
Nonprogrammed charges	-	-	-	-	8,544	1,779,634	2,799,523
Interfund loans	-	-	-	-	-	-	75,013
Total disbursements	719	39,778	3,393	207,406	8,544	1,779,634	14,640,974
Excess (deficiency) of receipts over disbursements	-	(4,818)	30,789	-	11,445	(8,939)	(699,919)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	4,500
Transfers in	-	-	-	-	-	-	477,371
Transfers out	-	-	(30,789)	-	-	-	(477,371)
Total other financing sources (uses)	-	-	(30,789)	-	-	-	4,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,818)	-	-	11,445	(8,939)	(695,419)
Cash and investments - ending	$ -	$ (4,818)	$ -	$ -	$ 11,445	$ (8,939)	$ 4,806,785

SPRINGS VALLEY 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, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	$ 640,154	$ 119,944	$ 24,648	$ 1,014,119	$ 710,011	$ 7,745	$ 871,279
Receipts:							
Local sources	93,513	831,882	117,094	921,572	675,752	48,173	-
Intermediate sources	7	-	-	100,000	-	-	-
State sources	6,223,846	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	6,317,366	831,882	117,094	1,021,572	675,752	48,173	-
Disbursements:							
Current:							
Instruction	4,371,074	-	-	-	-	-	-
Support services	2,112,361	-	-	557,186	519,982	88,000	145,835
Noninstructional services	134,642	-	-	-	-	-	-
Facilities acquisition and construction	360	-	-	390,578	-	-	-
Debt services	-	813,900	119,731	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	6,618,437	813,900	119,731	947,764	519,982	88,000	145,835
Excess (deficiency) of receipts over disbursements	(301,071)	17,982	(2,637)	73,808	155,770	(39,827)	(145,835)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	32,082	700,000
Transfers out	-	-	-	(350,000)	(350,000)	-	-
Total other financing sources (uses)	-	-	-	(350,000)	(350,000)	32,082	700,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(301,071)	17,982	(2,637)	(276,192)	(194,230)	(7,745)	554,165
Cash and investments - ending	$ 339,083	$ 137,926	$ 22,011	$ 737,927	$ 515,781	$ -	$ 1,425,444

SPRINGS VALLEY 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, 2013
(Continued)

	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	SAFE School Haven	Early Intervention Grant	Instruction Support
Cash and investments - beginning	$ 153,190	$ 33,005	$ 147,523	$ 5,212	$ -	$ -	$ 500
Receipts:							
Local sources	156,480	97,024	922,987	-	-	-	37,100
Intermediate sources	-	-	-	169	-	-	-
State sources	3,521	38,156	-	-	-	-	-
Federal sources	285,208	-	-	-	-	-	-
Interfund loans	114,414	62,538	-	-	-	-	-
Other	250	100	-	-	-	-	-
Total receipts	559,873	197,818	922,987	169	-	-	37,100
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	467	75,534	1,231	-	-	-	-
Noninstructional services	453,949	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	923,457	-	-	-	37,600
Interfund loans	62,538	114,414	-	-	-	-	-
Total disbursements	516,954	189,948	924,688	-	-	-	37,600
Excess (deficiency) of receipts over disbursements	42,919	7,870	(1,701)	169	-	-	(500)
Other financing sources (uses):							
Sale of capital assets	576	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	576	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,495	7,870	(1,701)	169	-	-	(500)
Cash and investments - ending	$ 196,685	$ 40,875	$ 145,822	$ 5,381	$ -	$ -	$ -

SPRINGS VALLEY 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, 2013
(Continued)

	Backyard Habitat Project	OCCF/ Professional Development Grant	OCCF/Strings Grant	Casino Revenue	Instructional Support	School Technology	After School Teen Program
Cash and investments - beginning	$ 134	$ 3,000	$ 2,000	$ 1,047,693	$ -	$ 307	$ 7,834
Receipts:							
Local sources	-	-	-	46,094	-	-	1,300
Intermediate sources	-	-	-	872,811	-	-	-
State sources	-	-	-	-	27,732	3,621	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	918,905	27,732	3,621	1,300
Disbursements:							
Current:							
Instruction	-	716	1,350	160,014	27,732	-	1,173
Support services	-	408	650	52,288	-	2,977	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	996,032	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	3,000	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	1,124	2,000	1,211,334	27,732	2,977	1,173
Excess (deficiency) of receipts over disbursements	-	(1,124)	(2,000)	(292,429)	-	644	127
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(32,082)	-	-	-
Total other financing sources (uses)	-	-	-	(32,082)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,124)	(2,000)	(324,511)	-	644	127
Cash and investments - ending	$ 134	$ 1,876	$ -	$ 723,182	$ -	$ 951	$ 7,961

SPRINGS VALLEY 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, 2013
(Continued)

	After School Teen Operating	Excess PTRC Distributions	High Ability	Title I FY 2011-12	Title I FY 2012-13	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	$ 20,917	$ -	$ -	$ (118)	$ -	$ -	$ -
Receipts:							
Local sources	11,500	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	16,003	-	-	-	-	-
Federal sources	-	-	-	11,118	153,035	-	70,000
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	11,500	16,003	-	11,118	153,035	-	70,000
Disbursements:							
Current:							
Instruction	11,592	-	-	11,000	167,666	-	-
Support services	-	15,978	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	70,000
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	11,592	15,978	-	11,000	167,666	-	70,000
Excess (deficiency) of receipts over disbursements	(92)	25	-	118	(14,631)	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(92)	25	-	118	(14,631)	-	-
Cash and investments - ending	$ 20,825	$ 25	$ -	$ -	$ (14,631)	$ -	$ -

SPRINGS VALLEY 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, 2013
(Continued)

	Safe and Drug Free Schools	Improving Teaching Quality No Child Left Title II, Part A	Rural Schools and Low Income Program Pass Through State	Education Jobs	CAGIT PTRC Distribution	Payroll Withholdings	Totals
Cash and investments - beginning	$ -	$ (4,818)	$ -	$ -	$ 11,445	$ (8,939)	$ 4,806,785
Receipts:							
Local sources	-	-	-	-	-	-	3,960,471
Intermediate sources	-	-	-	-	-	-	972,987
State sources	-	-	-	-	-	-	6,312,879
Federal sources	-	46,390	22,939	4,235	-	-	592,925
Interfund loans	-	-	-	-	-	-	176,952
Other	-	-	-	-	9,295	1,858,517	1,868,162
Total receipts	-	46,390	22,939	4,235	9,295	1,858,517	13,884,376
Disbursements:							
Current:							
Instruction	-	41,572	22,939	4,235	-	-	4,821,063
Support services	-	-	-	-	-	-	3,572,897
Noninstructional services	-	-	-	-	-	-	588,591
Facilities acquisition and construction	-	-	-	-	-	-	1,456,970
Debt services	-	-	-	-	-	-	933,631
Nonprogrammed charges	-	-	-	-	20,740	1,875,085	2,859,882
Interfund loans	-	-	-	-	-	-	176,952
Total disbursements	-	41,572	22,939	4,235	20,740	1,875,085	14,409,986
Excess (deficiency) of receipts over disbursements	-	4,818	-	-	(11,445)	(16,568)	(525,610)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	576
Transfers in	-	-	-	-	-	-	732,082
Transfers out	-	-	-	-	-	-	(732,082)
Total other financing sources (uses)	-	-	-	-	-	-	576
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,818	-	-	(11,445)	(16,568)	(525,034)
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ (25,507)	$ 4,281,751

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Springs Valley Primary School Bldg Corp	Remodeling project	$ 100,000	06-30-03	12-31-14
Springs Valley School Bldg Corp	Middle school building project	632,200	06-30-06	12-31-27
Total of annual lease payments		$ 732,200		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Retirement/Severance Bonds	Pension buyout	$ 1,040,000	$ 126,676
Qualified Zone Academy Bonds	Remodeling project	100,000	100,000
		$ 1,140,000	$ 226,676

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2013

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

	Ending Balance
Governmental activities:	
Land	$ 351,012
Buildings	18,852,177
Improvements other than buildings	1,733,274
Machinery, equipment, and vehicles	3,060,456
Total capital assets	$ 23,996,919

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION, ORANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Springs Valley 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, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

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

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

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

February 6, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553		$ 88,875	$ 86,568
National School Lunch Program	Indiana Department of Education	10.555		234,507	233,465
Total - Child Nutrition Cluster				323,382	320,033
U.S. DEPARTMENT OF EDUCATION					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	11-6160	22,428	-
			12-6160	196,352	11,119
			13-6160	-	153,035
Total - Title I, Part A Cluster				218,780	164,154
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027	A58-3-13DL-0094	-	70,000
Total - Special Education Cluster				-	70,000
Safe and Drug Free Schools and Communities - State Grants	Indiana Department of Education	84.186	09-6160	719	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	10-6160	1,230	-
			11-6160	33,730	6,501
			12-6160	-	39,889
Total - Improving Teacher Quality State Grants				34,960	46,390
Rural Education	Indiana Department of Education	84.358	10-6160	34,182	-
			11-6160	-	22,939
Total - Rural Education				34,182	22,939
Education Jobs Fund	Indiana Department of Education	84.410	11-6160	207,406	4,235
Total - Federal grantor agency				496,047	307,718
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
Learn and Serve America - School and Community Based Programs	Indiana Department of Family and Social Services Administration	94.004	A58-1-11-SL-006	160	-
Total federal awards expended				$ 819,589	$ 627,751

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

SPRINGS VALLEY 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 Springs Valley 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, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	$ 8,608	$ 9,420
National School Lunch Program	10.555	22,713	25,405

SPRINGS VALLEY 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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SPRINGS VALLEY COMMUNITY SCHOOLS
OFFICE OF THE SUPERINTENDENT
498 SOUTH LARRY BIRD BOULEVARD • FRENCH LICK, IN 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

January 15, 2014

State Board of Accounts
302 W Washington St., Room E418
Indianapolis, IN 46204

RE: Corrective Action Plan for Finding 2013-001

Dear Sir/Ms.,

Upon receipt of a copy of the Schedule of Finding 2013-001 – Internal Controls over the Schedule of Expenditures of Federal Awards (SEFA), the following corrective action will be taken on reporting of federal expenditures. When preparing the Schedule of Expenditures of Federal Awards for future audits, the completed SEFA report will be presented to the superintendent and/or grant writer for review and correction, if necessary, prior to submission of the report to State Board of Accounts' auditors. This change in procedure will provide additional internal control and safeguard for accurate reporting.

Sincerely,

Kathy Allstott

Kathy Allstott
Treasurer

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2014, with Anthony Whitaker, Superintendent of Schools; Cheryl Lynch, President of the School Board; and Kathy Allstott, Treasurer. Our report disclosed no material items that warrant comment at this time.