

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, 2012 to June 30, 2014



FILED
01/20/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela L. Seipel	01-01-12 to 12-31-15
Superintendent of Schools	Dr. Neyland G. Clark Dr. Mark A. Eastridge	07-01-12 to 06-30-14 07-01-14 to 06-30-17
President of the School Board	Jeffery L. Brown Mary J. Mathes	01-01-12 to 12-31-12 01-01-13 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the South Harrison Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2015, 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.


Paul D. Joyce, CPA
State Examiner

November 4, 2015



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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 SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON 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 South Harrison Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated November 4, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

South Harrison 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, CPA
State Examiner

November 4, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2013 and 2014

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 158,727	\$ 18,997,269	\$ 18,522,787	\$ 1	\$ 633,210	\$ 19,257,877	\$ 19,527,696	\$ 3,534	\$ 366,925	
Debt Service	3,562,299	4,805,581	4,639,518	51,975	3,780,337	4,757,590	4,649,500	-	3,888,427	
Retirement/Severance Bond Debt Service	156,191	925,915	953,310	-	128,796	979,092	955,369	-	152,519	
Capital Projects	1,820,844	1,879,094	2,011,411	(47,704)	1,640,823	2,044,046	2,645,551	-	1,039,318	
School Transportation	1,077,512	1,806,020	1,985,193	(10,534)	887,805	2,005,709	2,071,576	83,062	905,000	
School Bus Replacement	226,332	192,753	174,513	6,263	250,835	214,532	97,542	-	367,825	
Local Rainy Day	399,500	-	-	-	399,500	-	399,500	-	-	
Retirement/Severance Bond	2,875,745	-	149,677	-	2,726,068	-	121,697	-	2,604,371	
School Lunch	391,637	1,308,676	1,330,929	-	369,384	1,652,250	1,364,092	-	657,542	
Textbook Rental	279,652	92,901	65,972	-	306,581	327,222	223,724	-	410,079	
Levy Excess	55,346	21,215	-	-	76,561	-	-	(76,561)	-	
HCELC 2009-10 Joint Services	(114,918)	-	-	-	(114,918)	114,918	-	-	-	
HCELC 2010-11 Joint Services	119,164	-	-	-	119,164	-	-	(119,164)	-	
HCELC 2011-12 Joint Services	(399,144)	168	79,767	-	(478,743)	462,459	-	16,284	-	
HCELC Joint Services	-	504	450,034	-	(449,530)	59,549	642,430	-	(1,032,411)	
HCELC 2010-11 Deaf/Blind Trans	(3,606)	3,606	-	-	-	-	-	-	-	
HCELC 2011-12 Deaf/Blind Trans	(45,189)	53,555	8,366	-	-	-	-	-	-	
Educational License Plates	1,145	376	3,144	-	(1,623)	338	2,972	-	(4,257)	
Alternative Education	32,669	19,361	14,875	-	37,155	17,102	2,276	-	51,981	
Miscellaneous Grants	8,064	1,875	3,306	-	6,633	2,003	2,228	-	6,408	
CCHS Miscellaneous Grants	1,066	-	200	-	866	-	-	-	866	
SCHS Miscellaneous Grants	36	-	-	-	36	-	-	-	36	
HWES Miscellaneous Grants	-	500	-	-	500	-	500	-	-	
Health Insurance Escrow	308,399	28,676	134,697	-	202,378	1,285	-	-	203,663	
Shireman Family Scholar CCHS	6,277	47	-	-	6,324	54	-	-	6,378	
Riverboat Education	2,899,126	1,062,116	836,991	3,375	3,127,626	910,684	1,288,478	-	2,749,832	
Harrison County Community Foundation Grants	(4,219)	298,990	268,597	(3,376)	22,798	199,393	170,359	-	51,832	
HCCF Dual Credit Grant	-	-	-	-	-	51,788	39,418	-	12,370	
HCCF Preschool Grant	-	-	-	-	-	60,397	50,137	-	10,260	
WHAS Grant	(945)	-	-	-	(945)	945	-	-	-	
WHAS Grant 2009-10	(9)	-	-	-	(9)	9	-	-	-	
WHAS Grant 2011-12	(495)	495	-	-	-	-	-	-	-	
WHAS Grant 2012-13	-	19,992	19,992	-	-	-	-	-	-	
WHAS Grant 2013-14	-	-	-	-	-	28,066	28,066	-	-	
4-Block	3,582	-	1,302	-	2,280	-	1,410	-	870	
Mentor Program	401	-	7,295	-	(6,894)	11,891	4,596	-	401	
Secured School Safety Grant	-	-	-	-	-	-	4,555	-	(4,555)	

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, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Cultural Competency Grant 05-06	22	-	-	-	22	-	-	-	22
Non-English Speaking Programs	11,745	3,488	3,295	-	11,938	2,636	3,658	-	10,916
State Connectivity Grant	11,838	6,753	-	-	18,591	5,705	13,450	-	10,846
Title I 2011-12	(4,579)	131,171	126,592	-	-	-	-	-	-
Title I 2012-13	-	384,951	398,898	-	(13,947)	69,975	56,028	-	-
Title I 2013-14	-	-	-	-	-	384,526	450,686	-	(66,160)
HCELC PT B FY12	(788,343)	1,314,370	638,399	-	(112,372)	87,047	63,615	88,940	-
HCELC PT B FY14	-	-	-	-	-	729,014	755,196	-	(26,182)
HCELC PT B FY11	(1,109,358)	742,994	83,176	-	(449,540)	449,540	-	-	-
HCELC PT B FY13	-	1,122,731	1,378,653	-	(255,922)	755,233	709,327	-	(210,016)
HCELC Improvement Grant FY13	-	24,350	24,350	-	-	44,030	44,030	-	-
HCELC Technical Assistance Grant FY14	-	-	-	-	-	8,128	8,187	-	(59)
HCELC Preschool FY12	(1,749)	6,654	5,248	-	(343)	-	-	343	-
HCELC Preschool FY14	-	-	-	-	-	36,417	36,417	-	-
HCELC Preschool FY11	(13,596)	-	-	-	(13,596)	-	-	13,596	-
HCELC Preschool FY13	-	38,306	38,306	-	-	-	-	-	-
PLTW Grant 2012-13	-	4,909	4,909	-	-	-	-	-	-
21st CCLC Grant 2011-12	-	45,824	45,824	-	-	-	-	-	-
21st CCLC Grant 2012-13	(234)	335,685	335,451	-	-	53,382	53,382	-	-
21st CCLC Grant 2013-14	-	-	-	-	-	224,493	261,713	-	(37,220)
Hurricane Relief Fund	4,842	-	1,609	-	3,233	-	-	-	3,233
Title II Part A 2010-12	-	18,928	18,928	-	-	-	-	-	-
Title II Part A 2011-13	-	73,372	75,425	-	(2,053)	36,270	34,217	-	-
Title II Part A 2012-14	-	-	-	-	-	56,101	75,123	-	(19,022)
Reading First, No Child Left Behind	701	-	-	-	701	-	-	-	701
CES College Success Grant 2011-12	2,500	-	279	-	2,221	-	-	-	2,221
CJHS College Success Grant	-	1,000	-	-	1,000	-	249	-	751
Title I - School Improvement	-	1,393	1,393	-	-	-	-	-	-
Title I - Part D, Subpart 2	203	-	203	-	-	-	-	-	-
Education Jobs	(75,170)	184,449	109,279	-	-	-	-	-	-
Prepaid Lunches	4,562	2,909	436	-	7,035	1,693	587	-	8,141
Payroll Withholding	54,374	4,525,023	4,532,025	-	47,372	4,799,879	4,793,202	-	54,049
Clearing Accounts	85,417	207,436	211,794	-	81,059	240,802	243,460	-	78,401
Totals	\$ 11,998,364	\$ 40,696,381	\$ 39,696,348	\$ -	\$ 12,998,397	\$ 41,144,070	\$ 41,896,199	\$ 10,034	\$ 12,256,302

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 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.

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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
One North Capitol, 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. 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
One North Capitol, 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. For some funds, this is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2013 and 2014. The Educational License Plates fund expended more than was received from the State. The HCELC Joint Services funds were due reimbursements from the North Harrison Community School Corporation and the Lanesville School Corporation for the special education services provided.

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

Note 8. Holding Corporations

The School Corporation has entered into capital leases with South Harrison 2000 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 2013 and 2014 totaled \$4,636,000 and \$4,648,000, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides medical benefits to eligible retirees and their spouses. 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 10. Restatements

For the year ended June 30, 2012, 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 prior report combined all clearing accounts and identified them as payroll withholding funds instead of properly identifying the clearing account. The beginning balance of the payroll withholdings was increased for payroll withholdings being made directly to the bank and not reflected on the School Corporation's financial statement.

Fund Name	Balance as Reported June 30, 2012	Fund Reclassification	Prior Period Adjustment	Balance as Restated July 1, 2012
Prepaid Lunches	\$ -	\$ 4,562	\$ -	\$ 4,562
Payroll Withholding	139,939	(89,979)	4,414	54,374
Clearing Accounts	-	85,417	-	85,417

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 other 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, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Local Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and Investments - Beginning	\$ 158,727	\$ 3,562,299	\$ 156,191	\$ 1,820,844	\$ 1,077,512	\$ 226,332	\$ 399,500	\$ 2,875,745	\$ 391,637
Receipts:									
Local sources	115,679	3,182,331	925,915	1,878,777	1,805,965	192,753	-	-	643,854
Intermediate sources	1,236	1,623,250	-	-	-	-	-	-	-
State sources	18,879,784	-	-	-	-	-	-	-	15,162
Federal sources	-	-	-	-	-	-	-	-	649,660
Other	570	-	-	317	55	-	-	-	-
Total receipts	<u>18,997,269</u>	<u>4,805,581</u>	<u>925,915</u>	<u>1,879,094</u>	<u>1,806,020</u>	<u>192,753</u>	<u>-</u>	<u>-</u>	<u>1,308,676</u>
Disbursements:									
Current:									
Instruction	12,370,473	-	-	-	-	-	-	-	-
Support services	5,727,451	-	-	1,254,642	1,985,193	174,513	-	149,677	-
Noninstructional services	424,863	-	-	-	-	-	-	-	1,330,929
Facilities acquisition and construction	-	-	-	756,769	-	-	-	-	-
Debt services	-	4,639,518	953,310	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>18,522,787</u>	<u>4,639,518</u>	<u>953,310</u>	<u>2,011,411</u>	<u>1,985,193</u>	<u>174,513</u>	<u>-</u>	<u>149,677</u>	<u>1,330,929</u>
Excess (deficiency) of receipts over disbursements	<u>474,482</u>	<u>166,063</u>	<u>(27,395)</u>	<u>(132,317)</u>	<u>(179,173)</u>	<u>18,240</u>	<u>-</u>	<u>(149,677)</u>	<u>(22,253)</u>
Other financing sources (uses):									
Transfers in	1	51,975	-	-	-	6,263	-	-	-
Transfers out	-	-	-	(47,704)	(10,534)	-	-	-	-
Total other financing sources (uses)	<u>1</u>	<u>51,975</u>	<u>-</u>	<u>(47,704)</u>	<u>(10,534)</u>	<u>6,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>474,483</u>	<u>218,038</u>	<u>(27,395)</u>	<u>(180,021)</u>	<u>(189,707)</u>	<u>24,503</u>	<u>-</u>	<u>(149,677)</u>	<u>(22,253)</u>
Cash and investments - ending	<u>\$ 633,210</u>	<u>\$ 3,780,337</u>	<u>\$ 128,796</u>	<u>\$ 1,640,823</u>	<u>\$ 887,805</u>	<u>\$ 250,835</u>	<u>\$ 399,500</u>	<u>\$ 2,726,068</u>	<u>\$ 369,384</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, 2013
 (Continued)

	Textbook Rental	Levy Excess	HCELC 2009-10 Joint Services	HCELC 2010-11 Joint Services	HCELC 2011-12 Joint Services	HCELC Joint Services	HCELC 2010-11 Deaf/Blind Trans	HCELC 2011-12 Deaf/Blind Trans	Educational License Plates
Cash and Investments - Beginning	\$ 279,652	\$ 55,346	\$ (114,918)	\$ 119,164	\$ (399,144)	\$ -	\$ (3,606)	\$ (45,189)	\$ 1,145
Receipts:									
Local sources	1,737	21,215	-	-	168	504	3,606	53,555	-
Intermediate sources	-	-	-	-	-	-	-	-	376
State sources	91,164	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	92,901	21,215	-	-	168	504	3,606	53,555	376
Disbursements:									
Current:									
Instruction	-	-	-	-	15,496	144,372	-	-	3,144
Support services	65,972	-	-	-	63,477	305,272	-	8,366	-
Noninstructional services	-	-	-	-	794	390	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	65,972	-	-	-	79,767	450,034	-	8,366	3,144
Excess (deficiency) of receipts over disbursements	26,929	21,215	-	-	(79,599)	(449,530)	3,606	45,189	(2,768)
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	26,929	21,215	-	-	(79,599)	(449,530)	3,606	45,189	(2,768)
Cash and investments - ending	\$ 306,581	\$ 76,561	\$ (114,918)	\$ 119,164	\$ (478,743)	\$ (449,530)	\$ -	\$ -	\$ (1,623)

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, 2013
 (Continued)

	Alternative Education	Miscellaneous Grants	CCHS Miscellaneous Grants	SCHS Miscellaneous Grants	HWES Miscellaneous Grants	Health Insurance Escrow	Shireman Family Scholar CCHS	Riverboat Education	Harrison County Community Foundation Grants
Cash and Investments - Beginning	\$ 32,669	\$ 8,064	\$ 1,066	\$ 36	\$ -	\$ 308,399	\$ 6,277	\$ 2,899,126	\$ (4,219)
Receipts:									
Local sources	-	1,875	-	-	500	3,150	47	1,062,116	-
Intermediate sources	-	-	-	-	-	-	-	-	298,990
State sources	19,361	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	25,526	-	-	-
Total receipts	19,361	1,875	-	-	500	28,676	47	1,062,116	298,990
Disbursements:									
Current:									
Instruction	14,875	3,306	-	-	-	100,531	-	205,808	184,031
Support services	-	-	200	-	-	34,166	-	514,809	38,255
Noninstructional services	-	-	-	-	-	-	-	3,836	4,750
Facilities acquisition and construction	-	-	-	-	-	-	-	112,538	41,561
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,875	3,306	200	-	-	134,697	-	836,991	268,597
Excess (deficiency) of receipts over disbursements	4,486	(1,431)	(200)	-	500	(106,021)	47	225,125	30,393
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	3,375	-
Transfers out	-	-	-	-	-	-	-	-	(3,376)
Total other financing sources (uses)	-	-	-	-	-	-	-	3,375	(3,376)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,486	(1,431)	(200)	-	500	(106,021)	47	228,500	27,017
Cash and investments - ending	\$ 37,155	\$ 6,633	\$ 866	\$ 36	\$ 500	\$ 202,378	\$ 6,324	\$ 3,127,626	\$ 22,798

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, 2013
 (Continued)

	HCCF Dual Credit Grant	HCCF Preschool Grant	WHAS Grant	WHAS Grant 2009-10	WHAS Grant 2011-12	WHAS Grant 2012-13	WHAS Grant 2013-14	4-Block	Mentor Program
Cash and Investments - Beginning	\$ -	\$ -	\$ (945)	\$ (9)	\$ (495)	\$ -	\$ -	\$ 3,582	\$ 401
Receipts:									
Local sources	-	-	-	-	495	19,992	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	495	19,992	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	19,992	-	226	7,295
Support services	-	-	-	-	-	-	-	1,076	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	19,992	-	1,302	7,295
Excess (deficiency) of receipts over disbursements	-	-	-	-	495	-	-	(1,302)	(7,295)
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	-	-	-	-	495	-	-	(1,302)	(7,295)
Cash and investments - ending	\$ -	\$ -	\$ (945)	\$ (9)	\$ -	\$ -	\$ -	\$ 2,280	\$ (6,894)

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, 2013
 (Continued)

	Secured School Safety Grant	Cultural Competency Grant 05-06	Non-English Speaking Programs	State Connectivity Grant	Title 1 2011-12	Title 1 2012-13	Title 1 2013-14	HCELC PT B FY12	HCELC PT B FY14
Cash and Investments - Beginning	\$ -	\$ 22	\$ 11,745	\$ 11,838	\$ (4,579)	\$ -	\$ -	\$ (788,343)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	2,260	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	3,488	6,753	-	-	-	-	-
Federal sources	-	-	-	-	131,171	384,951	-	1,312,110	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	3,488	6,753	131,171	384,951	-	1,314,370	-
Disbursements:									
Current:									
Instruction	-	-	-	-	62,547	188,955	-	203,863	-
Support services	-	-	3,295	-	58,945	206,707	-	419,012	-
Noninstructional services	-	-	-	-	5,100	3,236	-	15,524	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,295	-	126,592	398,898	-	638,399	-
Excess (deficiency) of receipts over disbursements	-	-	193	6,753	4,579	(13,947)	-	675,971	-
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	-	-	193	6,753	4,579	(13,947)	-	675,971	-
Cash and investments - ending	\$ -	\$ 22	\$ 11,938	\$ 18,591	\$ -	\$ (13,947)	\$ -	\$ (112,372)	\$ -

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, 2013
 (Continued)

	HCELC PT B FY11	HCELC PT B FY13	HCELC Improvement Grant FY13	HCELC Technical Assistance Grant FY14	HCELC Preschool FY12	HCELC Preschool FY14	HCELC Preschool FY11	HCELC Preschool FY13	PLTW Grant 2012-13
Cash and Investments - Beginning	\$ (1,109,358)	\$ -	\$ -	\$ -	\$ (1,749)	\$ -	\$ (13,596)	\$ -	\$ -
Receipts:									
Local sources	-	451,579	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	742,994	671,152	24,350	-	6,654	-	-	38,306	4,909
Other	-	-	-	-	-	-	-	-	-
Total receipts	742,994	1,122,731	24,350	-	6,654	-	-	38,306	4,909
Disbursements:									
Current:									
Instruction	20,332	764,545	24,350	-	5,248	-	-	38,306	4,909
Support services	62,844	571,260	-	-	-	-	-	-	-
Noninstructional services	-	42,848	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	83,176	1,378,653	24,350	-	5,248	-	-	38,306	4,909
Excess (deficiency) of receipts over disbursements	659,818	(255,922)	-	-	1,406	-	-	-	-
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	659,818	(255,922)	-	-	1,406	-	-	-	-
Cash and investments - ending	\$ (449,540)	\$ (255,922)	\$ -	\$ -	\$ (343)	\$ -	\$ (13,596)	\$ -	\$ -

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, 2013
 (Continued)

	21st CCLC Grant 2011-12	21st CCLC Grant 2012-13	21st CCLC Grant 2013-14	Hurricane Relief Fund	Title II Part A 2010-12	Title II Part A 2011-13	Title II Part A 2012-14	Reading First, No Child Left Behind	CES College Success Grant 2011-12
Cash and Investments - Beginning	\$ -	\$ (234)	\$ -	\$ 4,842	\$ -	\$ -	\$ -	\$ 701	\$ 2,500
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	45,824	335,685	-	-	18,928	73,372	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	45,824	335,685	-	-	18,928	73,372	-	-	-
Disbursements:									
Current:									
Instruction	44,624	294,701	-	-	-	41,867	-	-	-
Support services	1,200	40,750	-	-	18,928	33,558	-	-	279
Noninstructional services	-	-	-	1,609	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	45,824	335,451	-	1,609	18,928	75,425	-	-	279
Excess (deficiency) of receipts over disbursements	-	234	-	(1,609)	-	(2,053)	-	-	(279)
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	-	234	-	(1,609)	-	(2,053)	-	-	(279)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,233	\$ -	\$ (2,053)	\$ -	\$ 701	\$ 2,221

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, 2013
 (Continued)

	CJHS College Success Grant	Title I - School Improvement	Title I - Part D, Subpart 2	Education Jobs	Prepaid Lunches	Payroll Withholding	Clearing Accounts	Totals
Cash and Investments - Beginning	\$ -	\$ -	\$ 203	\$ (75,170)	\$ 4,562	\$ 54,374	\$ 85,417	\$ 11,998,364
Receipts:								
Local sources	-	-	-	-	-	-	-	10,368,073
Intermediate sources	-	-	-	-	-	-	-	1,923,852
State sources	-	-	-	-	-	-	-	19,015,712
Federal sources	1,000	1,393	-	184,449	-	-	-	4,626,908
Other	-	-	-	-	2,909	4,525,023	207,436	4,761,836
Total receipts	1,000	1,393	-	184,449	2,909	4,525,023	207,436	40,696,381
Disbursements:								
Current:								
Instruction	-	929	-	93,580	-	-	-	14,858,305
Support services	-	464	203	15,699	-	-	-	11,756,213
Noninstructional services	-	-	-	-	-	-	-	1,833,879
Facilities acquisition and construction	-	-	-	-	-	-	-	910,868
Debt services	-	-	-	-	-	-	-	5,592,828
Nonprogrammed charges	-	-	-	-	436	4,532,025	211,794	4,744,255
Total disbursements	-	1,393	203	109,279	436	4,532,025	211,794	39,696,348
Excess (deficiency) of receipts over disbursements	1,000	-	(203)	75,170	2,473	(7,002)	(4,358)	1,000,033
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	61,614
Transfers out	-	-	-	-	-	-	-	(61,614)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,000	-	(203)	75,170	2,473	(7,002)	(4,358)	1,000,033
Cash and investments - ending	\$ 1,000	\$ -	\$ -	\$ -	\$ 7,035	\$ 47,372	\$ 81,059	\$ 12,998,397

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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Local Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and Investments - Beginning	\$ 633,210	\$ 3,780,337	\$ 128,796	\$ 1,640,823	\$ 887,805	\$ 250,835	\$ 399,500	\$ 2,726,068	\$ 369,384
Receipts:									
Local sources	56,227	2,854,025	979,092	2,041,510	2,005,709	214,532	-	-	626,326
Intermediate sources	10,673	1,903,565	-	-	-	-	-	-	-
State sources	19,189,499	-	-	-	-	-	-	-	14,825
Federal sources	-	-	-	-	-	-	-	-	1,011,099
Other	1,478	-	-	2,536	-	-	-	-	-
Total receipts	<u>19,257,877</u>	<u>4,757,590</u>	<u>979,092</u>	<u>2,044,046</u>	<u>2,005,709</u>	<u>214,532</u>	<u>-</u>	<u>-</u>	<u>1,652,250</u>
Disbursements:									
Current:									
Instruction	13,089,900	-	-	-	-	-	399,500	-	-
Support services	5,930,643	-	-	1,359,502	2,071,576	97,542	-	121,697	-
Noninstructional services	507,153	-	-	-	-	-	-	-	1,364,092
Facilities acquisition and construction	-	-	-	1,286,049	-	-	-	-	-
Debt services	-	4,649,500	955,369	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>19,527,696</u>	<u>4,649,500</u>	<u>955,369</u>	<u>2,645,551</u>	<u>2,071,576</u>	<u>97,542</u>	<u>399,500</u>	<u>121,697</u>	<u>1,364,092</u>
Excess (deficiency) of receipts over disbursements	<u>(269,819)</u>	<u>108,090</u>	<u>23,723</u>	<u>(601,505)</u>	<u>(65,867)</u>	<u>116,990</u>	<u>(399,500)</u>	<u>(121,697)</u>	<u>288,158</u>
Other financing sources (uses):									
Sale of capital assets	3,534	-	-	-	6,500	-	-	-	-
Transfers in	-	-	-	-	76,562	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(266,285)</u>	<u>108,090</u>	<u>23,723</u>	<u>(601,505)</u>	<u>17,195</u>	<u>116,990</u>	<u>(399,500)</u>	<u>(121,697)</u>	<u>288,158</u>
Cash and investments - ending	<u>\$ 366,925</u>	<u>\$ 3,888,427</u>	<u>\$ 152,519</u>	<u>\$ 1,039,318</u>	<u>\$ 905,000</u>	<u>\$ 367,825</u>	<u>\$ -</u>	<u>\$ 2,604,371</u>	<u>\$ 657,542</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, 2014
 (Continued)

	Textbook Rental	Levy Excess	HCELC 2009-10 Joint Services	HCELC 2010-11 Joint Services	HCELC 2011-12 Joint Services	HCELC Joint Services	HCELC 2010-11 Deaf/Blind Trans	HCELC 2011-12 Deaf/Blind Trans	Educational License Plates
Cash and Investments - Beginning	\$ 306,581	\$ 76,561	\$ (114,918)	\$ 119,164	\$ (478,743)	\$ (449,530)	\$ -	\$ -	\$ (1,623)
Receipts:									
Local sources	251,335	-	114,918	-	462,459	59,549	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	338
State sources	75,887	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	327,222	-	114,918	-	462,459	59,549	-	-	338
Disbursements:									
Current:									
Instruction	-	-	-	-	-	227,559	-	-	2,972
Support services	223,724	-	-	-	-	401,856	-	-	-
Noninstructional services	-	-	-	-	-	13,015	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	223,724	-	-	-	-	642,430	-	-	2,972
Excess (deficiency) of receipts over disbursements	103,498	-	114,918	-	462,459	(582,881)	-	-	(2,634)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	16,284	-	-	-	-
Transfers out	-	(76,561)	-	(119,164)	-	-	-	-	-
Total other financing sources (uses)	-	(76,561)	-	(119,164)	16,284	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	103,498	(76,561)	114,918	(119,164)	478,743	(582,881)	-	-	(2,634)
Cash and investments - ending	\$ 410,079	\$ -	\$ -	\$ -	\$ -	\$ (1,032,411)	\$ -	\$ -	\$ (4,257)

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, 2014
 (Continued)

	Alternative Education	Miscellaneous Grants	CCHS Miscellaneous Grants	SCHS Miscellaneous Grants	HWES Miscellaneous Grants	Health Insurance Escrow	Shireman Family Scholar CCHS	Riverboat Education	Harrison County Community Foundation Grants
Cash and Investments - Beginning	\$ 37,155	\$ 6,633	\$ 866	\$ 36	\$ 500	\$ 202,378	\$ 6,324	\$ 3,127,626	\$ 22,798
Receipts:									
Local sources	-	2,003	-	-	-	1,285	54	910,684	-
Intermediate sources	-	-	-	-	-	-	-	-	199,393
State sources	17,102	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	17,102	2,003	-	-	-	1,285	54	910,684	199,393
Disbursements:									
Current:									
Instruction	2,276	2,228	-	-	500	-	-	331,671	145,870
Support services	-	-	-	-	-	-	-	763,074	14,745
Noninstructional services	-	-	-	-	-	-	-	848	9,744
Facilities acquisition and construction	-	-	-	-	-	-	-	192,885	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,276	2,228	-	-	500	-	-	1,288,478	170,359
Excess (deficiency) of receipts over disbursements	14,826	(225)	-	-	(500)	1,285	54	(377,794)	29,034
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	14,826	(225)	-	-	(500)	1,285	54	(377,794)	29,034
Cash and investments - ending	\$ 51,981	\$ 6,408	\$ 866	\$ 36	\$ -	\$ 203,663	\$ 6,378	\$ 2,749,832	\$ 51,832

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, 2014
 (Continued)

	HCCF Dual Credit Grant	HCCF Preschool Grant	WHAS Grant	WHAS Grant 2009-10	WHAS Grant 2011-12	WHAS Grant 2012-13	WHAS Grant 2013-14	4-Block	Mentor Program
Cash and Investments - Beginning	\$ -	\$ -	\$ (945)	\$ (9)	\$ -	\$ -	\$ -	\$ 2,280	\$ (6,894)
Receipts:									
Local sources	-	-	-	-	-	-	28,066	-	11,891
Intermediate sources	51,788	60,397	-	-	-	-	-	-	-
State sources	-	-	945	9	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	51,788	60,397	945	9	-	-	28,066	-	11,891
Disbursements:									
Current:									
Instruction	39,418	50,137	-	-	-	-	28,066	1,410	4,596
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	39,418	50,137	-	-	-	-	28,066	1,410	4,596
Excess (deficiency) of receipts over disbursements	12,370	10,260	945	9	-	-	-	(1,410)	7,295
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	12,370	10,260	945	9	-	-	-	(1,410)	7,295
Cash and investments - ending	\$ 12,370	\$ 10,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 870	\$ 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, 2014
 (Continued)

	Secured School Safety Grant	Cultural Competency Grant 05-06	Non-English Speaking Programs	State Connectivity Grant	Title 1 2011-12	Title 1 2012-13	Title 1 2013-14	HCELC PT B FY12	HCELC PT B FY14
Cash and Investments - Beginning	\$ -	\$ 22	\$ 11,938	\$ 18,591	\$ -	\$ (13,947)	\$ -	\$ (112,372)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	19,871	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	2,636	5,705	-	-	-	-	-
Federal sources	-	-	-	-	-	69,975	384,526	67,176	729,014
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,636	5,705	-	69,975	384,526	87,047	729,014
Disbursements:									
Current:									
Instruction	-	-	3,327	-	-	25,142	349,091	12,250	521,345
Support services	4,555	-	331	13,450	-	29,386	101,101	51,365	200,338
Noninstructional services	-	-	-	-	-	1,500	494	-	33,513
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,555	-	3,658	13,450	-	56,028	450,686	63,615	755,196
Excess (deficiency) of receipts over disbursements	(4,555)	-	(1,022)	(7,745)	-	13,947	(66,160)	23,432	(26,182)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	88,940	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	88,940	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,555)	-	(1,022)	(7,745)	-	13,947	(66,160)	112,372	(26,182)
Cash and investments - ending	\$ (4,555)	\$ 22	\$ 10,916	\$ 10,846	\$ -	\$ -	\$ (66,160)	\$ -	\$ (26,182)

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, 2014
 (Continued)

	HCELC PT B FY11	HCELC PT B FY13	HCELC Improvement Grant FY13	HCELC Technical Assistance Grant FY14	HCELC Preschool FY12	HCELC Preschool FY14	HCELC Preschool FY11	HCELC Preschool FY13	PLTW Grant 2012-13
Cash and Investments - Beginning	\$ (449,540)	\$ (255,922)	\$ -	\$ -	\$ (343)	\$ -	\$ (13,596)	\$ -	\$ -
Receipts:									
Local sources	449,540	204,800	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	550,433	44,030	8,128	-	36,417	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	449,540	755,233	44,030	8,128	-	36,417	-	-	-
Disbursements:									
Current:									
Instruction	-	178,293	44,030	-	-	36,417	-	-	-
Support services	-	520,339	-	8,187	-	-	-	-	-
Noninstructional services	-	10,695	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	709,327	44,030	8,187	-	36,417	-	-	-
Excess (deficiency) of receipts over disbursements	449,540	45,906	-	(59)	-	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	343	-	13,596	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	343	-	13,596	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	449,540	45,906	-	(59)	343	-	13,596	-	-
Cash and investments - ending	\$ -	\$ (210,016)	\$ -	\$ (59)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2014
 (Continued)

	21st CCLC Grant 2011-12	21st CCLC Grant 2012-13	21st CCLC Grant 2013-14	Hurricane Relief Fund	Title II Part A 2010-12	Title II Part A 2011-13	Title II Part A 2012-14	Reading First, No Child Left Behind	CES College Success Grant 2011-12
Cash and Investments - Beginning	\$ -	\$ -	\$ -	\$ 3,233	\$ -	\$ (2,053)	\$ -	\$ 701	\$ 2,221
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	53,382	224,493	-	-	36,270	56,101	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	53,382	224,493	-	-	36,270	56,101	-	-
Disbursements:									
Current:									
Instruction	-	52,274	232,011	-	-	8,133	39,909	-	-
Support services	-	1,108	29,702	-	-	26,084	35,214	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	53,382	261,713	-	-	34,217	75,123	-	-
Excess (deficiency) of receipts over disbursements	-	-	(37,220)	-	-	2,053	(19,022)	-	-
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	-	-	(37,220)	-	-	2,053	(19,022)	-	-
Cash and investments - ending	\$ -	\$ -	\$ (37,220)	\$ 3,233	\$ -	\$ -	\$ (19,022)	\$ 701	\$ 2,221

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, 2014
 (Continued)

	CJHS College Success Grant	Title I - School Improvement	Title I - Part D, Subpart 2	Education Jobs	Prepaid Lunches	Payroll Withholding	Clearing Accounts	Totals
Cash and Investments - Beginning	\$ 1,000	\$ -	\$ -	\$ -	\$ 7,035	\$ 47,372	\$ 81,059	\$ 12,998,397
Receipts:								
Local sources	-	-	-	-	-	-	-	11,293,876
Intermediate sources	-	-	-	-	-	-	-	2,226,154
State sources	-	-	-	-	-	-	-	19,306,608
Federal sources	-	-	-	-	-	-	-	3,271,044
Other	-	-	-	-	1,693	4,799,879	240,802	5,046,388
Total receipts	-	-	-	-	1,693	4,799,879	240,802	41,144,070
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	15,828,325
Support services	249	-	-	-	-	-	-	12,005,768
Noninstructional services	-	-	-	-	-	-	-	1,941,054
Facilities acquisition and construction	-	-	-	-	-	-	-	1,478,934
Debt services	-	-	-	-	-	-	-	5,604,869
Nonprogrammed charges	-	-	-	-	587	4,793,202	243,460	5,037,249
Total disbursements	249	-	-	-	587	4,793,202	243,460	41,896,199
Excess (deficiency) of receipts over disbursements	(249)	-	-	-	1,106	6,677	(2,658)	(752,129)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	10,034
Transfers in	-	-	-	-	-	-	-	195,725
Transfers out	-	-	-	-	-	-	-	(195,725)
Total other financing sources (uses)	-	-	-	-	-	-	-	10,034
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(249)	-	-	-	1,106	6,677	(2,658)	(742,095)
Cash and investments - ending	\$ 751	\$ -	\$ -	\$ -	\$ 8,141	\$ 54,049	\$ 78,401	\$ 12,256,302

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SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 338,655</u>	<u>\$ 918,409</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
South Harrison 2000 School Building Corporation	First Mortgage Refunding Bonds Series 2005B	\$ 1,122,000	5/19/2005	7/15/2019
South Harrison 2000 School Building Corporation	First Mortgage Refunding Bonds Series 2007	2,266,000	3/6/2007	1/15/2026
South Harrison 2000 School Building Corporation	First Mortgage Refunding Bonds Series 2008	<u>1,259,000</u>	4/16/2008	7/15/2020
Total of annual lease payments		<u>\$ 4,647,000</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>\$ 2,195,000</u>	<u>\$ 954,459</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 255,294
Buildings	82,443,125
Improvements other than buildings	1,157,200
Machinery, equipment, and vehicles	<u>8,467,884</u>
Total capital assets	<u>\$ 92,323,503</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

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, 2012 to June 30, 2014. 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, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, and 2014-005 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

November 4, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education				
School Breakfast Program		10.553	3190	\$ 151,803	\$ 224,323
National School Lunch Program	Indiana Department of Education				
National School Lunch Program		10.555	3190	600,150	896,246
Total - Child Nutrition Cluster				751,953	1,120,569
Total - Department of Agriculture				751,953	1,120,569
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I 2011-12		84.010	12-3190	131,172	-
Title I 2012-13		84.010	13-3190	384,951	69,974
Title I 2013-14		84.010	14-3190	-	384,527
Total - Title I Grants to Local Educational Agencies				516,123	454,501
ARRA - Title I Grants to Local Educational Agencies, Recovery Act FY 2010-2, Part A	Indiana Department of Education				
		84.389	11-3190	1,393	-
Total - ARRA - Title I Grants to Local Educational Agencies, Recovery Act				1,393	-
Total - Title I, Part A Cluster				517,516	454,501
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education				
Part B 611 FY 2011		84.027	14211-028-PN01	396,600	-
Part B 611 FY 2012		84.027	14212-028-PN01	710,649	36,320
Part B 611 FY 2013		84.027	14213-028-PN01	357,583	293,268
Part B 611 FY 2014		84.027	14214-028-PN01	-	391,541
Special Education Technical Assistance		84.027	99914-028-TA01	-	4,330
Special Education Improvement Grant		84.027	A58-3-13DL-1479	12,973	23,458
Total - Special Education_Grants to States				1,477,805	748,917

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, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education_Preschool Grants	Indiana Department of Education				
FY 2011-13		84.173	45712-028-PN01	3,781	-
FY 2012-14		84.173	45713-028-PN01	18,622	-
FY 2013-15		84.173	45714-028-PN01	-	17,765
Total - Special Education_Preschool Grants				<u>22,403</u>	<u>17,765</u>
Total - Special Education Cluster (IDEA)				<u>1,500,208</u>	<u>766,682</u>
Twenty-First Century Community Learning Centers					
Indiana Department of Education	Indiana Department of Education				
21st Century Grant 2011-12		84.287	3190	45,824	-
21st Century Grant 2012-13		84.287	3190	335,684	53,382
21st Century Grant 2013-14		84.287	3190	-	224,492
Total - Twenty-First Century Community Learning Centers				<u>381,508</u>	<u>277,874</u>
Improving Teacher Quality State Grants					
Indiana Department of Education	Indiana Department of Education				
Title II Part A 2010-12		84.367	10-3190	18,927	-
Title II Part A 2011-13		84.367	11-3190	73,372	36,269
Title II Part A 2012-14		84.367	12-3190	-	56,103
Total - Improving Teacher Quality State Grants				<u>92,299</u>	<u>92,372</u>
College Access Challenge Grant Program	Indiana Department of Education	84.378	3190	1,000	-
Education Jobs Fund					
Indiana Department of Education	Indiana Department of Education				
Education Jobs Fund		84.410	FY 2010-12	184,450	-
Total - Education Jobs Fund				<u>184,450</u>	<u>-</u>
Total - Department of Education				<u>2,676,981</u>	<u>1,591,429</u>
Total federal awards expended				<u>\$ 3,428,934</u>	<u>\$ 2,711,998</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 (SEFA) includes the federal grant activity of the 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 102,293	\$ 109,470

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

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

Federal Awards:

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

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF 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 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.

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

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

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

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not include all of the bank accounts. Three of the bank accounts were not included in the monthly reconciliations until December 2013. These accounts rarely had transactions other than interest income.
2. The payroll deduction clearing bank account is used to disburse employee withholdings to four payroll vendors using an electronic payment method (ACH) that does not require checks. These amounts were set up in the payroll system as payroll direct deductions. The disbursements were not posted to the clearing accounts in the School Corporation's financial records. The deductions do not appear on the School Corporation's vendor history reports, revenue reports, or expense reports, and the deductions were not approved by the School Board. The deposits for the four vendors totaled \$153,424 for 2012-2013 and \$149,751 for 2013-2014.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Indiana Code 5-11-10-1.6(c) states in part: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . . (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Clearing Accounts serve as control accounts for certain areas of the accounting system. Therefore, they must be supported by receipt and disbursement entries in the general ledger and subsidiary ledgers or other supporting records. The clearing accounts are subsidiary records only and should not be used in lieu of proper and prescribed reporting of receipts, disbursements and balances of funds of the school corporation in accordance IC 5-11-1-2. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 6)

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

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies, ARRA - Title I
Grants to Local Educational Agencies, Recovery Act
CFDA Number: 84.010, 84.389
Pass-through Entity: Indiana Department of Education
Federal Award Numbers: 12-3190, 13-3190, 14-3190, 11-3190

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The School Corporation failed to have the Title I payroll and deductions itemized for the approval of the School Board. Each Title I payroll is presented to the School Board for approval in one lump sum, but the lump sum amount presented does not include FICA. This exclusion of FICA deductions results in the School Board approving a lesser amount than what is actually paid from the Title I funds. However, the reimbursement requests for Title I do include all payroll costs associated with the employees paid with Title I funds. In addition, some payroll deductions are disbursed to the receiving party by ACH instead of by check, are not entered into the School Corporation's ledger, and are not approved by the School Board.

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

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

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper oversight, reviews, and approvals take place.

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

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

We recommended that the School Corporation's management establish and implement controls related to the grant agreement and compliance requirements for Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

FINDING 2014-004 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Pass-through Entity: Indiana Department of Education
CFDA Number: 84.010
Federal Award Numbers: 12-3190, 13-3190

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the following compliance requirements: Cash Management and Reporting. Deficiencies in the internal control system has allowed noncompliance with compliance requirements for Cash Management and Reporting. It could also allow the misuse and mismanagement of federal funds and assets to go undetected. An effective internal control system will provide proper oversight, reviews, and approvals over the activities of the program.

A reimbursement request for \$62,538 was submitted on January 17, 2013 to reimburse expenses from November 16, 2012 to December 31, 2012. On February 15, 2013, a reimbursement request for \$140,267 was submitted covering the period November 16, 2012 to February 15, 2013. The overlap in dates (November 16, 2012 to December 31, 2012) resulted in the \$62,538 being reimbursed twice. The next reimbursement request submitted on May 15, 2013, was adjusted to compensate for the prior over reimbursement of \$62,538.

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

34 CFR 80.21(d) states:

"*Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

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

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

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

Reimbursement requests that are for more than the amount of grant funds disbursed and that are not supported by School Corporation's records indicate noncompliance with the Cash Management and Reporting requirements of the grant. Failure to comply with the Cash Management and Reporting requirements could affect future grant funding.

We recommended that the School Corporation establish and implement control procedures to ensure that reimbursement requests are supported by School Corporation records and are for grant expenses already paid by the School Corporation.

FINDING 2014-005 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Number: 84.027, 84.173

Pass-through Entity: Indiana Department of Education

Federal Award Numbers: 14211-028-PN01, 14212-028-PN01, 14213-028-PN01, 14214-028-PN01,
99914-028-TA01, A58-3-13DL-1479, 45712-028-PN01, 45713-028-PN01,
45714-028-PN01

Management of the School Corporation has not established an effective internal control system, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting that have a direct and material effect to the programs. 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. An effective internal control system will provide proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation failed to have the Special Education payroll and deductions itemized for the School Board's approval. Each Special Education payroll is presented to the School Board for approval in one lump sum, but the lump sum amount presented does not include FICA. This exclusion of FICA deductions results in the School Board approving a lesser amount than what is actually paid from the Special Education funds. However, the reimbursement requests for Special Education included all payroll costs associated with the employees paid with Special Education funds. In addition, some payroll deductions are disbursed to the receiving party by ACH instead of by check and are not entered into the School Corporation's ledger and are not approved by the School Board.

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

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

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

We recommended that the School Corporation's management establish and implement controls related to the grant agreement and all compliance requirements for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



315 South Harrison Drive, Corydon, IN 47112 • Phone (812) 738-2168 • Fax (812) 738-2158

*Dr. Mark A. Eastridge
Superintendent*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-2

Original SBA Audit Report Number: B41854

Fiscal Year: June 30, 2012

Auditee Contact Persons/Titles: Dr. Mark A. Eastridge, Superintendent
Ms. Carolyn Wallace, Director of Business Operations
Ms. Pamela Seipel, Treasurer

Corporation Phone Number: (812) 738-2168

Status of Finding: The South Harrison Community School Corporation (SHCSC) has implemented the following controls to assure that timely reimbursement requests are submitted and to provide for adequate review of all financial data pertaining to the expenditures made from the grants and joint service funds related to the Harrison County Exceptional Learners Cooperative (HCELC):

- Frequent meetings are held between the HCELC Director and the SHCSC Director of Business Operations to establish initial budgets and required subsequent modifications.
- Monthly reimbursement requests and expenditure reports are prepared by the SHCSC Director of Business Operations and reviewed by the HCELC Director prior to submission.
- Monthly financial reports are prepared by the SHCSC Director of Business Operations and presented to the HCELC Director for review.
- The SHCSC Director of Business Operations attends the quarterly Harrison County Exceptional Learners Cooperative to answer questions pertaining to financial matters.
- Quarterly financial reports for all grants and joint service agreements are provided to the governing board of the Harrison County Exceptional Learners Cooperative for review.

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.

Respectfully Submitted:

Signed: *[Signature]*

Title: Superintendent

Date: 4/17/15

Signed: *Pamela L. Seipel*

Title: Treasurer

Date: 4/16/15

Signed: *Carolyn Wallace*

Title: Director of Business Operations

Date: 4-16-15

*An Equal Opportunity
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315 South Harrison Drive, Corydon, IN 47112 • Phone (812) 738-2168 • Fax (812) 738-2158

*Dr. Mark A. Eastridge
Superintendent*

Indiana State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2738

Corrective Action Plan – Section II – Finding 2014-001 – Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action:
Pamela Seipel, Treasurer
Carolyn Wallace, Director of Business Operations

Contact Phone Number:
(812) 738-2168, extensions 1037 & 1032

Description of Corrective Action Plan:

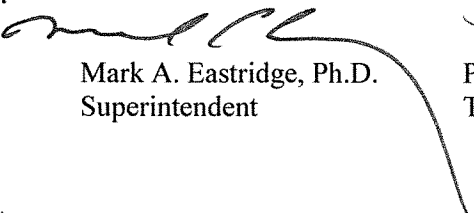
The preparation of the Schedule of Expenditures of Federal Awards will be prepared by the Accounting Specialist and reviewed by the Director of Business Operations beginning June 30, 2015. Further, documentation by preparer and reviewer will be maintained for future auditing purposes.

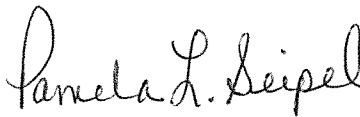
Anticipated Completion Date:
July 15, 2015 for year ended June 30, 2015

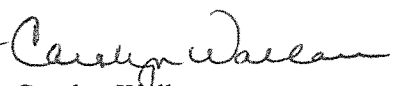
In closing, it is the desire of the South Harrison Community School Corporation to fully comply with all requirements pertaining to the administration of all funds entrusted to the School Corporation.

Respectfully Submitted,

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.


Mark A. Eastridge, Ph.D.
Superintendent


Pamela L. Seipel
Treasurer


Carolyn Wallace
Director of Business Operations

*An Equal Opportunity
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*Dr. Mark A. Eastridge
Superintendent*

Indiana State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2738

Corrective Action Plan – Section II – Finding 2014-002 – Internal Controls over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action:
Pamela Seipel, Treasurer
Carolyn Wallace, Director of Business Operations

Contact Phone Number:
(812) 738-2168, extensions 1037 & 1032

Description of Corrective Action Plan:

- (1) School Corporation will contact Komputrol (financial software vendor) to include the clearing bank account within the recorded funds.
- (2) School Corporation will and will prepare and review reconciliation of clearing bank account on a monthly basis.
- (3) School Corporation accounting personnel will include appropriate claims on the claim docket for approval by the Board of School Trustees


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.

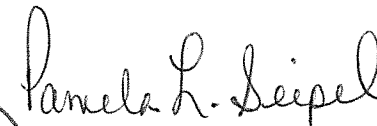
Anticipated Completion Date:


- (1) December 31, 2015
- (2) Immediate
- (3) Immediate

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 School Corporation.

Respectfully Submitted,


Mark A. Eastridge, Ph.D.
Superintendent


Pamela L. Seipel
Treasurer


Carolyn Wallace
Director of Business Operations

*An Equal Opportunity
Employer*



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Dr. Mark A. Eastridge
Superintendent

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

Corrective Action Plan – Section III – Finding 2014-003 – Activities Allowed or Unallowed and Allowable Costs

Contact Persons Responsible for Corrective Action:

Pamela Seipel, Treasurer
Carolyn Wallace, Director of Business Operations

Contact Phone Number:

(812) 738-2168, extensions 1037 & 1032

Description of Corrective Action Plan:

School Corporation has designed a claim docket summary for submission to the Board of School Trustees which includes the employer portion of FICA and Medicare for approval.


Anticipated Completion Date:

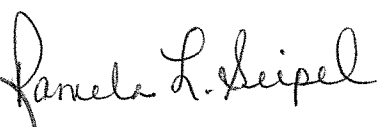
Immediate


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.

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 School Corporation.

Respectfully Submitted,


Mark A. Eastridge, Ph.D.
Superintendent


Pamela L. Seipel
Treasurer


Carolyn Wallace
Director of Business Operations

An Equal Opportunity
Employer



315 South Harrison Drive, Corydon, IN 47112 • Phone (812) 738-2168 • Fax (812) 738-2158

Dr. Mark A. Eastridge
Superintendent

Indiana State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2738

Corrective Action Plan – Section III – Finding 2014-004 – Cash Management and Reporting

Contact Persons Responsible for Corrective Action:

Pamela Seipel, Treasurer
Carolyn Wallace, Director of Business Operations

Contact Phone Number:

(812) 738-2168, extensions 1037 & 1032

Description of Corrective Action Plan:


School Corporation has begun a comprehensive realignment of job responsibilities in part due to the retirement of personnel. During the ongoing review, responsibilities for preparation and review of reimbursement requests are being reassigned to assure proper controls and segregation of duties. This multi-faceted review process will be designed to assure appropriate levels of control concerning cash management and reporting.


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.


Anticipated Completion Date:
September 30, 2015

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 School Corporation.

Respectfully Submitted,


Mark A. Eastridge, Ph.D.
Superintendent


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Indianapolis, IN 46204-2738

Corrective Action Plan – Section III – Finding 2014-005 – Activities Allowed or Unallowed,
Allowable Costs and Reporting

Contact Persons Responsible for Corrective Action:

Pamela Seipel, Treasurer
Carolyn Wallace, Director of Business Operations

Contact Phone Number:

(812) 738-2168, extensions 1037 & 1032

Description of Corrective Action Plan:

- (1) School Corporation strives to prepare, review and submit cash reimbursement requests and accounting reports for the cooperative on a monthly basis.
- (2) School Corporation has designed a claim docket summary for submission to the Board of School Trustees which includes the employer portion of FICA and Medicare for approval.

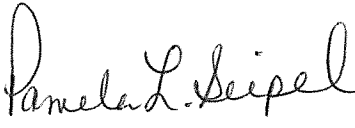
The mission of South Harrison Community School Corporation is to create an environment which develops, nurtures and reinforces the success of students as well as all people served by the corporation. Further, through the shared involvement of home, community and school, our purpose is to develop and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


Anticipated Completion Date:
Immediate

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 School Corporation.

Respectfully Submitted,

Mark A. Eastridge, Ph.D.
Superintendent


Pamela L. Seipel
Treasurer


Carolyn Wallace
Director of Business Operations

An Equal Opportunity
Employer

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.