

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SHELBY EASTERN SCHOOLS  
SHELBY COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/22/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary C. Scott	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Robert Evans	07-01-16 to 06-30-19
President of the School Board	Jason Redd Mark Nigh Jason Yantiss	07-01-16 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SHELBY EASTERN SCHOOLS, SHELBY COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Shelby Eastern Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

### ***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 from 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 to 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, 2016 to June 30, 2018.

***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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 February 4, 2019, 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 solely 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 effectiveness of the School Corporation's 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

February 4, 2019



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDIANAPOLIS, INDIANA 46204-2769

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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 SHELBY EASTERN SCHOOLS, SHELBY 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 Shelby Eastern Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 4, 2019, 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.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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 2018-001.

**Shelby Eastern Schools' Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

February 4, 2019

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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.

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SHELBY EASTERN SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 1,460,346	\$ 7,725,664	\$ 7,555,981	\$ 63,405	\$ 1,693,434	\$ 7,664,427	\$ 7,798,056	\$ 1,754	\$ 1,561,559
Debt Service	1,825,539	2,629,128	2,630,986	(57,736)	1,765,945	2,692,821	2,830,582	53,621	1,681,805
Retirement/Severance Bond Debt Service	212,764	274,167	281,101	(7,795)	198,035	260,263	281,991	7,215	183,522
Capital Projects	1,002,662	1,288,113	1,045,440	(178,234)	1,067,101	1,332,172	1,068,473	(225,685)	1,105,115
School Transportation	804,040	1,120,779	857,964	(175,287)	891,568	1,075,360	869,399	(118,226)	979,303
School Bus Replacement	127,937	104,814	108,811	(2,305)	121,635	104,778	110,000	2,157	118,570
Rainy Day	1,030,645	-	25,738	300,000	1,304,907	-	-	400,000	1,704,907
2015 Construction Bond	857,333	-	511,822	-	345,511	-	249,545	-	95,966
School Lunch	190,865	527,004	539,052	-	178,817	518,843	572,731	721	125,650
Textbook Rental	260,651	130,001	37,130	700	354,222	271,033	163,433	-	461,822
Levy Excess	-	-	-	121,356	121,356	-	-	(121,356)	-
Educational License Plates	864	19	495	-	388	19	-	-	407
Early Intervention Grant 16-17	-	6,300	-	(700)	5,600	-	5,600	-	-
Early Intervention Grant 17-18	-	-	-	-	-	5,612	5,499	-	113
Shelby Eastern FFA Grant 2014	321	-	-	-	321	-	-	-	321
Microsoft Tech Grant MHS/MES	11,426	-	11,426	-	-	-	-	-	-
MHS Robotic Program Donations	6,370	-	-	-	6,370	-	-	-	6,370
Coca Cola Grant	17,346	-	500	-	16,846	-	-	-	16,846
Pepsi Provider Agreement	11,594	6,712	5,349	-	12,957	7,964	3,980	(721)	16,220
Paul O Goble Memorial Donation	1,720	-	-	-	1,720	-	-	-	1,720
Cultural Arts	-	-	-	-	-	9,658	9,627	-	31
Josh Dobkin Scholarship	4,760	-	-	-	4,760	-	4,760	-	-
America's Farmers Communities Formative Assessment	2,500	-	2,500	-	-	-	-	-	-
G/T High Ability 2016/2017	-	16,092	-	(13,482)	2,610	13,675	10,175	-	6,110
Secured Schools Safety Grant	(39,740)	29,785	29,785	-	-	-	-	-	-
School Technology	18,335	37,464	-	-	(2,276)	-	-	2,276	-
Career and Technical Performance Grant	-	19,635	15,262	-	22,708	16,154	6,380	-	32,482
G/T High Ability 2017/2018	-	8,616	900	-	7,716	7,420	900	(2,030)	12,206
Aleks Program Blue River Foundation	-	-	-	-	-	29,473	29,473	-	-
Preschool Fund	-	5,238	1,955	-	3,283	-	3,283	-	-
Preschool Fund	7,753	8,220	5,257	100	10,816	8,360	612	-	18,564
Elearning Digital Grant 2016	(9,689)	54,968	55,733	-	(10,454)	20,032	9,578	-	-
Lilly Endowment Counseling	-	30,000	19,169	-	10,831	-	10,831	-	-
Title I Grant 2013/2014	(15,910)	15,910	-	-	-	-	-	-	-
Title I Grant 2014/2015	(20,214)	20,214	-	-	-	-	-	-	-
Title I Grant 2015/2016	(4,353)	44,801	37,778	-	2,670	-	-	-	2,670
Title I Grant 2016/2017	-	73,159	95,206	-	(22,047)	35,769	13,722	-	-
Title I Grant 2017/2018	-	-	-	-	-	-	78,503	-	(78,503)
Special ED Preschool IDEA 2015	-	3,027	-	(3,027)	-	-	-	-	-
Special ED Preschool IDEA 2016	(4,326)	4,426	-	(100)	-	-	-	-	-
Special ED Part B IDEA FY 2016	(65,997)	124,358	58,361	-	-	-	-	-	-
Special ED Preschool IDEA 2017	-	6,000	13,986	3,027	(4,959)	7,189	2,230	-	-
Special ED Part B IDEA FY 2017	-	157,358	201,978	-	(44,620)	145,895	101,275	-	-
Special ED Preschool IDEA 2018	-	-	-	-	-	14,212	15,972	-	(1,760)
Special ED Part B IDEA FY 2018	-	-	-	-	-	104,758	167,152	-	(62,394)
Jumpstart 2014/2015	1,559	-	3,074	-	(1,515)	-	-	-	(1,515)
Title II Part A 2014/2015	-	42,828	42,828	-	-	-	-	-	-
Title II Part A 2015/2016	-	-	-	(46,475)	(46,475)	46,475	-	-	-
Title II Part A 2016/2017	-	-	-	-	-	45,403	45,403	-	-
Title II Part A 2017/2018	-	-	-	-	-	-	4,306	-	(4,306)
Cafeteria Prepay	9,664	289,797	282,854	-	16,607	256,116	264,912	-	7,811
Payroll Withholdings	51,501	1,820,667	1,823,748	-	48,420	1,800,474	1,803,923	-	44,971
<b>Totals</b>	<b>\$ 7,758,266</b>	<b>\$ 16,625,264</b>	<b>\$ 16,302,169</b>	<b>\$ 3,447</b>	<b>\$ 8,084,808</b>	<b>\$ 16,494,355</b>	<b>\$ 16,542,306</b>	<b>\$ (274)</b>	<b>\$ 8,036,583</b>

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

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

School Corporation, as used herein, shall include, but is not limited to, the following: 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.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: 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.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

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

**F. Other Financing Sources and Uses**

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

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Transfers in.* Amounts 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.* Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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.

SHELBY EASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
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.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants, and the reimbursements for expenditures made by the School Corporation were not received by June 30, 2018. This is also a result of a posting error made to one fund. The correcting adjustment had not been made by June 30, 2018.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Shelby Eastern Schools 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 ended June 30, 2017 and 2018, totaled \$2,473,000 and \$2,506,500, respectively.

#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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.

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SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2015 Construction Bond	School Lunch
Cash and investments - beginning	\$ 1,460,346	\$ 1,825,539	\$ 212,764	\$ 1,002,662	\$ 804,040	\$ 127,937	\$ 1,030,645	\$ 857,333	\$ 190,865
Receipts:									
Local sources	110,659	2,629,128	274,167	1,288,113	1,120,779	104,814	-	-	282,854
Intermediate sources	19	-	-	-	-	-	-	-	-
State sources	7,605,730	-	-	-	-	-	-	-	5,904
Federal sources	-	-	-	-	-	-	-	-	238,246
Other receipts	9,256	-	-	-	-	-	-	-	-
Total receipts	7,725,664	2,629,128	274,167	1,288,113	1,120,779	104,814	-	-	527,004
Disbursements:									
Instruction	4,902,761	-	-	-	-	-	-	-	-
Support services	2,467,303	-	-	567,910	857,964	108,811	-	-	1,970
Noninstructional services	185,917	-	-	-	-	-	-	-	537,082
Facilities acquisition and construction	-	-	-	477,530	-	-	25,738	511,822	-
Debt service	-	2,630,986	281,101	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	7,555,981	2,630,986	281,101	1,045,440	857,964	108,811	25,738	511,822	539,052
Excess (deficiency) of receipts over disbursements	169,683	(1,858)	(6,934)	242,673	262,815	(3,997)	(25,738)	(511,822)	(12,048)
Other financing sources (uses):									
Sale of capital assets	3,448	-	-	-	-	-	-	-	-
Transfers in	59,957	-	-	-	-	-	300,000	-	-
Transfers out	-	(57,736)	(7,795)	(178,234)	(175,287)	(2,305)	-	-	-
Total other financing sources (uses)	63,405	(57,736)	(7,795)	(178,234)	(175,287)	(2,305)	300,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	233,088	(59,594)	(14,729)	64,439	87,528	(6,302)	274,262	(511,822)	(12,048)
Cash and investments - ending	\$ 1,693,434	\$ 1,765,945	\$ 198,035	\$ 1,067,101	\$ 891,568	\$ 121,635	\$ 1,304,907	\$ 345,511	\$ 178,817

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant 16-17	Early Intervention Grant 17-18	Shelby Eastern FFA Grant 2014	Microsoft Tech Grant MHS/MES	MHS Robotic Program Donations	Coca Cola Grant
Cash and investments - beginning	\$ 260,651	\$ -	\$ 864	\$ -	\$ -	\$ 321	\$ 11,426	\$ 6,370	\$ 17,346
Receipts:									
Local sources	87,865	-	-	-	-	-	-	-	-
Intermediate sources	-	-	19	-	-	-	-	-	-
State sources	33,481	-	-	6,300	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	8,655	-	-	-	-	-	-	-	-
Total receipts	130,001	-	19	6,300	-	-	-	-	-
Disbursements:									
Instruction	-	-	495	-	-	-	-	-	500
Support services	37,130	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	11,426	-	-
Debt service	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	37,130	-	495	-	-	-	11,426	-	500
Excess (deficiency) of receipts over disbursements	92,871	-	(476)	6,300	-	-	(11,426)	-	(500)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	700	121,356	-	-	-	-	-	-	-
Transfers out	-	-	-	(700)	-	-	-	-	-
Total other financing sources (uses)	700	121,356	-	(700)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	93,571	121,356	(476)	5,600	-	-	(11,426)	-	(500)
Cash and investments - ending	\$ 354,222	\$ 121,356	\$ 388	\$ 5,600	\$ -	\$ 321	\$ -	\$ 6,370	\$ 16,846

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Pepsi Provider Agreement	Paul O Goble Memorial Donation	Cultural Arts	Josh Dobkin Scholarship	America's Farmers Communities	Formative Assessment	G/T High Ability 2016/2017	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 11,594	\$ 1,720	\$ -	\$ 4,760	\$ 2,500	\$ -	\$ -	\$ (39,740)	\$ 18,335
Receipts:									
Local sources	6,712	-	-	-	-	-	-	-	14,047
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	16,092	29,785	37,464	5,588
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	6,712	-	-	-	-	16,092	29,785	37,464	19,635
Disbursements:									
Instruction	1,755	-	-	-	-	-	29,785	-	-
Support services	3,594	-	-	-	2,500	-	-	-	3,600
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	11,662
Debt service	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	5,349	-	-	-	2,500	-	29,785	-	15,262
Excess (deficiency) of receipts over disbursements	1,363	-	-	-	(2,500)	16,092	-	37,464	4,373
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(13,482)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(13,482)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,363	-	-	-	(2,500)	2,610	-	37,464	4,373
Cash and investments - ending	\$ 12,957	\$ 1,720	\$ -	\$ 4,760	\$ -	\$ 2,610	\$ -	\$ (2,276)	\$ 22,708

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	G/T High Ability 2017/2018	Aleks Program Blue River Foundation	Preschool Fund	Elearning Digital Grant 2016	Lilly Endowment Counseling	Title I Grant 2013/2014	Title I Grant 2014/2015	Title I Grant 2015/2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 7,753	\$ (9,689)	\$ -	\$ (15,910)	\$ (20,214)	\$ (4,353)
Receipts:									
Local sources	-	-	5,238	8,220	-	30,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	4,211	-	-	-	54,968	-	-	-	-
Federal sources	4,405	-	-	-	-	-	15,910	20,214	44,801
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,616	-	5,238	8,220	54,968	30,000	15,910	20,214	44,801
Disbursements:									
Instruction	900	-	-	-	20,398	-	-	-	21,423
Support services	-	-	1,955	-	4,141	19,169	-	-	16,255
Noninstructional services	-	-	-	5,257	-	-	-	-	100
Facilities acquisition and construction	-	-	-	-	31,194	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	900	-	1,955	5,257	55,733	19,169	-	-	37,778
Excess (deficiency) of receipts over disbursements	7,716	-	3,283	2,963	(765)	10,831	15,910	20,214	7,023
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	100	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	100	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,716	-	3,283	3,063	(765)	10,831	15,910	20,214	7,023
Cash and investments - ending	\$ 7,716	\$ -	\$ 3,283	\$ 10,816	\$ (10,454)	\$ 10,831	\$ -	\$ -	\$ 2,670

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Title I Grant 2016/2017	Title I Grant 2017/2018	Special ED Preschool IDEA 2015	Special ED Preschool IDEA 2016	Special ED Part B IDEA FY 2016	Special ED Preschool IDEA 2017	Special ED Part B IDEA FY 2017	Special ED Preschool IDEA 2018	Special ED Part B IDEA FY 2018
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (4,326)	\$ (65,997)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	73,159	-	3,027	4,426	124,358	6,000	157,358	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	73,159	-	3,027	4,426	124,358	6,000	157,358	-	-
Disbursements:									
Instruction	94,536	-	-	-	58,361	13,986	201,978	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	670	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	95,206	-	-	-	58,361	13,986	201,978	-	-
Excess (deficiency) of receipts over disbursements	(22,047)	-	3,027	4,426	65,997	(7,986)	(44,620)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	3,027	-	-	-
Transfers out	-	-	(3,027)	(100)	-	-	-	-	-
Total other financing sources (uses)	-	-	(3,027)	(100)	-	3,027	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,047)	-	-	4,326	65,997	(4,959)	(44,620)	-	-
Cash and investments - ending	\$ (22,047)	\$ -	\$ -	\$ -	\$ -	\$ (4,959)	\$ (44,620)	\$ -	\$ -

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Jumpstart 2014/2015	Title II Part A 2014/2015	Title II Part A 2015/2016	Title II Part A 2016/2017	Title II Part A 2017/2018	Cafeteria Prepay	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 1,559	\$ -	\$ -	\$ -	\$ -	\$ 9,664	\$ 51,501	\$ 7,758,266
Receipts:								
Local sources	-	-	-	-	-	-	-	5,962,596
Intermediate sources	-	-	-	-	-	-	-	38
State sources	-	-	-	-	-	-	-	7,799,523
Federal sources	-	42,828	-	-	-	-	-	734,732
Other receipts	-	-	-	-	-	289,797	1,820,667	2,128,375
Total receipts	-	42,828	-	-	-	289,797	1,820,667	16,625,264
Disbursements:								
Instruction	3,074	-	-	-	-	-	-	5,349,952
Support services	-	42,828	-	-	-	-	-	4,135,130
Noninstructional services	-	-	-	-	-	-	-	729,026
Facilities acquisition and construction	-	-	-	-	-	-	-	1,069,372
Debt service	-	-	-	-	-	-	-	2,912,087
Interfund loans	-	-	-	-	-	282,854	1,823,748	2,106,602
Total disbursements	3,074	42,828	-	-	-	282,854	1,823,748	16,302,169
Excess (deficiency) of receipts over disbursements	(3,074)	-	-	-	-	6,943	(3,081)	323,095
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	3,448
Transfers in	-	-	-	-	-	-	-	485,140
Transfers out	-	-	(46,475)	-	-	-	-	(485,141)
Total other financing sources (uses)	-	-	(46,475)	-	-	-	-	3,447
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,074)	-	(46,475)	-	-	6,943	(3,081)	326,542
Cash and investments - ending	\$ (1,515)	\$ -	\$ (46,475)	\$ -	\$ -	\$ 16,607	\$ 48,420	\$ 8,084,808

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2015 Construction Bond	School Lunch
Cash and investments - beginning	\$ 1,693,434	\$ 1,765,945	\$ 198,035	\$ 1,067,101	\$ 891,568	\$ 121,635	\$ 1,304,907	\$ 345,511	\$ 178,817
Receipts:									
Local sources	239,004	2,692,821	260,263	1,332,172	1,068,410	104,778	-	-	248,550
Intermediate sources	21	-	-	-	-	-	-	-	-
State sources	7,371,454	-	-	-	-	-	-	-	5,694
Federal sources	-	-	-	-	-	-	-	-	264,599
Other receipts	53,948	-	-	-	6,950	-	-	-	-
Total receipts	7,664,427	2,692,821	260,263	1,332,172	1,075,360	104,778	-	-	518,843
Disbursements:									
Instruction	5,003,413	-	-	-	-	-	-	-	-
Support services	2,601,777	165,541	-	567,636	869,399	110,000	-	-	468
Noninstructional services	192,866	-	-	-	-	-	-	-	572,263
Facilities acquisition and construction	-	-	-	500,837	-	-	-	249,545	-
Debt service	-	2,665,041	281,991	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	7,798,056	2,830,582	281,991	1,068,473	869,399	110,000	-	249,545	572,731
Excess (deficiency) of receipts over disbursements	(133,629)	(137,761)	(21,728)	263,699	205,961	(5,222)	-	(249,545)	(53,888)
Other financing sources (uses):									
Sale of capital assets	1,754	-	-	-	-	-	-	-	-
Transfers in	-	53,621	7,215	26,590	31,774	2,157	400,000	-	721
Transfers out	-	-	-	(252,275)	(150,000)	-	-	-	-
Total other financing sources (uses)	1,754	53,621	7,215	(225,685)	(118,226)	2,157	400,000	-	721
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(131,875)	(84,140)	(14,513)	38,014	87,735	(3,065)	400,000	(249,545)	(53,167)
Cash and investments - ending	\$ 1,561,559	\$ 1,681,805	\$ 183,522	\$ 1,105,115	\$ 979,303	\$ 118,570	\$ 1,704,907	\$ 95,966	\$ 125,650

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2018

	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant 16-17	Early Intervention Grant 17-18	Shelby Eastern FFA Grant 2014	Microsoft Tech Grant MHS/MES	MHS Robotic Program Donations	Coca Cola Grant
Cash and investments - beginning	\$ 354,222	\$ 121,356	\$ 388	\$ 5,600	\$ -	\$ 321	\$ -	\$ 6,370	\$ 16,846
Receipts:									
Local sources	65,666	-	-	-	-	-	-	-	-
Intermediate sources	-	-	19	-	-	-	-	-	-
State sources	204,967	-	-	-	5,612	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	400	-	-	-	-	-	-	-	-
Total receipts	271,033	-	19	-	5,612	-	-	-	-
Disbursements:									
Instruction	-	-	-	5,600	5,499	-	-	-	-
Support services	163,433	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	163,433	-	-	5,600	5,499	-	-	-	-
Excess (deficiency) of receipts over disbursements	107,600	-	19	(5,600)	113	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(121,356)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(121,356)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	107,600	(121,356)	19	(5,600)	113	-	-	-	-
Cash and investments - ending	\$ 461,822	\$ -	\$ 407	\$ -	\$ 113	\$ 321	\$ -	\$ 6,370	\$ 16,846

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Pepsi Provider Agreement	Paul O Goble Memorial Donation	Cultural Arts	Josh Dobkin Scholarship	America's Farmers Communities	Formative Assessment	G/T High Ability 2016/2017	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 12,957	\$ 1,720	\$ -	\$ 4,760	\$ -	\$ 2,610	\$ -	\$ (2,276)	\$ 22,708
Receipts:									
Local sources	7,964	-	-	-	-	-	-	-	5,144
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	9,658	-	-	13,675	-	-	11,010
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	7,964	-	9,658	-	-	13,675	-	-	16,154
Disbursements:									
Instruction	741	-	-	-	-	-	-	-	-
Support services	3,239	-	9,627	-	-	10,175	-	-	3,700
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,680
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	4,760	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	3,980	-	9,627	4,760	-	10,175	-	-	6,380
Excess (deficiency) of receipts over disbursements	3,984	-	31	(4,760)	-	3,500	-	-	9,774
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	2,276	-
Transfers out	(721)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(721)	-	-	-	-	-	-	2,276	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,263	-	31	(4,760)	-	3,500	-	2,276	9,774
Cash and investments - ending	\$ 16,220	\$ 1,720	\$ 31	\$ -	\$ -	\$ 6,110	\$ -	\$ -	\$ 32,482

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Career and Technical Performance Grant	G/T High Ability 2017/2018	Aleks Program Blue River Foundation	Preschool Fund	Elearning Digital Grant 2016	Lilly Endowment Counseling	Title I Grant 2013/2014	Title I Grant 2014/2015	Title I Grant 2015/2016
Cash and investments - beginning	\$ 7,716	\$ -	\$ 3,283	\$ 10,816	\$ (10,454)	\$ 10,831	\$ -	\$ -	\$ 2,670
Receipts:									
Local sources	-	-	-	8,360	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	7,420	29,473	-	-	20,032	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	7,420	29,473	-	8,360	20,032	-	-	-	-
Disbursements:									
Instruction	900	29,473	-	-	4,791	-	-	-	-
Support services	-	-	3,283	-	4,787	10,831	-	-	-
Noninstructional services	-	-	-	612	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	900	29,473	3,283	612	9,578	10,831	-	-	-
Excess (deficiency) of receipts over disbursements	6,520	-	(3,283)	7,748	10,454	(10,831)	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,030)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,030)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,490	-	(3,283)	7,748	10,454	(10,831)	-	-	-
Cash and investments - ending	\$ 12,206	\$ -	\$ -	\$ 18,564	\$ -	\$ -	\$ -	\$ -	\$ 2,670

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Title I Grant 2016/2017	Title I Grant 2017/2018	Special ED Preschool IDEA 2015	Special ED Preschool IDEA 2016	Special ED Part B IDEA FY 2016	Special ED Preschool IDEA 2017	Special ED Part B IDEA FY 2017	Special ED Preschool IDEA 2018	Special ED Part B IDEA FY 2018
Cash and investments - beginning	\$ (22,047)	\$ -	\$ -	\$ -	\$ -	\$ (4,959)	\$ (44,620)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	35,769	-	-	-	-	7,189	145,895	14,212	104,758
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	35,769	-	-	-	-	7,189	145,895	14,212	104,758
Disbursements:									
Instruction	13,548	77,450	-	-	-	2,230	101,275	15,972	167,152
Support services	122	-	-	-	-	-	-	-	-
Noninstructional services	52	1,053	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	13,722	78,503	-	-	-	2,230	101,275	15,972	167,152
Excess (deficiency) of receipts over disbursements	22,047	(78,503)	-	-	-	4,959	44,620	(1,760)	(62,394)
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	22,047	(78,503)	-	-	-	4,959	44,620	(1,760)	(62,394)
Cash and investments - ending	\$ -	\$ (78,503)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,760)	\$ (62,394)

SHELBY EASTERN SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Jumpstart 2014/2015	Title II Part A 2014/2015	Title II Part A 2015/2016	Title II Part A 2016/2017	Title II Part A 2017/2018	Cafeteria Prepay	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (1,515)	\$ -	\$ (46,475)	\$ -	\$ -	\$ 16,607	\$ 48,420	\$ 8,084,808
Receipts:								
Local sources	-	-	-	-	-	-	-	6,033,132
Intermediate sources	-	-	-	-	-	-	-	40
State sources	-	-	-	-	-	-	-	7,678,995
Federal sources	-	-	46,475	45,403	-	-	-	664,300
Other receipts	-	-	-	-	-	256,116	1,800,474	2,117,888
Total receipts	-	-	46,475	45,403	-	256,116	1,800,474	16,494,355
Disbursements:								
Instruction	-	-	-	40,903	-	-	-	5,468,947
Support services	-	-	-	4,500	4,306	-	-	4,532,824
Noninstructional services	-	-	-	-	-	-	-	766,846
Facilities acquisition and construction	-	-	-	-	-	-	-	753,062
Debt service	-	-	-	-	-	-	-	2,947,032
Nonprogrammed charges	-	-	-	-	-	-	-	4,760
Interfund loans	-	-	-	-	-	264,912	1,803,923	2,068,835
Total disbursements	-	-	-	45,403	4,306	264,912	1,803,923	16,542,306
Excess (deficiency) of receipts over disbursements	-	-	46,475	-	(4,306)	(8,796)	(3,449)	(47,951)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,754
Transfers in	-	-	-	-	-	-	-	524,354
Transfers out	-	-	-	-	-	-	-	(526,382)
Total other financing sources (uses)	-	-	-	-	-	-	-	(274)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	46,475	-	(4,306)	(8,796)	(3,449)	(48,225)
Cash and investments - ending	\$ (1,515)	\$ -	\$ -	\$ -	\$ (4,306)	\$ 7,811	\$ 44,971	\$ 8,036,583

SHELBY EASTERN SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 266,437</u>	<u>\$ 145,474</u>

SHELBY EASTERN SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Xerox Capital Services	Copy Machines/Supplies	\$ 26,236	10/1/2016	9/30/2021
Shelby Eastern Schools Building Corporation	Financing Facilities for Lease	<u>2,506,500</u>	4/11/2011	1/15/2020
Total of annual lease payments		<u>\$ 2,532,736</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 566,729	\$ 283,470
General obligation bonds	Capital Improvements	1,710,000	161,175
General obligation bonds	CPF Energy Savings	<u>740,524</u>	<u>142,040</u>
Total governmental activities		<u>3,017,253</u>	<u>586,685</u>
Totals		<u>\$ 3,017,253</u>	<u>\$ 586,685</u>

SHELBY EASTERN SCHOOLS  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Infrastructure	\$ 340,081
Buildings	75,506,917
Improvements other than buildings	1,419,030
Machinery, equipment, and vehicles	<u>2,569,702</u>
Total governmental activities	<u>79,835,730</u>
Total capital assets	<u>\$ 79,835,730</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE SHELBY EASTERN SCHOOLS, SHELBY COUNTY, INDIANA

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

We have audited the Shelby Eastern Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016 to June 30, 2018.

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


**Report on Internal Control over Compliance**

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

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

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

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

  
Paul D. Joyce, CPA  
State Examiner

February 4, 2019

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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.

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SHELBY EASTERN SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program FY 2017			FY 2017	\$ 55,813	\$ -
School Breakfast Program FY 2018			FY 2018	-	43,065
Total - School Breakfast Program				55,813	43,065
National School Lunch Program					
School Lunch Program	Indiana Department of Education	10.555			
School Lunch Program FY 2017			FY 2017	182,433	-
School Lunch Program FY 2018			FY 2018	-	221,534
School Lunch Commodities FY 2017			FY 2017	22,815	-
School Lunch Commodities FY 2018			FY 2018	-	63,342
Total - National School Lunch Program				205,248	284,876
Total - Child Nutrition Cluster				261,061	327,941
Total - Department of Agriculture				261,061	327,941
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Special Ed Part B 611 FY 2016			14216-080-PN01	124,358	-
Special Ed Part B 611 FY 2017			14217-080-PN01	157,358	145,895
Special Ed Part B 611 FY 2018			18611-080-PN01	-	104,759
Total - Special Education Grants to States				281,716	250,654
Special Education Preschool Grants					
Special Ed Preschool 2016	Indiana Department of Education	84.173			
Special Ed Preschool 2017			45716-080-PN01	4,426	-
Special Ed Preschool 2018			45717-080-PN01	9,027	7,189
			18619-080-PN01	-	14,212
Total - Special Education Preschool Grants				13,453	21,401
Total - Special Education Cluster (IDEA)				295,169	272,055
Title I Grants to Local Educational Agencies					
Title I Part A 2015/2016	Indiana Department of Education	84.010			
Title I Part A 2016/2017			15-7285	80,924	-
			16-7285	73,159	35,769
Total - Title I Grants to Local Educational Agencies				154,083	35,769
Supporting Effective Instruction State Grants					
Title II Part A 2014/2015	Indiana Department of Education	84.367			
Title II Part A 2015/2016			14-7285	42,828	-
Title II Part A 2016/2017			15-7285	-	46,475
			16-7285	-	45,403
Total - Supporting Effective Instruction State Grants				42,828	91,878
Total - Department of Education				492,080	399,702
Total federal awards expended				\$ 753,141	\$ 727,643

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

SHELBY EASTERN SCHOOLS  
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 under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SHELBY EASTERN SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.367	Special Education Cluster (IDEA) Supporting Effective Instruction State Grants	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2018-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat of Finding 2016-001 from the immediately prior audit.

*Condition*

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 internal control in place was not effective in detecting and correcting errors on the SEFA.

SHELBY EASTERN SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The SEFA contained the following errors:

1. The Child Nutrition Cluster was understated by \$22,815 and \$23,122 for the school years ended June 30, 2017 and 2018, respectively.
2. The Special Education Cluster (IDEA) was understated by \$128,784 and overstated by \$230,538 for the school years ended June 30, 2017 and 2018, respectively.
3. The Title I Grants to Local Educational Agencies program was understated by \$80,924 and overstated by \$42,734 for the school years ended June 30, 2017 and 2018, respectively.
4. The Supporting Effective Instruction State Grants program was understated by \$42,828 and \$46,475 for the school years ended June 30, 2017 and 2018, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

SHELBY EASTERN SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

No matters are reportable.

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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.



# SHELBY EASTERN SCHOOLS

Superintendent: Dr. Robert Evans ■ Corp. Treasurer: Chris Scott

## **Mission Statement:**

**Shape, Empower, and Support the minds of tomorrow**

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2016-001**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Mary C Scott (Chris)

Contact Phone Number: (765) 544-2246 x 1027

#### Status of Audit Finding

UPDATE: Our procedures are still in place and we continue to make an ongoing effort to address and correct the internal control listed in reference to Schedule of Expenditures of Federal Awards. We have gained additional information which cleared up a misunderstanding of how to report our receipts and disbursements on the SEFA report.

Mary C Scott  
(Signature)

Treasurer  
(Title)

2/4/19  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



# SHELBY EASTERN SCHOOLS

Superintendent: Dr. Robert Evans ■ Corp. Treasurer: Chris Scott

## **Mission Statement:**

**Shape, Empower, and Support the minds of tomorrow**

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2016-002**

Fiscal year in which the finding initially occurred: 2015

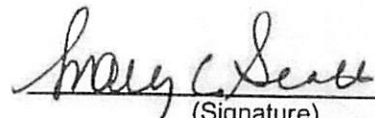
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

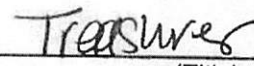
Contact Person Responsible for Corrective Action: Mary C Scott (Chris)

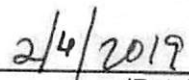
Contact Phone Number: (765) 544-2246 x 1027

Status of Audit Finding:

UPDATE: Our procedures are still in place and we continue to make an ongoing effort to address and correct the internal control listed in reference to Cash Management, Food Service Director and myself review our cash balance each month to make sure it is not over the 3 month threshold allowed by the State. If our balance becomes more than the allowed amount we will submit an action plan to the State for review.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



# SHELBY EASTERN SCHOOLS

Superintendent: Dr. Robert Evans ■ Corp. Treasurer: Chris Scott

## Mission Statement:

Shape, Empower, and Support the minds of tomorrow

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### FINDING 2016-003

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Mary C Scott (Chris)

Contact Phone Number: (765) 544-2246 x 1027

#### Status of Audit Finding:

UPDATE: Our procedures are still in place, Chartwells and the Treasurer work together to ensure the verification of free and reduced application and review the Paid Lunch Equity prior to submitting, and we continue to make an ongoing effort to address and correct the internal control listed in reference to Paid Lunch Equity. New procedures are in place for Verification process for those students qualifying for free and/or reduced meals. We prepare monthly activity reports for each school each month before making any transfers out of the clearing account into the Café Fund Account. The Food Service Director and Treasurer work together to verify reports pertaining to the Café Fund.

Mary C Scott  
(Signature)

Treasurer  
(Title)

2/4/2019  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



# SHELBY EASTERN SCHOOLS

Superintendent: Dr. Robert Evans ■ Corp. Treasurer: Chris Scott

## **Mission Statement:**

**Shape, Empower, and Support the minds of tomorrow**

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2016-004**

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Mary C Scott (Chris)

Contact Phone Number: (765) 544-2246 x 1027

Status of Audit Finding:

UPDATE: We believe this to be accomplished with a second person in the office verifying the information for accuracy and signing the documentation before submission.

Mary C Scott  
(Signature)

Treasurer  
(Title)

2/4/2019  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



# SHELBY EASTERN SCHOOLS

Superintendent: Dr. Robert Evans ■ Corp. Treasurer: Chris Scott

## Mission Statement:

**Shape, Empower, and Support the minds of tomorrow**

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2016-005**

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Mary C Scott (Chris)

Contact Phone Number: (765) 544-2246 x 1027

Status of Audit Finding:

UPDATE: With the School Corporation now overseeing the Cafeteria fund and the addition of outsourcing the Food Service Department to Chartwells, we has been able to implement the time and effort requirements under the uniform guidance.

Mary C Scott  
(Signature)

Treasurer  
(Title)

2/4/2019  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



# SHELBY EASTERN SCHOOLS

Superintendent: Dr. Robert Evans ■ Corp. Treasurer: Chris Scott

## **Mission Statement:**

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## CORRECTIVE ACTION PLAN

### **FINDING 2018-001**

Contact Person Responsible for Corrective Action: Mary C Scott (Chris)  
Contact Phone Number: (765) 544-2246 x 1027

We concur with the Audit finding:

Description of Corrective Action Plan:

After it was brought to our attention in the prior audit, controls have been implemented. Additional information was gained and/or training received which cleared up a misunderstanding of how to report our receipts and disbursements. The SEFA will be completed by the Treasurer and reviewed/approved by someone knowledgeable about the preparation of the SEFA and federal grants.

Anticipated Completion Date: 01/31/2019

Mary C Scott  
(Signature)

Treasurer  
(Title)

2/4/2019  
(Date)

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.