

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

EXAMINATION REPORT

OF

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION

LAPORTE COUNTY, INDIANA

July 1, 2004 to June 30, 2006



**FILED**

01/31/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kara S. Schoch	07-01-04 to 06-30-07
Superintendent of Schools	David L. Geise Christopher A. Smith	07-01-04 to 06-30-06 07-01-06 to 06-30-07
President of the School Board	Dennis Weiss James Koontz Donald Satoski	07-01-04 to 06-30-05 07-01-05 to 06-30-06 07-01-06 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of South Central Community School Corporation (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 19, 2006

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF CASH AND INVESTMENTS  
 June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 648,495
Restricted assets:	
Cash and investments	<u>394,105</u>
Total assets	<u>\$ 1,042,600</u>
<u>Net Assets</u>	
Restricted for:	
Debt service	\$ 394,105
Unrestricted	<u>648,495</u>
Total net assets	<u>\$ 1,042,600</u>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,443,222
Restricted assets:	
Cash and investments	<u>661,655</u>
Total assets	<u>\$ 2,104,877</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 661,655
Unrestricted	<u>1,443,222</u>
Total net assets	<u>\$ 2,104,877</u>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 2,292,032	\$ -	\$ 36,031	\$ (2,256,001)
Support services	3,472,405	316,945	54,641	(3,100,819)
Community services	82,052	-	-	(82,052)
Nonprogrammed charges	341,139	-	-	(341,139)
Debt service	2,594,901	-	-	(2,594,901)
Total governmental activities	\$ 8,782,529	\$ 316,945	\$ 90,672	(8,374,912)
General receipts:				
Property taxes				3,164,772
Other local sources				751,913
State aid				2,723,819
Grants and contributions not restricted				118,661
Bonds and loans				1,430,468
Sale of property, adjustments, and refunds				32,696
Investment earnings				14,018
Total general receipts				8,236,347
Change in cash and investments				(138,565)
Net assets - beginning				1,181,165
Net assets - ending				\$ 1,042,600

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 2,288,292	\$ -	\$ 31,122	\$ (2,257,170)
Support services	3,606,983	336,623	56,429	(3,213,931)
Community services	97,391	-	-	(97,391)
Nonprogrammed charges	469,691	-	-	(469,691)
Debt service	<u>2,070,829</u>	-	-	<u>(2,070,829)</u>
<b>Total governmental activities</b>	<u>\$ 8,533,186</u>	<u>\$ 336,623</u>	<u>\$ 87,551</u>	<u>(8,109,012)</u>
General receipts:				
Property taxes				4,049,782
Other local sources				1,152,071
State aid				2,873,104
Grants and contributions not restricted				129,109
Bonds and loans				809,986
Sale of property, adjustments, and refunds				106,054
Investment earnings				<u>51,183</u>
<b>Total general receipts</b>				<u>9,171,289</u>
				Change in cash and investments 1,062,277
<b>Net assets - beginning</b>				<u>1,042,600</u>
<b>Net assets - ending</b>				<u>\$ 2,104,877</u>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 2,274,862	\$ 334,858	\$ 768,232	\$ 483,150	\$ 65,391	\$ 320,608	\$ 4,247,101
Intermediate sources	208	-	-	-	-	338	546
State sources	2,748,250	-	-	-	-	31,533	2,779,783
Federal sources	-	-	-	-	-	153,370	153,370
Bonds and loans	880,322	195,566	354,580	-	-	-	1,430,468
Sale of property, adjustments and refunds	4,674	104	-	1,099	-	26,819	32,696
<b>Total receipts</b>	<u>5,908,316</u>	<u>530,528</u>	<u>1,122,812</u>	<u>484,249</u>	<u>65,391</u>	<u>532,668</u>	<u>8,643,964</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,192,783	-	-	-	-	99,249	2,292,032
Support services	1,974,043	425,605	-	513,858	115,104	442,460	3,471,070
Community services	82,681	-	-	-	-	706	83,387
Nonprogrammed charges	327,436	-	-	-	-	13,703	341,139
Debt services	1,320,012	109,618	1,165,271	-	-	-	2,594,901
<b>Total disbursements</b>	<u>5,896,955</u>	<u>535,223</u>	<u>1,165,271</u>	<u>513,858</u>	<u>115,104</u>	<u>556,118</u>	<u>8,782,529</u>
Excess (deficiency) of total receipts over (under) total disbursements	11,361	(4,695)	(42,459)	(29,609)	(49,713)	(23,450)	(138,565)
Cash and investments - beginning	285,054	70,201	436,564	156,440	88,749	144,157	1,181,165
Cash and investments - ending	<u>\$ 296,415</u>	<u>\$ 65,506</u>	<u>\$ 394,105</u>	<u>\$ 126,831</u>	<u>\$ 39,036</u>	<u>\$ 120,707</u>	<u>\$ 1,042,600</u>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,335,209	\$ 611,334	\$ 1,229,332	\$ 904,013	\$ 165,718	\$ 343,217	\$ 5,588,823
Intermediate sources	165	-	-	-	-	356	521
State sources	2,892,624	-	-	-	-	32,425	2,925,049
Federal sources	-	-	-	-	-	164,714	164,714
Bonds and loans	348,319	198,706	262,961	-	-	-	809,986
Sale of property, adjustments and refunds	84,267	1,104	-	291	-	20,708	106,370
Intergovernmental transfers	-	-	-	-	-	147,070	147,070
<b>Total receipts</b>	<b><u>5,660,584</u></b>	<b><u>811,144</u></b>	<b><u>1,492,293</u></b>	<b><u>904,304</u></b>	<b><u>165,718</u></b>	<b><u>708,490</u></b>	<b><u>9,742,533</u></b>
Disbursements:							
Current:							
Instruction	2,197,915	-	-	-	-	90,377	2,288,292
Support services	2,004,783	441,042	-	566,469	111,304	483,385	3,606,983
Community services	97,204	-	-	-	-	187	97,391
Nonprogrammed charges	510,590	17,248	36,112	25,218	4,718	22,875	616,761
Debt services	634,185	248,014	1,188,630	-	-	-	2,070,829
<b>Total disbursements</b>	<b><u>5,444,677</u></b>	<b><u>706,304</u></b>	<b><u>1,224,742</u></b>	<b><u>591,687</u></b>	<b><u>116,022</u></b>	<b><u>596,824</u></b>	<b><u>8,680,256</u></b>
Excess of total receipts over total disbursements	215,907	104,840	267,551	312,617	49,696	111,666	1,062,277
Cash and investments - beginning	<u>296,415</u>	<u>65,506</u>	<u>394,105</u>	<u>126,831</u>	<u>39,036</u>	<u>120,707</u>	<u>1,042,600</u>
Cash and investments - ending	<b><u>\$ 512,322</u></b>	<b><u>\$ 170,346</u></b>	<b><u>\$ 661,656</u></b>	<b><u>\$ 439,448</u></b>	<b><u>\$ 88,732</u></b>	<b><u>\$ 232,373</u></b>	<b><u>\$ 2,104,877</u></b>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2006

	<u>Pension Trust Funds</u>
Additions:	
Bonds and loans	<u>\$ 1,995,000</u>
Deductions:	
Support services	99,688
Debt services	<u>1,000,000</u>
Total deductions	<u>1,099,688</u>
Excess of total additions over total deductions	895,312
Cash and investments - beginning	<u>-</u>
Cash and investments - ending	<u><u>\$ 895,312</u></u>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2005

<u>Assets</u>	<u>Agency Funds</u>
Cash and investments	<u>\$ 23,590</u>

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	<u>\$ 895,312</u>	<u>\$ 21,687</u>
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	<u>\$ 895,312</u>	

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

The School Corporation uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), 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 TRF 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% 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.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

TRF 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:

Teacher's Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

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.

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for examination indicates that the number of academic honors diplomas awarded, reported on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, was overstated by one student for the school year ending June 30, 2005.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN CASH BALANCES

The cash balance of the Textbook Rental Fund was overdrawn at June 30, 2004 and 2005, by \$24,518 and \$48,710, respectively.

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

DONATIONS (Applies to South Central Elementary and Junior/Senior High Schools)

Various companies and individuals donated funds to the South Central Elementary and Junior/Senior High Schools during the audit period. These donations were not approved by the School Board.

Cash donations that are extra-curricular in nature may be accounted for in the Extra-Curricular Account. Any School Corporation donations shall be accounted for in the school corporation records. The acceptance of these donations shall have prior approval by the Board of School Trustees. Either the School Corporation Treasurer or Extra-Curricular Treasurer will be responsible for the accounting of these funds as applicable. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2006, with Christopher A. Smith, Superintendent of Schools; Kara S. Schoch, Treasurer; Donald Satoski, President of the School Board; Suzanne E. Rinker, Deputy Treasurer; and Jackie Abshire, Administrative Assistant. The officials concurred with our findings.