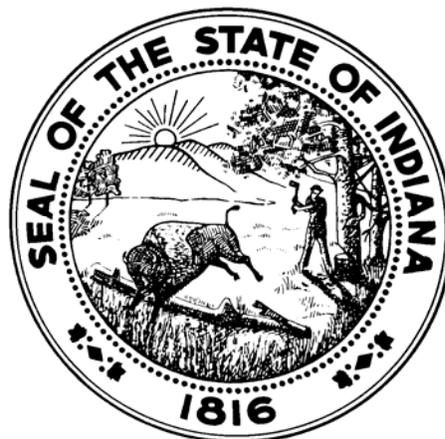


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
PARKE COUNTY, INDIANA
July 1, 2004 to June 30, 2006



FILED
02/21/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheryl Peacock	07-01-04 to 06-30-07
Superintendent of Schools	Leonard Orr	07-01-04 to 06-30-07
President of the School Board	Mark Davis	07-01-04 to 06-30-07



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Parke Community School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, which collectively comprise the School Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 2006, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Long-Term Debt is presented for additional analysis and is not a required part of the basic financial statements. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 15, 2006



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

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the financial statements of the Southwest Parke Community School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated December 15, 2006. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the School Corporation on December 15, 2006. These immaterial instances of non-compliance were subsequently communicated to management in a separate letter.

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

STATE BOARD OF ACCOUNTS

December 15, 2006

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,967,407
Restricted assets:	
Cash and investments	<u>522,705</u>
Total assets	<u>\$ 3,490,112</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 522,705
Unrestricted	<u>2,967,407</u>
Total net assets	<u>\$ 3,490,112</u>

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 3,413,667
Restricted assets:	
Cash and investments	<u>588,777</u>
Total assets	<u>\$ 4,002,444</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 588,777
Unrestricted	<u>3,413,667</u>
Total net assets	<u>\$ 4,002,444</u>

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

SOUTHWEST PARKE 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	\$ 3,228,065	\$ -	\$ 57,070	\$ (3,170,995)
Support services	6,956,034	229,929	268,001	(6,458,104)
Community services	104,552	-	-	(104,552)
Nonprogrammed charges	260,187	-	-	(260,187)
Debt service	3,120,409	-	-	(3,120,409)
Total governmental activities	\$ 13,669,247	\$ 229,929	\$ 325,071	(13,114,247)
General receipts:				
Property taxes				3,077,116
Other local sources				160,771
State aid				4,559,010
Grants and contributions not restricted				373,939
Bonds and loans				1,999,500
Sale of property, adjustments, and refunds				52,688
Investment earnings				89,746
Total general receipts				10,312,770
Change in cash and investments				(2,801,477)
Net assets - beginning				6,291,589
Net assets - ending				\$ 3,490,112

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

SOUTHWEST PARKE 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	\$ 3,134,583	\$ -	\$ 44,745	\$ (3,089,838)
Support services	4,988,079	223,682	222,743	(4,541,654)
Community services	67,186	-	-	(67,186)
Nonprogrammed charges	327,145	-	-	(327,145)
Debt service	3,403,866	-	-	(3,403,866)
Total governmental activities	\$ 11,920,859	\$ 223,682	\$ 267,488	(11,429,689)
General receipts:				
Property taxes				3,528,977
Other local sources				713,594
State aid				4,794,744
Grants and contributions not restricted				241,338
Bonds and loans				2,000,000
Sale of property, adjustments, and refunds				511,804
Investment earnings				151,564
Total general receipts				11,942,021
Change in cash and investments				512,332
Net assets - beginning				3,490,112
Net assets - ending				\$ 4,002,444

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

SOUTHWEST PARKE 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	Construction	Other	Totals
Receipts:								
Local sources	\$ 1,094,343	\$ 320,360	\$ 1,412,470	\$ 468,018	\$ -	\$ 27,626	\$ 233,791	\$ 3,556,608
Intermediate sources	576	-	-	-	-	-	375	951
State sources	4,604,138	-	-	-	-	-	146,780	4,750,918
Federal sources	-	-	-	-	-	-	507,105	507,105
Bonds and loans	-	666,500	666,500	666,500	-	-	-	1,999,500
Sale of property, adjustments and refunds	25,725	2,585	-	-	-	-	24,378	52,688
Intergovernmental transfers	6,437	61,296	-	-	-	-	354,316	422,049
Total receipts	5,731,219	1,050,741	2,078,970	1,134,518	-	27,626	1,266,745	11,289,819
Disbursements:								
Current:								
Instruction	2,802,520	-	-	-	-	-	425,545	3,228,065
Support services	2,977,106	476,524	-	666,188	-	2,105,283	730,933	6,956,034
Community services	63,359	-	-	-	-	-	41,193	104,552
Nonprogrammed charges	218,135	-	359,346	15,654	-	-	89,101	682,236
Debt services	-	1,000,000	2,120,409	-	-	-	-	3,120,409
Total disbursements	6,061,120	1,476,524	2,479,755	681,842	-	2,105,283	1,286,772	14,091,296
Excess (deficiency) of total receipts over (under) total disbursements	(329,901)	(425,783)	(400,785)	452,676	-	(2,077,657)	(20,027)	(2,801,477)
Cash and investments - beginning	985,645	1,122,083	923,490	192,661	19,101	2,393,435	655,174	6,291,589
Cash and investments - ending	<u>\$ 655,744</u>	<u>\$ 696,300</u>	<u>\$ 522,705</u>	<u>\$ 645,337</u>	<u>\$ 19,101</u>	<u>\$ 315,778</u>	<u>\$ 635,147</u>	<u>\$ 3,490,112</u>

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

SOUTHWEST PARKE 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	Construction	Other	Totals
Receipts:								
Local sources	\$ 1,558,161	\$ 412,887	\$ 1,709,392	\$ 619,712	\$ 14,427	\$ 14,507	\$ 287,609	\$ 4,616,695
Intermediate sources	576	-	-	-	-	-	544	1,120
State sources	4,827,571	-	-	-	-	-	68,170	4,895,741
Federal sources	-	-	-	-	-	-	407,831	407,831
Bonds and loans	-	666,500	667,000	666,500	-	-	-	2,000,000
Sale of property, adjustments and refunds	10,029	-	-	616	-	497,792	3,367	511,804
Intergovernmental transfers	-	39,454	-	-	9,512	-	232,221	281,187
Total receipts	6,396,337	1,118,841	2,376,392	1,286,828	23,939	512,299	999,742	12,714,378
Disbursements:								
Current:								
Instruction	2,814,083	-	-	-	-	-	320,500	3,134,583
Support services	2,895,739	489,481	-	413,080	43,040	625,641	521,098	4,988,079
Community services	66,773	-	-	-	-	-	413	67,186
Nonprogrammed charges	219,770	-	239,454	-	-	-	149,108	608,332
Debt services	-	666,500	2,070,866	666,500	-	-	-	3,403,866
Total disbursements	5,996,365	1,155,981	2,310,320	1,079,580	43,040	625,641	991,119	12,202,046
Excess (deficiency) of total receipts over (under) total disbursements	399,972	(37,140)	66,072	207,248	(19,101)	(113,342)	8,623	512,332
Cash and investments - beginning	655,744	696,300	522,705	645,337	19,101	315,778	635,147	3,490,112
Cash and investments - ending	<u>\$ 1,055,716</u>	<u>\$ 659,160</u>	<u>\$ 588,777</u>	<u>\$ 852,585</u>	<u>\$ -</u>	<u>\$ 202,436</u>	<u>\$ 643,770</u>	<u>\$ 4,002,444</u>

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Private-Purpose Trust Funds
Additions:	
Sale of property, adjustments and refunds	\$ 16,326
Deductions:	
Instruction	19,797
Deficiency of total additions under total deductions	(3,471)
Cash and investments - beginning	6,950
Cash and investments - ending	\$ 3,479

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

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

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 5,984
Sale of property, adjustments and refunds	24,110
Total additions	30,094
Deductions:	
Instruction	18,852
Excess of total additions over total deductions	11,242
Cash and investments - beginning	3,479
Cash and investments - ending	\$ 14,721

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 3,479	\$ 31,252
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 3,479	

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2006

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 14,721	\$ 2,076
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 14,721	

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Indiana State University, Ivy Tech State College: Region Seven, North Vermillion Community School Corporation, Rockville Community School Corporation, South Vermillion Community School Corporation and Turkey Run Community School Corporation in a joint venture to operate the Parke-Vermillion Education and Training Interlocal which was created to provide vocational and technical education to high school students and others. The Interlocal's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Interlocal can be obtained from South Vermillion School Corporation, Clinton, IN.

The School Corporation is a participant with South Vermillion Community School Corporation, Vigo County School Corporation, and Rockville Community School Corporation in a joint venture to operate the Covered Bridge Special Education District, which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit payments annually to supplement the Covered Bridge Special Education District. Complete financial statements for the Covered Bridge Special Education District can be obtained from the District's administrative office at 1320 Walnut Street, Terre Haute, IN.

The School Corporation is a participant with twenty-one other school corporations within Area 3 as designated by Indiana Code (IC) 20-1-6 in a joint venture to operate the West Central Indiana Educational Service Center, which was created to meet the local educational needs of member school corporations by identifying those needs with support from school staff and to enhance educational opportunities for students by pooling together resources to help establish programs, to provide resource materials, and to serve the educational needs of students. The School Corporation is obligated by contract to remit payments annually to supplement the West Central Indiana Educational Service Center. Complete financial statements for the West Central Indiana Educational Service Center can be obtained from the Center's administrative office at 522 Anderson Street, P.O. Box 21, Greencastle, IN.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction fund is used to account for receipts and disbursements concerning current construction projects.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the teachers of Rosedale Elementary School for professional development.

Agency funds account for assets held by the School Corporation as an agent for others and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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 December 31 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 10 to 13 days per year based on months worked each year. Unused sick leave may be accumulated to a maximum number of 180 to 200 days and/or a maximum of 180 retirement days. Accumulated sick leave is paid to employees through cash payments upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 to 4 days per year. Unused personal leave may be accumulated as sick or retirement leave.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

It is the School Corporation’s policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Cash Activities some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Cash Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Cash Activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>	<u>2006</u>
General fund	Nonmajor Governmental	\$ 33,563	\$ 190,488
Debt service fund	Nonmajor Governmental	247,346	39,454
Debt service fund	Transportation Operating	61,296	-
Debt service fund	School Bus Replacement	-	9,512
Capital projects	General fund	6,329	-
Capital projects	Nonmajor Governmental	15,654	-
Transportation Operating	Nonmajor Governmental	10,704	-
Nonmajor Governmental	General fund	108	-
		<u>375,000</u>	<u>239,454</u>
Totals		<u>\$ 375,000</u>	<u>\$ 239,454</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutes.

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

During 1992, the School Corporation joined together with other governmental entities to form the Wabash Valley/West Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for seventeen member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of health insurance and benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per member for their lifetime. The risk pool obtains independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Southwest Parke Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments to the lessor for the fiscal years ended June 30, 2005 and 2006 were \$568,500 and \$1,177,869 respectively.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

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 the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 19,462
Interest on net pension obligation	266
Adjustment to annual required contribution	(303)
Annual pension cost	19,425
Contributions made	28,278
Decrease in net pension obligation	(8,853)
Net pension obligation, beginning of year	3,669
Net pension obligation, end of year	\$ (5,184)
Contribution rates:	
School Corporation	3.75%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

*2.75% converted members; 4% nonconverted members.

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 33,009	53%	\$ 2,463
	06-30-04	24,576	95%	3,669
	06-30-05	19,425	115%	(5,184)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' 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 member's 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.

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:

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

Funding Policy and Annual Pension Costs

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.00% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2005 and 2004, were \$214,838, \$208,939 and \$176,608 respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 606,613	\$ 605,250	\$ 1,363	100%	\$ 528,625	0%
07-01-04	609,353	582,969	26,384	105%	461,163	6%
07-01-05	631,589	718,843	(87,254)	88%	552,346	(16%)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2006

The School Corporation has entered into the following capital leases and notes payable:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
School Buildings	\$ 12,345,000	\$ 600,000
Notes and loans payable:		
Tax Anticipation Warrants	2,000,000	2,000,000
Notes and loans payable	<u>427,308</u>	<u>148,514</u>
Total governmental activities long-term debt	<u>\$ 14,772,308</u>	<u>\$ 2,748,514</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PRESIGNING DOCUMENTS

Receipts, in some instances, were written and signed prior to the receipt of cash.

Some checks were written in December of each year but not distributed until up to 12 months later. A similar comment appeared in prior Reports B11055, B16020, B20100 and B24785.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSPORTATION FUND - RECORD OF HOURS WORKED

Portions of the Superintendent's and Corporation Treasurer's salaries were paid from the Transportation Fund. A record of hours worked was not presented for audit. A similar comment appeared in prior Reports B20100 and B24785.

Indiana Code 5-11-9-4 requires in part: "... records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

Some positions have been formally established by boards of school trustees, through job description, duties assigned, title, salary schedules, etc., as transportation related (for example, Assistant Superintendent-Transportation Director). We will not take audit exception, in these situations (other than positions excluded by statute), to direct transportation related employees having direct transportation related expenses being paid from the transportation fund if a cost allocation system based upon auditable statistics is established tracking costs attributable to the transportation program and therefore payable from the transportation fund. The use of time cards, time logs, or other means of accumulating auditable statistics upon which to base costs would have to be maintained. The time spent on such programs by persons serving in more than one program area must be specific if costs are to be separated. These costs cannot be accurately maintained on a percentage basis and requires the use of one of the methods mentioned above to provide auditable statistics and should cover all program areas in which a person serves or for which the service, materials, supplies, etc., are provided. (The School Administrator and Uniform Compliance Guidelines, Volume 157)

INTERNAL CONTROLS/CONDTION OF RECORDS - ROSEDALE ELEMENTARY SCHOOL

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

Financial records presented for audit were incomplete and not reflective of the activity of the school. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

Receipts were not written or recorded for the 2005-2006 school year. Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of 43 days before being deposited. Receipts, in some cases, accumulated to over \$9,000 before a deposit was made.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

We noted 11 instances where the Athletic Ticket Sales Report (Form SA-4) was not retained for audit. No information was presented for audit to indicate anyone at the School accounted for the revenue generated by admission to basketball games. Cash payments were taken at the time of admittance, but ticket sales reports were not retained for audit. We noted three instances where there was no deposit from basketball games.

Internal controls were not followed for the dispensing of soft drinks and the subsequent collection and deposit of sales. Internal controls were also not followed for fundraising activities at the school.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7).

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

CASH NECESSARY TO BALANCE

Registration for Rosedale Elementary School was held August 8, 2005 through August 10, 2005. The Extra-Curricular Treasurer, Sheryl A. Feuquay, was responsible to hold registration, provide a receipt for all money received, and deposit the fees collected into the school bank account. Textbook rental fees collected for the registration were not deposited until September 20, 2005.

Based on the examination of the textbook rental receipts, cancelled checks, and bank deposits, we determined \$1,565.50 of textbook rental fees received and credited to the students' accounts were not deposited.

Indiana Code 20-41-1-9 states in part: "The receipts shall be deposited without unreasonable delay."

Mrs. Feuquay was requested to reimburse \$1,565.50 to Rosedale Elementary School. Mrs. Feuquay made payment to the School Corporation on December 15, 2006. (See Summary, page 37)

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Southwest Parke Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

December 15, 2006

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-05	Total Federal Awards Expended 06-30-06
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program FY 04/05 FY 05/06	10.553		\$ 54,913 -	\$ - 55,163
Total for program			<u>54,913</u>	<u>55,163</u>
National School Lunch Program FY 04/05 FY 05/06	10.555		132,110 -	- 146,394
Total for program			<u>132,110</u>	<u>146,394</u>
Special Milk Program for Children FY 04/05 FY 05/06	10.556		786 -	- 705
Total for program			<u>786</u>	<u>705</u>
Total for cluster			<u>187,809</u>	<u>202,262</u>
Total for federal grantor agency			<u>187,809</u>	<u>202,262</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	Project 04-6260 Project 05-6260 Project 06-6260	116,600 139,893 -	- 32,000 150,711
Total for program			<u>256,493</u>	<u>182,711</u>
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities - States Grants	84.186	Project 03-105 Project 04-142 Project 05-159	2,314 7,206 -	- - 3,046
Total for program			<u>9,520</u>	<u>3,046</u>
Pass-Through Indiana Department of Education Eisenhower Professional Development States Grants	84.281	Project 04-031	3,358	182
Total for program			<u>3,358</u>	<u>182</u>
Pass-Through Indiana Department of Education States Grants for Innovative Programs	84.298	Project 03-135 Project 05-249	3,468 -	- 3,134
Total for program			<u>3,468</u>	<u>3,134</u>
Pass-Through Indiana Department of Education Education Technology State Grants FY 03/04 FY 04/05 FY 05/06	84.318		328 - -	1,366 5,465 2,083
Total for program			<u>328</u>	<u>8,914</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	Project 04-236 Project 05-290	70,211 -	3,764 79,748
Total for program			<u>70,211</u>	<u>83,512</u>
Total for federal grantor agency			<u>343,378</u>	<u>281,499</u>
Total federal awards expended			<u>\$ 531,187</u>	<u>\$ 483,761</u>

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southwest Parke Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2005 and 2006. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2005	2006
School Breakfast Program	10.553	\$ 3,159	\$ 3,532
National School Lunch Program	10.555	7,611	9,418

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2006, with Sheri A. Feuquay, former Extra-Curricular Treasurer.

The contents of this report were discussed on December 18, 2006 with Leonard Orr, Superintendent of Schools; and Cheryl Peacock, Treasurer.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SUMMARY

	Charges	Credits	Balance Due
Sheryl A. Feuquay, Former ECA Treasurer :			
Textbook rental receipts not deposited	\$ 1,565.50	\$ -	\$ -
Paid by Sheryl A. Feuquay, December 15, 2006, Receipt 6018	-	1,565.50	-
Totals	\$ 1,565.50	\$ 1,565.50	\$ -