

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

AUDIT REPORT
OF
GREENSBURG COMMUNITY SCHOOLS
DECATUR COUNTY, INDIANA
July 1, 2004 to June 30, 2006



FILED
03/27/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials.....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
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.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Cash and Investments	6-7
Statement of Cash Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Governmental Funds.....	10-11
Fiduciary Funds:	
Statement of Cash and Investments.....	12-13
Statement of Receipts, Disbursements, and Changes in Cash and Investments – Fiduciary Funds.....	14-15
Notes to Financial Statements	16-25
Required Supplementary Information:	
Schedule of Funding Progress	26
Supplementary Information:	
Schedule of Capital Assets.....	27
Schedule of Long-Term Debt.....	28
Audit Results and Comments:	
Tax Anticipation Warrants.....	29
ECA Deposits	29
Supplemental Audit of Federal Awards:	
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	32-33
Schedule of Expenditures of Federal Awards.....	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs.....	36
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	37
Exit Conference.....	38
Official Response	39

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Assistant Superintendent	Dr. Dennis Goldberg	07-01-04 to 06-30-07
Superintendent of Schools	Thomas Hunter	07-01-04 to 06-30-07
President of the School Board	James L. Hawkins David Meyer James L. Hawkins	07-01-04 to 06-30-05 07-01-05 to 06-30-06 07-01-06 to 06-30-07



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

TO: THE OFFICIALS OF GREENSBURG COMMUNITY SCHOOLS, DECATUR COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greensburg Community Schools (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 March 5, 2007, 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.

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.

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

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 Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt have 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 them.

STATE BOARD OF ACCOUNTS

March 5, 2007



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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 GREENSBURG COMMUNITY SCHOOLS, DECATUR COUNTY, INDIANA

We have audited the financial statements of Greensburg Community Schools (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated March 5, 2007. 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 March 5, 2007. These immaterial instances of noncompliance 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

March 5, 2007

GREENSBURG COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 13,038,218
Restricted assets:	
Cash and investments	<u>949,124</u>
Total assets	<u>\$ 13,987,342</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 949,124
Unrestricted	<u>13,038,218</u>
Total net assets	<u>\$ 13,987,342</u>

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

GREENSBURG COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 13,425,812
Restricted assets:	
Cash and investments	<u>1,155,497</u>
Total assets	<u>\$ 14,581,309</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,155,497
Unrestricted	<u>13,425,812</u>
Total net assets	<u>\$ 14,581,309</u>

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

GREENSBURG COMMUNITY SCHOOLS
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	\$ 6,761,132	\$ -	\$ 118,345	\$ (6,642,787)
Support services	10,531,130	724,434	331,818	(9,474,878)
Community services	1,244	-	-	(1,244)
Nonprogrammed charges	2,111,933	-	-	(2,111,933)
Debt service	8,090,456	-	-	(8,090,456)
Total governmental activities	<u>\$ 27,495,895</u>	<u>\$ 724,434</u>	<u>\$ 450,163</u>	<u>(26,321,298)</u>
General receipts:				
Property taxes				14,479,635
Other local sources				1,765,438
State aid				5,625,476
Grants and contributions not restricted				643,512
Bonds and loans				6,000,000
Sale of property, adjustments, and refunds				758,254
Investment earnings				277,511
Transfers:				
Intergovernmental				<u>1,965,138</u>
Total general receipts and transfers				<u>31,514,964</u>
Change in cash and investments				5,193,666
Net assets - beginning				<u>8,793,676</u>
Net assets - ending				<u>\$ 13,987,342</u>

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

GREENSBURG COMMUNITY SCHOOLS
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	\$ 6,920,994	\$ -	\$ 65,486	\$ (6,855,508)
Support services	9,588,381	690,487	359,745	(8,538,149)
Community services	456	-	-	(456)
Nonprogrammed charges	658,615	-	-	(658,615)
Debt service	8,109,235	-	-	(8,109,235)
Total governmental activities	<u>\$ 25,277,681</u>	<u>\$ 690,487</u>	<u>\$ 425,231</u>	<u>(24,161,963)</u>
General receipts:				
Property taxes				8,510,114
Other local sources				1,373,016
State aid				6,859,747
Grants and contributions not restricted				776,131
Bonds and loans				6,000,000
Sale of property, adjustments, and refunds				98,372
Investment earnings				600,210
Transfers:				
Intergovernmental				<u>538,340</u>
Total general receipts and transfers				<u>24,755,930</u>
Change in cash and investments				593,967
Net assets - beginning				<u>13,987,342</u>
Net assets - ending				<u>\$ 14,581,309</u>

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

GREENSBURG COMMUNITY SCHOOLS
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
Receipts:							
Local sources	\$ 8,493,196	\$ 1,055,481	\$ 2,983,696	\$ 3,288,022	\$ 103,881	\$ 1,322,103	\$ 17,246,379
Intermediate sources	-	-	-	-	-	638	638
State sources	5,695,847	-	-	-	-	124,110	5,819,957
Federal sources	232,708	-	-	-	-	666,487	899,195
Bonds and loans	6,000,000	-	-	-	-	-	6,000,000
Sale of property, adjustments and refunds	752,683	2,932	52	1,000	-	1,587	758,254
Intergovernmental transfers	264,174	36,000	-	-	-	1,664,964	1,965,138
Total receipts	<u>21,438,608</u>	<u>1,094,413</u>	<u>2,983,748</u>	<u>3,289,022</u>	<u>103,881</u>	<u>3,779,889</u>	<u>32,689,561</u>
Disbursements:							
Current:							
Instruction	6,303,880	-	-	-	-	457,252	6,761,132
Support services	5,271,340	726,464	-	2,819,360	-	1,713,966	10,531,130
Community services	50	-	-	-	-	1,194	1,244
Nonprogrammed charges	400,757	18,643	98,228	1,310,545	2,255	281,505	2,111,933
Debt services	6,000,000	-	1,726,564	-	-	363,892	8,090,456
Total disbursements	<u>17,976,027</u>	<u>745,107</u>	<u>1,824,792</u>	<u>4,129,905</u>	<u>2,255</u>	<u>2,817,809</u>	<u>27,495,895</u>
Excess (deficiency) of total receipts over (under) total disbursements	3,462,581	349,306	1,158,956	(840,883)	101,626	962,080	5,193,666
Cash and investments - beginning	<u>6,290,721</u>	<u>228,209</u>	<u>(225,724)</u>	<u>2,139,724</u>	<u>(42,171)</u>	<u>402,917</u>	<u>8,793,676</u>
Cash and investments - ending	<u>\$ 9,753,302</u>	<u>\$ 577,515</u>	<u>\$ 933,232</u>	<u>\$ 1,298,841</u>	<u>\$ 59,455</u>	<u>\$ 1,364,997</u>	<u>\$ 13,987,342</u>

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

GREENSBURG COMMUNITY SCHOOLS
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	\$ 4,967,584	\$ 686,986	\$ 1,998,245	\$ 2,343,294	\$ 36,352	\$ 1,140,026	\$ 11,172,487
Intermediate sources	622	-	-	-	-	713	1,335
State sources	6,910,864	-	-	-	-	101,927	7,012,791
Federal sources	115,513	-	-	-	-	932,810	1,048,323
Bonds and loans	6,000,000	-	-	-	-	-	6,000,000
Sale of property, adjustments and refunds	87,501	296	-	3,531	-	7,044	98,372
Intergovernmental transfers	39,489	17,893	-	-	-	480,958	538,340
Total receipts	<u>18,121,573</u>	<u>705,175</u>	<u>1,998,245</u>	<u>2,346,825</u>	<u>36,352</u>	<u>2,663,478</u>	<u>25,871,648</u>
Disbursements:							
Current:							
Instruction	6,392,734	-	-	-	-	528,260	6,920,994
Support services	5,411,999	731,691	-	1,768,907	52,948	1,622,836	9,588,381
Community services	-	-	-	-	-	456	456
Nonprogrammed charges	120,800	-	24,902	450,000	-	62,913	658,615
Debt services	6,000,000	-	1,755,223	-	-	354,012	8,109,235
Total disbursements	<u>17,925,533</u>	<u>731,691</u>	<u>1,780,125</u>	<u>2,218,907</u>	<u>52,948</u>	<u>2,568,477</u>	<u>25,277,681</u>
Excess (deficiency) of total receipts over (under) total disbursements	196,040	(26,516)	218,120	127,918	(16,596)	95,001	593,967
Cash and investments - beginning	<u>9,753,302</u>	<u>577,515</u>	<u>933,232</u>	<u>1,298,841</u>	<u>59,455</u>	<u>1,364,997</u>	<u>13,987,342</u>
Cash and investments - ending	<u>\$ 9,949,342</u>	<u>\$ 550,999</u>	<u>\$ 1,151,352</u>	<u>\$ 1,426,759</u>	<u>\$ 42,859</u>	<u>\$ 1,459,998</u>	<u>\$ 14,581,309</u>

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

GREENSBURG COMMUNITY SCHOOLS
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ 866,698	\$ 437,033
	<u> </u>	<u> </u>
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 866,698	\$ 437,033
	<u> </u>	<u> </u>

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

GREENSBURG COMMUNITY SCHOOLS
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ 803,896	\$ 381,942
	<u> </u>	<u> </u>
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 803,896	\$ 381,942
	<u> </u>	<u> </u>

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

GREENSBURG COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 346,305
Federal sources	-	112,500
Total additions	-	458,805
Deductions:		
Instruction	-	6,336
Support services	175,698	13,768
Community services	-	574
Nonprogrammed charges	-	4,175
Total deductions	175,698	24,853
Excess (deficiency) of total additions over (under) total deductions	(175,698)	433,952
Cash and investments - beginning	1,042,396	3,081
Cash and investments - ending	\$ 866,698	\$ 437,033

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

GREENSBURG COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 42,934
Sale of property, adjustments and refunds	-	326,015
	-	368,949
Total additions		
Deductions:		
Instruction	-	26,307
Support services	62,802	36,792
Community services	-	7,116
Nonprogrammed charges	-	353,825
	62,802	424,040
Total deductions		
Deficiency of total additions under total deductions	(62,802)	(55,091)
Cash and investments - beginning	866,698	437,033
Cash and investments - ending	\$ 803,896	\$ 381,942

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

GREENSBURG COMMUNITY SCHOOLS
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.

The School Corporation's financial reporting entity is composed of the Primary Government.

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 Bartholomew Consolidated School Corporation, County School Corporation of Brown County, Crothersville Community Schools, Decatur County Community Schools and Seymour Community Schools in a joint venture to operate Bartholomew Special Services Cooperative which was created to provide services to special education students. The School Corporation is obligated by contract to remit annually its share of the operating costs based on a payment formula developed by the Cooperative Board. Complete financial statements for Bartholomew Special services Cooperative can be obtained from the joint venture's administrative office at 703 Washington Street, Columbus, IN, 47201.

The School Corporation is a participant with Bartholomew Consolidated School Corporation, School Corporation of Brown County, Flat Rock-Hawcreek School Corporation, Decatur County Community Schools, Seymour Community Schools, and Crothersville Community Schools in a joint venture to operate the Columbus Area Vocational School which was created to provide vocational training to participating students. Complete financial statements for the Columbus Area Vocational School can be obtained from the Bartholomew County School Corporation at 703 Washington Street, Columbus, IN, 47201.

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the Retirement/Severance Bond Fund, which accumulates resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit scholarship recipients.

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.

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.

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 6 days per year. Unused sick leave may be accumulated to a maximum of 205 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.

c. Personal Leave

School Corporation noncertified and administrative employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. 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

1. 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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 and Investments and the Statement of Cash Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Cash and Investments and 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.

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2004-2005</u>	<u>2005-2006</u>
General Fund	Other governmental	\$ 253,962	\$ -
Transportation Operating	Other governmental	18,643	-
Debt Service	Transportation Operating	36,000	17,893
Debt Service	Other governmental	62,228	7,009
Capital Projects	Other governmental	1,310,545	450,000
School Bus Replacement	Other governmental	2,255	-
Other governmental	General Fund	264,174	39,489
Other governmental	Other governmental	17,331	23,949
Totals		<u>\$ 1,965,138</u>	<u>\$ 538,340</u>

The School Corporation typically uses transfers for cash flow purposes according to various statutes.

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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

The School Corporation has chosen to contract with a third party administrator for risks associated with medical benefits to employees, retirees and dependents. Employee payroll withholdings and corporation contributions are held by the third-party administrator for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$55,000 per year. Settled claims from this risk have not exceeded commercial insurance coverage for the past three years. Provisions are also made for unexpected or unusual claims.

B. Holding Corporation

The School Corporation has entered into a capital lease with Greensburg 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.

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.

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 44,526
Interest on net pension obligation	(925)
Adjustment to annual required contribution	1,054
Annual pension cost	44,655
Contributions made	65,294
Decrease in net pension obligation	(20,639)
Net pension obligation, beginning of year	(12,752)
Net pension obligation, end of year	\$ (33,391)
Contribution rates:	
School	4.5%
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

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>
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%

Three Year Trend Information

	<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
PERF	06-30-03	\$ 60,206	99%	\$ 4,645
	06-30-04	45,722	138%	(12,752)
	06-30-05	44,655	143%	(33,391)

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

GREENSBURG COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$198,834, \$166,058, and \$142,401, respectively. The School Corporation actually contributed 100% of the required contributions for each fiscal year.

GREENSBURG COMMUNITY SCHOOLS
 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 AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 1,415,628	\$ 1,226,667	\$ 188,961	115%	\$ 1,226,782	15%
07-01-04	1,429,325	1,220,123	209,202	117%	1,186,813	18%
07-01-05	1,480,652	1,433,903	46,749	103%	1,264,766	4%

GREENSBURG COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2006

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 322,980
Buildings	22,500,741
Improvements other than buildings	851,305
Machinery and equipment	<u>3,096,530</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 26,771,556</u>

GREENSBURG COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2006

The School Corporation has entered into the following debt agreements:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Elementary/Jr High Renovation	\$ 19,275,000	\$ 745,000
Notes and loans payable		
Bonds payable:		
General obligation bonds:		
2003 Pension Bond	<u>2,275,000</u>	<u>265,000</u>
Total governmental activities long-term debt	<u>\$ 21,550,000</u>	<u>\$ 1,010,000</u>

GREENSBURG COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

TAX ANTICIPATION WARRANTS

The School Corporation issued tax anticipation warrants in January 2005 and January 2006 for \$6,000,000 each year. The analyses of the General Fund cash deficits prepared by the School Corporation did not consider the beginning cash and investment balances in the computations. Anticipated monthly revenues were compared to estimated expenditures only. Inclusion of the beginning balances would have reduced the "projected cash deficit" by those amounts.

The January 1, 2005 and January 1, 2006, General Fund cash and investment balances were adequate to cover that month's estimated expenditures without borrowing additional funds. December 2004 local tax distributions were received January 14, 2005, and December 2005 local tax distributions were received December 29, 2005. Monthly state tuition support was also received timely.

Indiana Code 20-48-1-9 states in part: "(a) If the governing body of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for the fund, the governing body may issue warrants in anticipation of the receipt of the revenues." Tax anticipation borrowing is to be based upon need. (The School Administrator and Uniform Compliance Guidelines, March 1998)

ECA DEPOSITS - (Applies to Greensburg Junior High School)

Receipts were not always deposited into the extra-curricular account (ECA) within a reasonable time. Receipts, in some instances, were held for periods in excess of 12 days before depositing. A similar comment was in prior Audit Report B24912.

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

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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

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 GREENSBURG COMMUNITY SCHOOLS, DECATUR COUNTY, INDIANA

Compliance

We have audited the compliance of Greensburg Community Schools (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

March 5, 2007

GREENSBURG COMMUNITY SCHOOLS
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	10.553		\$ 59,447	\$ 64,186
National School Lunch Program	10.555		250,819	276,103
			<u>310,266</u>	<u>340,289</u>
Total for cluster			<u>310,266</u>	<u>340,289</u>
Total for federal grantor agency			<u>310,266</u>	<u>340,289</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies				
FY 04-05	84.010		248,020	-
FY 05-06			-	243,531
			<u>248,020</u>	<u>243,531</u>
Total for program			<u>248,020</u>	<u>243,531</u>
Safe and Drug Free Schools and Communities				
FY 02-03	84.186	Project 02-189	5,219	-
FY 03-04		Project 03-107	4,738	5,146
FY 04-05		Project 04-162	-	9,531
FY 05-06		Project 05-090	-	500
			<u>9,957</u>	<u>15,177</u>
Total for program			<u>9,957</u>	<u>15,177</u>
Innovative Education Program Strategies				
FY 02-03	84.298	Project 02-069	4,143	-
FY 03-04		Project 03-090	7,130	6,730
FY 04-05		Project 04-147	-	8,607
			<u>11,273</u>	<u>15,337</u>
Total for program			<u>11,273</u>	<u>15,337</u>
Enhancing Education Through Technology				
FY 02-03	84.318	Project 02	2,688	-
FY 03-04		Project 03	500	5,760
FY 04-05		Project 04	-	1,516
			<u>3,188</u>	<u>7,276</u>
Total for program			<u>3,188</u>	<u>7,276</u>
Improving Teacher Quality				
FY 02-03	84.367	Project 02-162	31,979	-
FY 03-04		Project 03-108	63,471	26,355
FY 04-05		Project 04-121	-	66,083
FY 05-06		Project 05-243	-	5,895
			<u>95,450</u>	<u>98,333</u>
Total for program			<u>95,450</u>	<u>98,333</u>
Total for federal grantor agency			<u>367,888</u>	<u>379,654</u>
Total federal awards expended			<u>\$ 678,154</u>	<u>\$ 719,943</u>

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

GREENSBURG COMMUNITY SCHOOLS
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 Greensburg Community Schools (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 School Corporations 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:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2004-2005</u>	<u>2005-2006</u>
School Breakfast Program	10.553	\$ 4,417	\$ 3,659
National School Lunch Program	10.555	18,636	15,740

GREENSBURG COMMUNITY SCHOOLS
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	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

GREENSBURG COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

GREENSBURG COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2007, with James L. Hawkins, President of the School Board; Thomas Hunter, Superintendent of Schools; and Dr. Dennis Goldberg, Assistant Superintendent/Treasurer. The official response has been made a part of this report and may be found on page 39.

Greensburg Community School Corporation

1312 W. Westridge Parkway
Greensburg, Indiana 47240
Phone 812-663-4774
Fax 812-663-5713

Tuesday, March 06, 2007

State Board of Accounts
OFFICIAL RESPONSE
302 W. Washington Street
4th Floor #418
Indianapolis, IN 46204-2765

To whom it may concern,

The following is an "OFFICIAL RESPONSE" with regard to Greensburg Community School's (Corporation # 1730) State Audit conducted by Field Auditor Robin White.

ECA Deposits (Applies to Greensburg Junior High School)

Our ECA treasurer as been instructed to be more diligent in the depositing of receipts

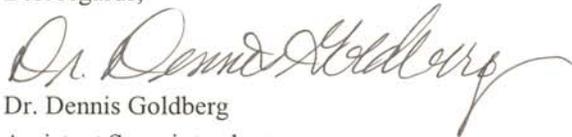
Tax Anticipation Warrants (Applies to the Central Office)

School Budgets in Indiana are prepared six to seven months prior to the implementation of the budget. TAW Deficit Projections are and were calculated six to seven months prior to December of 2004, 2005 & 2006.

During the budget process for 2004, 2005, and 2006 the following are (just a few) of the issues that played a major role in the budget design:

1. Throughout 2004 and 2005 Greensburg Community Schools were being told by (DLGF, IASBO, and our local Assessor) that the AV calculations were in a state of continual fluctuation.
2. Reassessment created great difficulty in making projections for 2004 & 2005
3. In 2004, 2005 and 2006 Greensburg Community Schools was receiving information from (DLGF, IASBO, and our local Auditor) that Local Property Taxes would be delayed.
4. DOE had indicated that STATE SUPPORT could and very well might be delayed in 2004, 2005, and 2006. Only recently, after the November 2006 mid term elections did the state move to correct problems with state support distributions.
5. In June of 2005 Greensburg Community Schools was made aware of an issue concerning Personal Property Abatements in Decatur County, which was the sole purpose of an emergency board meeting on June 24, 2005. The information was provided to Greensburg Community Schools from Mr. Bob Harris, Assistant Director DLGF (currently Director of DLGF). The potential (negative) impact of this issue, on the Greensburg Community Schools, as estimated in June of 2005 and validated by the Decatur County Auditor, was between \$850,000 and \$1,250,000. The actual negative impact was not known until, on or about December 20, 2005. The error, which was not created by Greensburg Community Schools, cost the school system approximately \$650,000.00

Best regards,



Dr. Dennis Goldberg
Assistant Superintendent
Greensburg Community Schools

Greensburg Community School Corporation

1312 W. Westridge Parkway
Greensburg, Indiana 47240
Phone 812-663-4774
Fax 812-663-5713

Tuesday, March 06, 2007

State Board of Accounts
OFFICIAL RESPONSE
302 W. Washington Street
4th Floor #418
Indianapolis, IN 46204-2765

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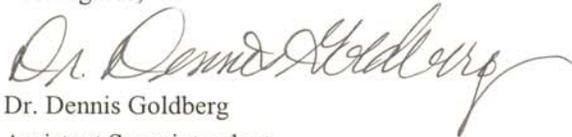
Tax Anticipation Warrants (Applies to the Central Office)

School Budgets in Indiana are prepared six to seven months prior to the implementation of the budget. TAW Deficit Projections are and were calculated six to seven months prior to December of 2004, 2005 & 2006.

During the budget process for 2004, 2005, and 2006 the following are (just a few) of the issues that played a major role in the budget design:

1. Throughout 2004 and 2005 Greensburg Community Schools were being told by (DLGF, IASBO, and our local Assessor) that the AV calculations were in a state of continual fluctuation.
2. Reassessment created great difficulty in making projections for 2004 & 2005
3. In 2004, 2005 and 2006 Greensburg Community Schools was receiving information from (DLGF, IASBO, and our local Auditor) that Local Property Taxes would be delayed.
4. DOE had indicated that STATE SUPPORT could and very well might be delayed in 2004, 2005, and 2006. Only recently, after the November 2006 mid term elections did the state move to correct problems with state support distributions.
5. In June of 2005 Greensburg Community Schools was made aware of an issue concerning Personal Property Abatements in Decatur County, which was the sole purpose of an emergency board meeting on June 24, 2005. The information was provided to Greensburg Community Schools from Mr. Bob Harris, Assistant Director DLGF (currently Director of DLGF). The potential (negative) impact of this issue, on the Greensburg Community Schools, as estimated in June of 2005 and validated by the Decatur County Auditor, was between \$850,000 and \$1,250,000. The actual negative impact was not known until, on or about December 20, 2005. The error, which was not created by Greensburg Community Schools, cost the school system approximately \$650,000.00

Best regards,



Dr. Dennis Goldberg
Assistant Superintendent
Greensburg Community Schools