

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

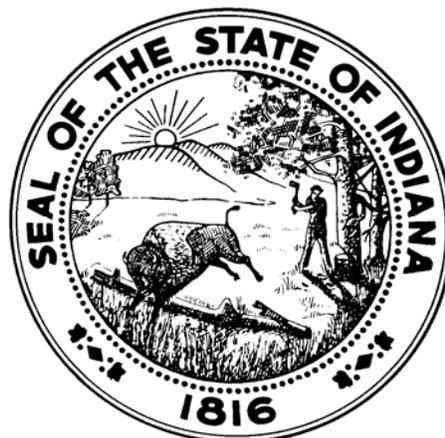
AUDIT REPORT

OF

GREENWOOD COMMUNITY SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED

07/20/2007

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 Receipts, Disbursements, and Changes in Cash and Investments – Fiduciary Funds.....	12-13
Statement of 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 Long-Term Debt.....	27
Audit Results and Comments:	
Travel Policy	28
Leave and Overtime Policy.....	28
Deposits.....	28
Indebtedness	28
Prenumbered Tickets Not Used.....	28-29
Internal Controls – Ticket Sales.....	29-30
Internal Controls – Concession Stand	30
Internal Controls – Fundraising.....	30
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.....	36-37
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	38
Corrective Action Plan.....	39-40
Exit Conference.....	41

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thomas G. Mandon Randall A. Burns	07-01-04 to 09-04-06 09-05-06 to 06-30-07
Superintendent of Schools	Dr. David E. Edds	07-01-04 to 06-30-07
President of the School Board	Jerry Engle Andrew Bass	01-01-04 to 12-31-05 01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE GREENWOOD COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood 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 January 30, 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 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

January 30, 2007



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 GREENWOOD COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

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

We noted certain immaterial instances of noncompliance that we have discussed with the management of the School Corporation on June 5, 2007. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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.

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

January 30, 2007

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

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 6,415,718
Restricted assets:	
Cash and investments	<u>1,950,724</u>
Total assets	<u>\$ 8,366,442</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,950,724
Unrestricted	<u>6,415,718</u>
Total net assets	<u>\$ 8,366,442</u>

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

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

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 8,394,661
Restricted assets:	
Cash and investments	<u>1,694,579</u>
Total assets	<u>\$ 10,089,240</u>
<u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,694,579
Unrestricted	<u>8,394,661</u>
Total net assets	<u>\$ 10,089,240</u>

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

GREENWOOD 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	\$ 12,576,852	\$ -	\$ 121,555	\$ (12,455,297)
Support services	14,464,980	1,095,869	430,628	(12,938,483)
Community services	7,530	-	-	(7,530)
Nonprogrammed charges	1,072,584	-	-	(1,072,584)
Debt service	<u>7,880,204</u>	<u>-</u>	<u>-</u>	<u>(7,880,204)</u>
Total governmental activities	<u>\$ 36,002,150</u>	<u>\$ 1,095,869</u>	<u>\$ 552,183</u>	<u>(34,354,098)</u>
General receipts:				
Property taxes				14,491,062
Other local sources				2,717,774
State aid				12,277,783
Grants and contributions not restricted				776,764
Bonds and loans				4,725,705
Sale of property, adjustments, and refunds				115,445
Investment earnings				136,501
Intergovernmental transfers				<u>272,114</u>
Total general receipts and intergovernmental transfers				<u>35,513,148</u>
Change in cash and investments				1,159,050
Net assets - beginning				<u>7,207,392</u>
Net assets - ending				<u>\$ 8,366,442</u>

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

GREENWOOD 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	\$ 12,653,574	\$ -	\$ 95,827	\$ (12,557,747)
Support services	14,796,652	1,106,943	494,301	(13,195,408)
Community services	2,676	-	-	(2,676)
Nonprogrammed charges	835,929	-	-	(835,929)
Debt service	<u>7,621,625</u>	<u>-</u>	<u>-</u>	<u>(7,621,625)</u>
Total governmental activities	<u>\$ 35,910,456</u>	<u>\$ 1,106,943</u>	<u>\$ 590,128</u>	<u>(34,213,385)</u>
General receipts:				
Property taxes				15,059,854
Other local sources				2,867,955
State aid				12,827,459
Grants and contributions not restricted				901,663
Bonds and loans				3,639,168
Sale of property, adjustments, and refunds				119,168
Investment earnings				308,484
Intergovernmental transfers				<u>212,432</u>
Total general receipts and intergovernmental transfers				<u>35,936,183</u>
Change in cash and investments				1,722,798
Net assets - beginning				<u>8,366,442</u>
Net assets - ending				<u>\$ 10,089,240</u>

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

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 8,548,732	\$ 908,672	\$ -	\$ 3,252,330	\$ 3,586,216	\$ 346,405	\$ 1,797,642	\$ 18,439,997
Intermediate sources	67	-	-	-	-	-	1,144	1,211
State sources	12,380,359	-	-	-	-	-	194,196	12,574,555
Federal sources	-	-	-	-	-	-	1,032,173	1,032,173
Bonds and loans	4,305,627	420,078	-	-	-	-	-	4,725,705
Sale of property, adjustments and refunds	18,163	28,957	-	-	41,132	-	27,193	115,445
Intergovernmental transfers	19,382	40,570	-	71,600	-	-	140,562	272,114
Total receipts	25,272,330	1,398,277	-	3,323,930	3,627,348	346,405	3,192,910	37,161,200
Disbursements:								
Current:								
Instruction	12,004,522	-	-	-	-	-	572,330	12,576,852
Support services	8,176,616	1,018,141	-	-	3,247,106	223,829	1,799,288	14,464,980
Community services	-	-	-	-	-	-	7,530	7,530
Nonprogrammed charges	820,068	-	-	20,285	91,885	-	140,346	1,072,584
Debt services	4,071,897	402,481	-	3,079,788	-	-	326,038	7,880,204
Total disbursements	25,073,103	1,420,622	-	3,100,073	3,338,991	223,829	2,845,532	36,002,150
Excess (deficiency) of total receipts over (under) total disbursements	199,227	(22,345)	-	223,857	288,357	122,576	347,378	1,159,050
Cash and investments - beginning	2,086,165	302,974	1,169,781	1,433,771	1,281,703	152,310	780,688	7,207,392
Cash and investments - ending	<u>\$ 2,285,392</u>	<u>\$ 280,629</u>	<u>\$ 1,169,781</u>	<u>\$ 1,657,628</u>	<u>\$ 1,570,060</u>	<u>\$ 274,886</u>	<u>\$ 1,128,066</u>	<u>\$ 8,366,442</u>

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

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 9,169,501	\$ 970,339	\$ -	\$ 3,172,913	\$ 3,893,309	\$ 322,898	\$ 1,812,746	\$ 19,341,706
Intermediate sources	67	-	-	-	-	-	1,463	1,530
State sources	12,904,138	-	-	-	-	-	177,187	13,081,325
Federal sources	-	-	-	-	-	-	1,237,925	1,237,925
Bonds and loans	3,232,175	406,993	-	-	-	-	-	3,639,168
Sale of property, adjustments and refunds	18,963	40,188	-	-	43,827	-	16,190	119,168
Intergovernmental transfers	<u>65,652</u>	<u>23,777</u>	<u>-</u>	<u>60,198</u>	<u>10,423</u>	<u>30,328</u>	<u>22,054</u>	<u>212,432</u>
Total receipts	<u>25,390,496</u>	<u>1,441,297</u>	<u>-</u>	<u>3,233,111</u>	<u>3,947,559</u>	<u>353,226</u>	<u>3,267,565</u>	<u>37,633,254</u>
Disbursements:								
Current:								
Instruction	11,951,178	-	-	-	-	-	702,396	12,653,574
Support services	8,404,558	1,043,499	-	-	3,226,374	304,318	1,817,903	14,796,652
Community services	-	-	-	-	-	-	2,676	2,676
Nonprogrammed charges	661,339	-	-	70,520	-	29,433	74,637	835,929
Debt services	<u>3,132,307</u>	<u>395,184</u>	<u>-</u>	<u>3,139,175</u>	<u>-</u>	<u>-</u>	<u>954,959</u>	<u>7,621,625</u>
Total disbursements	<u>24,149,382</u>	<u>1,438,683</u>	<u>-</u>	<u>3,209,695</u>	<u>3,226,374</u>	<u>333,751</u>	<u>3,552,571</u>	<u>35,910,456</u>
Excess (deficiency) of total receipts over (under) total disbursements	1,241,114	2,614	-	23,416	721,185	19,475	(285,006)	1,722,798
Cash and investments - beginning	<u>2,285,392</u>	<u>280,629</u>	<u>1,169,781</u>	<u>1,657,628</u>	<u>1,570,060</u>	<u>274,886</u>	<u>1,128,066</u>	<u>8,366,442</u>
Cash and investments - ending	<u>\$ 3,526,506</u>	<u>\$ 283,243</u>	<u>\$ 1,169,781</u>	<u>\$ 1,681,044</u>	<u>\$ 2,291,245</u>	<u>\$ 294,361</u>	<u>\$ 843,060</u>	<u>\$ 10,089,240</u>

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

GREENWOOD COMMUNITY SCHOOL CORPORATION
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	\$ -	\$ 26,320
Deductions:		
Instruction	-	580
Support services	43,504	11,651
Nonprogrammed charges	-	1,000
Total deductions	43,504	13,231
Excess (deficiency) of total additions over (under) total deductions	(43,504)	13,089
Cash and investments - beginning	1,357,825	42,997
Cash and investments - ending	\$ 1,314,321	\$ 56,086

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ -	\$ 26,478
Sale of property, adjustments and refunds	<u>-</u>	<u>27,500</u>
Total additions	<u>-</u>	<u>53,978</u>
Deductions:		
Instruction	-	2,511
Support services	<u>252,089</u>	<u>15,929</u>
Total deductions	<u>252,089</u>	<u>18,440</u>
Excess (deficiency) of total additions over (under) total deductions	(252,089)	35,538
Cash and investments - beginning	<u>1,314,321</u>	<u>56,086</u>
Cash and investments - ending	<u>\$ 1,062,232</u>	<u>\$ 91,624</u>

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

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

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 1,314,321	\$ 56,085	\$ 140,145
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 1,314,321	\$ 56,085	

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

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

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 1,062,232	\$ 91,624	\$ 109,124
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 1,062,232	\$ 91,624	

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

GREENWOOD 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.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Greenwood Community School Corporation

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 Center Grove Community School Corporation, Clark-Pleasant Community School Corporation, Franklin Community School Corporation, Nineveh-Hensley-Jackson United School Corporation, and Edinburgh Community School Corporation in a joint venture to operate Johnson County Special Services which was created to provide instruction for individuals with disabilities. Johnson County Special Services' continued existence depends on continued funding by the School Corporation. Complete financial statements for Johnson County Special Services can be obtained from Johnson County Special Services, 500 Earlywood Drive, Franklin, IN 46131.

The School Corporation is a participant with Beech Grove City Schools, Center Grove Community School Corporation, Edinburgh Community School Corporation, Clark-Pleasant Community School Corporation, Franklin Township Community School Corporation, Franklin Community School Corporation, Metropolitan School District of Perry Township, and Nineveh-Hensley-Jackson United School Corporation in a joint venture to operate Central Nine Career Center, which was created to provide instruction for vocational education. The School Corporation is billed semiannually, based on enrollment, to support Central Nine Career Center. Central Nine Career Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for Central Nine Career Center can be obtained from Central Nine Career Center, 1999 U.S. 31 South, IN 46143.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints one member of the Greenwood Library Board.

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 rainy day fund is to account for transfers of unused and unencumbered funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the bonds and payments anticipated to be made to employees on or after termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students and teachers.

Agency funds account for assets held by the School Corporation as an agent for payroll withholding 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.

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. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these payments would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

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

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 4 to 8 days per year, based on months of service. Unused sick leave may be accumulated to a maximum of 40 or 80 days. Accumulated sick leave is paid to employees upon retirement at the payment of 50% of daily rate to maximum allowed by contract. Teaching and administrative employees have the option to convert unused days for more years of service, to be used in the computation of retirement severance pay.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave may not be accumulated from year to year. Unused leave would be paid to the employee if the individual left employment prior to the expiration of the time allowed to use the vacation time.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days per year. Unused personal leave may not be accumulated from year to year.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund 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 and proprietary funds is not reported as liabilities 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.

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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 for proprietary funds result from providing services and producing and delivering goods and/or services. They also 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.

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:

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 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.

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. At June 30, 2006, 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:

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2004-2005</u>	<u>2005-2006</u>
General Fund	Other governmental	\$ 20,682	\$ -
Capital Projects	Transportation	20,285	-
Capital Projects	Debt Service	71,600	-
Debt Service	Transportation	20,285	21,087
Debt Service	School Bus Replacement	-	29,433
Debt Service	Other governmental	-	20,000
School Bus Replacement	Debt Service	-	29,433
Other governmental	Other governmental	119,880	-
All others	General Fund	19,382	65,652
All others	Debt Service	-	30,765
All others	Capital Projects	-	10,423
All others	Transportation	-	2,690
All others	School Bus Replacement	-	895
All others	All others	-	2,054
		<u>\$ 272,114</u>	<u>\$ 212,432</u>
Totals		<u>\$ 272,114</u>	<u>\$ 212,432</u>

The School Corporation typically uses transfers for cash flow purposes as authorized 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.

B. Holding Corporation

The School Corporation has entered into a capital lease with Greenwood School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2006, totaled \$3,048,500.

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment benefits, as authorized by Indiana Code 5-10-8, to teachers hired prior to the 2000-2001 school year who do not participate in the Annuity Plan Provided for in the Master Teachers contract and are enrolled, immediately prior to retirement, in the School Corporation's Health Insurance plan and continue to be enrolled until the Eligible Teacher's 60th birthday anniversary, in the amount of \$750 per year, to be paid toward the School Corporation's Health Insurance Plan, for each year the Eligible Teacher continues to be enrolled until the Eligible Teacher's 65th birthday anniversary and 100% of the postemployment benefit to certain administrators retiring in 2002 and 2003 until the administrator's 65th birthday anniversary. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2006, disbursements of \$49,688.28 were recognized for postemployment benefits.

D. 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.

GREENWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 166,642
Interest on net pension obligation	(20,974)
Adjustment to annual required contribution	23,902
Annual pension cost	169,570
Contributions made	194,744
Decrease in net pension obligation	(25,174)
Net pension obligation, beginning of year	(289,302)
Net pension obligation, end of year	\$ (314,476)
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-04
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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 185,301	94%	\$ (247,451)
	06-30-04	144,938	129%	(289,302)
	06-30-05	169,570	134%	(314,476)

GREENWOOD 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% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2004, 2005, and 2006, were \$213,930, \$234,916, and \$277,211, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

GREENWOOD 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	\$ 2,801,523	\$ 2,679,950	\$ 121,573	105%	\$ 3,084,338	4%
07-01-04	2,877,447	2,933,575	(56,128)	98%	3,225,185	(2%)
07-01-05	3,031,491	3,525,746	(494,255)	86%	3,527,319	(14%)

GREENWOOD COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Greenwood School Building Corporation Series 1992 Lease as Amended	\$ 3,248,000	\$ 406,000
Greenwood School Building Corporation Series 1994 Lease as Amended	16,605,000	1,505,000
Greenwood School Building Corporation Series 1998/1999 Lease as Amended	14,931,500	1,146,000
Bonds payable:		
General obligation bonds:		
Pension Bonds of 2003 to fund retirement and severance liability	<u>3,990,000</u>	<u>465,000</u>
Total governmental activities long-term debt	<u>\$ 38,774,500</u>	<u>\$ 3,522,000</u>

GREENWOOD COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

TRAVEL POLICY

A travel policy was not presented for audit.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

LEAVE AND OVERTIME POLICY

A leave and overtime policy was presented for audit; however, there were several instances where the policy was not followed. We noted instances when the payroll clerk indicated she was off work on specific days and did not use the appropriated leave time, but reported regular time worked.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSITS (Applies to Greenwood High School)

Collections from athletic events in numerous instances were remitted to Extra-Curricular Treasurer later than the next business day, resulting in the Treasurer unable to deposit timely from the date of the event.

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

INDEBTEDNESS (Applies to Greenwood High School)

Greenwood High School Officials purchased textbooks during the audit period, but lacked sufficient funds to pay for the textbooks. As a result of the deficiency of funds, Greenwood High School owes \$54,398 at June 30, 2006, to three textbook vendors.

Greenwood High School Athletic Department purchased athletic equipment during the audit period, but lacked sufficient funds to pay for the equipment. As a result of the deficiency of funds, Greenwood High School Athletic Department owes \$39,777 at January 25, 2007.

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PRENUMBERED TICKETS NOT USED (Applies to Greenwood High School)

Prenumbered tickets were not always used for Athletic events.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All

GREENWOOD COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4. (Accounting and Uniform Compliance Guidelines Manual Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

INTERNAL CONTROLS - TICKET SALES (Applies to Greenwood High School)

The controls over the receipting, disbursing, recording, and accounting for the financial activities of ticket sales were insufficient. Accounting for all ticket sales and preparation of Ticket Sales Report SA-4 are handled by the Athletic Director.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4. (Accounting and Uniform Compliance Guidelines Manual Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

GREENWOOD COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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

INTERNAL CONTROLS - CONCESSION STAND (Applies to Greenwood High School)

Controls for receipts generated by the concession stand are insufficient. No reconciliation is made between the purchase and sale of items. The Athletic Director has control over the purchase and sale of inventory and deposit of collections. Collections for the concession stand are not receipted into a separate fund nor are they labeled as concession funds when turned into the ECA Treasurer. All money received for concessions, fundraisers, donations, and purchase of practice uniforms by students are lumped together in one deposit and receipted into Fund 211. We were unable to distinguish between deposits for concessions, fundraisers, donations, and purchase of practice uniforms by students.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide as accurate accounting. Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS - FUNDRAISING (Applies to Greenwood High School)

The controls over the receipting, disbursing, recording, and accounting for the financial activities of the athletic fundraiser were insufficient. The Athletic Department sponsors the sale of Discount Cards as a fundraiser. All student athletes are given a predetermined amount of cards to sell. It was noted by the Athletic Director that 350 cards were lost during the 2004-2005 fundraiser and 557 cards were lost during the 2005-2006 fundraiser. Controls are not set up to minimize the number of cards lost by students.

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 Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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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 GREENWOOD COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Greenwood 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-1 and 2006-2.

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

January 30, 2007

GREENWOOD 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	10.553		\$ 55,397	\$ -
School Year 2004-2005			-	72,249
School Year 2005-2006			-	-
Total for program			55,397	72,249
National School Lunch Program	10.555		335,814	-
School Year 2004-2005			-	376,753
School Year 2005-2006			-	-
Total for program			335,814	376,753
Special Milk Program	10.556		3,304	-
School Year 2004-2005			-	-
Total for federal grantor agency			394,515	449,002
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agency				
SY03-04	84.010		198,230	-
SY04-05			504,859	86,446
SY05-06			-	404,667
Total for program			703,089	491,113
Safe and Drug Free Schools and Communities	84.186		1,836	-
02-123			10,047	500
03-281			-	21,795
04-000			-	-
Total for program			11,883	22,295
Innovative Education Program Strategies	84.298		17,916	-
03-274			-	19,122
04-198			-	-
Total for program			17,916	19,122
Title II, Part D Education Technology State Grants	84.318		1,705	-
SY 02-03			-	9,907
SY 03-04			-	-
Total for program			1,705	9,907
English Language Acquisition Grants	84.365		14,136	15,348
Title II, Part A Improving Teacher Quality State Grant	84.367		864	-
02-231			109,199	7,779
03-265			-	142,984
04-225			-	66,899
05-183			-	-
Total for federal grantor agency			110,063	217,662
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America	94.004		7,293	7,480
Total for federal grantor agency			866,085	782,927
Total federal awards expended			\$ 1,260,600	\$ 1,231,929

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

GREENWOOD 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 Greenwood 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 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.

Program Title	Federal CFDA Number	2004-2005	2005-2006
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 7,087	\$ 5,923
National School Lunch Program	10.555	37,845	29,568

GREENWOOD 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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title 1 Grants to Local Education Agencies
84.367	Improving Teacher Quality State Grants

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.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-1, TITLE I – CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Pass-through Entity: Indiana Department of Education

The Greenwood Community School Corporation has not sufficiently minimized the time elapsing between transfer of funds and their disbursement. We determined through discussions held with Greenwood Community School Corporation staff, that the drawdown amounts included in the Title I application were excessive for the grant period. Quarterly Monitoring Reports for the audit period showed these excessive cash balances.

34 CFR 80.20(b)(7) states in part: "Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We recommended that the Greenwood Community School Corporation try to match their budgeted expenditures with the drawdown requests included in the Title I application with the goal to minimize the amount of cash on hand at the end of the month.

FINDING 2006-2, TITLE II – CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title II Improving Teacher Quality State Grants
CFDA Number: 84.367
Pass-through Entity: Indiana Department of Education

The Greenwood Community School Corporation has not sufficiently minimized the time elapsing between transfer of funds and their disbursement. We determined through discussions held with Greenwood Community School Corporation staff, that the drawdown amounts requested in were excessive for the grant period. Quarterly Monitoring Reports for the audit period showed these excessive cash balances.

34 CFR 80.20(b)(7) states in part: "Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We recommended that the Greenwood Community School Corporation try to match their budgeted expenditures with the drawdown requests with the goal to minimize the amount of cash on hand at the end of the month.

Greenwood Community School Corporation

605 West Smith Valley Road
Greenwood, IN 46142



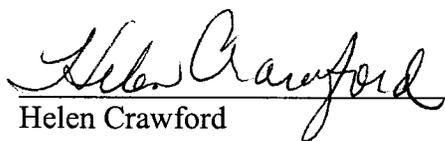
Telephone: (317) 889-4060

Fax: (317) 889-4068

GREENWOOD COMMUNITY SCHOOL CORPORATION SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding No. 2004-1, Title I Cash Management

The cash request for each month will be distributed over 11 months with no more than 20% in August, September, and October. I knew I would have to return funds in 2005-2006, and I did not want to spend the entire grant. I will work closely with our assistant treasurer to monitor the fund balances throughout the year and make adjustments to the cash request as necessary.


Helen Crawford

3/7/2006

Greenwood Community School Corporation

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Greenwood, IN 46142



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GREENWOOD COMMUNITY SCHOOL CORPORATION SUMMARY SCHEDULE

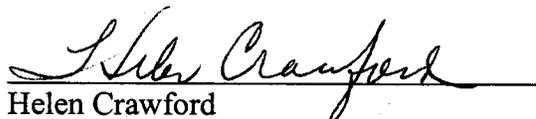
CORRECTIVE ACTION PLAN

FINDING NO. 2006-1

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Education Agencies
CFDA Number: 84.010
Federal Award Number: 05-4245 and 06-4245
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Helen Crawford
Title of Contact Person: Director of Title I (Curriculum Coordinator)
Phone Number: 317-889-4060
Expected Completion Date: June 2007

Corrective Action:

We will order materials, supplies, and equipment on a montly basis rather than purchasing mainly in the spring. We will also request and use more funds earlier in the year. I will work closely with our assistant treasurer to monitor the fund balances throughout the year and make adjustments to the cash requests as necessary.


Helen Crawford

3/7/2006

Greenwood Community School Corporation

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GREENWOOD COMMUNITY SCHOOL CORPORATION SUMMARY SCHEDULE

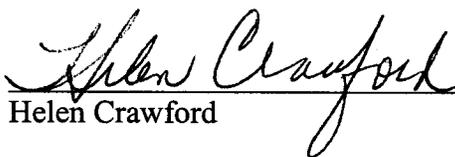
CORRECTIVE ACTION PLAN

FINDING NO. 2006-2

Federal Agency: U.S. Department of Education
Federal Program: Title II Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 05-4245 and 06-4245
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Helen Crawford
Title of Contact Person: Curriculum Coordinator
Phone Number: 317-889-4060
Expected Completion Date: June 2007

Corrective Action:

We will adjust our method of requesting cash based on prior timing of historical expenditures within this fund as adjusted for projected cash flow timing differences such as three payrolls in certain months instead of two, etc.. I will work closely with our assistant treasurer to monitor the fund balances throughout the year and make adjustments to the cash requests as necessary.


Helen Crawford

3/7/2006

GREENWOOD COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2007, with Dr. David E. Edds, Superintendent of Schools; Randall A. Burns, Treasurer; and Stephanie Porter, Assistant Treasurer. The officials concurred with our audit findings.