

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

AUDIT REPORT

OF

RIVER FOREST COMMUNITY SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/31/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda McCormack	07-01-05 to 06-30-08
Superintendent of Schools	Dr. James Rice	07-01-05 to 06-30-08
President of the School Board	Richard Arnold	07-01-05 to 06-30-08



**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 THE RIVER FOREST COMMUNITY SCHOOL  
CORPORATION, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River Forest Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, 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, 2006 and 2007, 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 17, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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

January 17, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE RIVER FOREST COMMUNITY SCHOOL  
CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities of the River Forest Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 17, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit are described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and accordingly, we express no opinion on it.

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 17, 2008

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,910,724	\$ -	\$ 67,455	\$ (3,843,269)
Support services	9,522,084	178,041	703,840	(8,640,203)
Community services	185,316	-	-	(185,316)
Nonprogrammed charges	2,191,782	-	-	(2,191,782)
Debt service	<u>3,598,663</u>	<u>-</u>	<u>-</u>	<u>(3,598,663)</u>
Total governmental activities	<u>\$ 19,408,569</u>	<u>\$ 178,041</u>	<u>\$ 771,295</u>	<u>(18,459,233)</u>
General receipts:				
Property taxes				3,095,111
Other local sources				573,307
State aid				8,545,439
Bonds and loans				5,804,230
Grants and contributions not restricted to specific programs				557,076
Sale of property, adjustments, and refunds				853,710
Investment earnings				<u>67,645</u>
Total general receipts				<u>19,496,518</u>
Change in net assets				1,037,285
Net assets - beginning				<u>2,542,752</u>
Net assets - ending				<u>\$ 3,580,037</u>
<u>Assets</u>				
Cash and investments				\$ 2,280,915
Restricted assets:				
Cash and investments				<u>1,299,122</u>
Total assets				<u>\$ 3,580,037</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 129,081
Other purposes				1,170,041
Unrestricted				<u>2,280,915</u>
Total net assets				<u>\$ 3,580,037</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,915,724	\$ -	\$ 66,729	\$ (3,848,995)
Support services	16,300,400	179,653	821,960	(15,298,787)
Community services	246,480	-	-	(246,480)
Nonprogrammed charges	2,139,747	-	-	(2,139,747)
Debt service	<u>2,850,512</u>	<u>-</u>	<u>-</u>	<u>(2,850,512)</u>
<b>Total governmental activities</b>	<b><u>\$ 25,452,863</u></b>	<b><u>\$ 179,653</u></b>	<b><u>\$ 888,689</u></b>	<b><u>(24,384,521)</u></b>
General receipts:				
Property taxes				2,859,242
Other local sources				550,524
State aid				8,581,657
Bonds and loans				12,223,451
Grants and contributions not restricted to specific programs				616,456
Sale of property, adjustments, and refunds				465,307
Investment earnings				<u>143,737</u>
<b>Total general receipts</b>				<b><u>25,440,374</u></b>
Change in net assets				1,055,853
Net assets - beginning				<u>3,580,037</u>
Net assets - ending				<b><u>\$ 4,635,890</u></b>
<u>Assets</u>				
Cash and investments				\$ 2,822,467
Restricted assets:				
Cash and investments				<u>1,813,423</u>
<b>Total assets</b>				<b><u>\$ 4,635,890</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 140,162
Other purposes				1,673,261
Unrestricted				<u>2,822,467</u>
<b>Total net assets</b>				<b><u>\$ 4,635,890</u></b>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Construction on Fire Damage	Veteran's Memorial Advancement	Other	Totals
<b>Receipts:</b>										
Local sources	\$ 1,571,527	\$ 524,024	\$ 640,106	\$ 542,011	\$ 127,697	\$ -	\$ -	\$ -	\$ 231,137	\$ 3,636,502
Intermediate sources	277,602	-	-	-	-	-	-	-	-	277,602
State sources	8,594,070	-	-	-	-	-	-	-	105,174	8,699,244
Federal sources	-	-	-	-	-	-	-	-	1,174,566	1,174,566
Bonds and loans	1,500,000	155,000	195,700	240,000	-	3,713,530	-	-	-	5,804,230
Sale of property, adjustments and refunds	46,698	151	-	-	-	-	317,418	-	400	364,667
Interfund loans	-	-	-	50,000	-	-	-	-	25,000	75,000
<b>Total receipts</b>	<b>11,989,897</b>	<b>679,175</b>	<b>835,806</b>	<b>832,011</b>	<b>127,697</b>	<b>3,713,530</b>	<b>317,418</b>	<b>-</b>	<b>1,536,277</b>	<b>20,031,811</b>
<b>Disbursements:</b>										
<b>Current:</b>										
Instruction	3,778,664	-	-	-	-	-	-	-	320,803	4,099,467
Support services	3,414,093	457,159	-	695,167	60,103	3,647,868	64,124	383,683	930,588	9,652,785
Community services	185,238	-	-	-	-	-	-	-	78	185,316
Nonprogrammed charges	753,562	-	-	-	-	-	-	-	27,500	781,062
Debt services	2,008,352	250,000	874,872	350,000	75,000	-	-	-	40,439	3,598,663
Interfund loans	75,000	-	-	-	-	-	-	-	-	75,000
<b>Total disbursements</b>	<b>10,214,909</b>	<b>707,159</b>	<b>874,872</b>	<b>1,045,167</b>	<b>135,103</b>	<b>3,647,868</b>	<b>64,124</b>	<b>383,683</b>	<b>1,319,408</b>	<b>18,392,293</b>
Excess (deficiency) of receipts over disbursements	1,774,988	(27,984)	(39,066)	(213,156)	(7,406)	65,662	253,294	(383,683)	216,869	1,639,518
<b>Other financing sources (uses):</b>										
Transfers in	15,636	40,150	-	-	-	-	-	-	70,961	126,747
Transfers out	(1,227,819)	(44,640)	(40,150)	-	-	(52,284)	-	-	(185,341)	(1,550,234)
<b>Total other financing sources (uses)</b>	<b>(1,212,183)</b>	<b>(4,490)</b>	<b>(40,150)</b>	<b>-</b>	<b>-</b>	<b>(52,284)</b>	<b>-</b>	<b>-</b>	<b>(114,380)</b>	<b>(1,423,487)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	562,805	(32,474)	(79,216)	(213,156)	(7,406)	13,378	253,294	(383,683)	102,489	216,031
Cash and investments - beginning	478,226	122,751	206,433	255,936	93,902	-	1,569	700,000	335,148	2,193,965
Cash and investments - ending	\$ 1,041,031	\$ 90,277	\$ 127,217	\$ 42,780	\$ 86,496	\$ 13,378	\$ 254,863	\$ 316,317	\$ 437,637	2,409,996
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										1,170,041
Net assets of governmental activities										\$ 3,580,037
<b>Cash and Investment Assets - Ending</b>										
Cash and investments	\$ 1,041,031	\$ 90,277	\$ -	\$ 42,780	\$ 86,496	\$ 13,378	\$ 254,863	\$ 316,317	\$ 435,773	\$ 2,280,915
<b>Restricted assets:</b>										
Cash and investments	-	-	127,217	-	-	-	-	-	1,864	129,081
<b>Total cash and investment assets - ending</b>	<b>\$ 1,041,031</b>	<b>\$ 90,277</b>	<b>\$ 127,217</b>	<b>\$ 42,780</b>	<b>\$ 86,496</b>	<b>\$ 13,378</b>	<b>\$ 254,863</b>	<b>\$ 316,317</b>	<b>\$ 437,637</b>	<b>\$ 2,409,996</b>
<b>Cash and Investment Fund Balance - Ending</b>										
<b>Restricted for:</b>										
Debt service	\$ -	\$ -	\$ 127,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,864	\$ 129,081
Unrestricted	1,041,031	90,277	-	42,780	86,496	13,378	254,863	316,317	435,773	2,280,915
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,041,031</b>	<b>\$ 90,277</b>	<b>\$ 127,217</b>	<b>\$ 42,780</b>	<b>\$ 86,496</b>	<b>\$ 13,378</b>	<b>\$ 254,863</b>	<b>\$ 316,317</b>	<b>\$ 437,637</b>	<b>\$ 2,409,996</b>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Construction on Fire Damage	Veteran's Memorial Advancement	Other	Totals
<b>Receipts:</b>										
Local sources	\$ 1,434,180	\$ 461,568	\$ 690,496	\$ 540,026	\$ 76,319	\$ -	\$ -	\$ -	\$ 237,685	\$ 3,440,274
Intermediate sources	250,129	-	-	-	-	-	-	-	-	250,129
State sources	8,632,592	-	-	-	-	-	-	-	122,348	8,754,940
Federal sources	-	-	-	-	-	-	-	-	1,331,861	1,331,861
Bonds and loans	1,161,000	184,000	254,000	270,000	-	10,354,451	-	-	-	12,223,451
Sale of property, adjustments and refunds	114,228	3,596	76	-	-	-	-	-	-	117,900
Interfund loans	75,000	-	-	-	-	-	-	-	-	75,000
<b>Total receipts</b>	<b>11,667,129</b>	<b>649,164</b>	<b>944,572</b>	<b>810,026</b>	<b>76,319</b>	<b>10,354,451</b>	<b>-</b>	<b>-</b>	<b>1,691,894</b>	<b>26,193,555</b>
<b>Disbursements:</b>										
<b>Current:</b>										
Instruction	3,757,091	-	-	-	-	-	-	-	347,050	4,104,141
Support services	4,011,655	407,091	-	392,202	80,969	10,299,444	-	308,186	931,331	16,430,878
Community services	244,266	-	-	-	-	-	-	-	2,214	246,480
Nonprogrammed charges	727,912	-	-	-	-	-	-	-	27,500	755,412
Debt services	1,500,000	155,000	905,697	240,000	-	-	-	-	49,815	2,850,512
Interfund loans	-	-	-	50,000	-	-	-	-	25,000	75,000
<b>Total disbursements</b>	<b>10,240,924</b>	<b>562,091</b>	<b>905,697</b>	<b>682,202</b>	<b>80,969</b>	<b>10,299,444</b>	<b>-</b>	<b>308,186</b>	<b>1,382,910</b>	<b>24,462,423</b>
Excess (deficiency) of receipts over disbursements	1,426,205	87,073	38,875	127,824	(4,650)	55,007	-	(308,186)	308,984	1,731,132
<b>Other financing sources (uses):</b>										
Transfers in	303	-	-	-	-	-	-	-	40,370	40,673
Transfers out	(1,002,790)	(39,926)	-	-	-	-	-	-	(176,456)	(1,219,172)
<b>Total other financing sources (uses)</b>	<b>(1,002,487)</b>	<b>(39,926)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(136,086)</b>	<b>(1,178,499)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	423,718	47,147	38,875	127,824	(4,650)	55,007	-	(308,186)	172,898	552,633
Cash and investments - beginning	1,041,031	90,277	127,217	42,780	86,496	13,378	254,863	316,317	437,637	2,409,996
Cash and investments - ending	\$ 1,464,749	\$ 137,424	\$ 166,092	\$ 170,604	\$ 81,846	\$ 68,385	\$ 254,863	\$ 8,131	\$ 610,535	2,962,629
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										1,673,261
Net assets of governmental activities										<u>\$ 4,635,890</u>
<b>Cash and Investment Assets - Ending</b>										
Cash and investments	\$ 1,464,749	\$ 137,424	\$ -	\$ 170,604	\$ 81,846	\$ 68,385	\$ 254,863	\$ 8,131	\$ 636,465	\$ 2,822,467
<b>Restricted assets:</b>										
Cash and investments	-	-	166,092	-	-	-	-	-	(25,930)	140,162
<b>Total cash and investment assets - ending</b>	<b>\$ 1,464,749</b>	<b>\$ 137,424</b>	<b>\$ 166,092</b>	<b>\$ 170,604</b>	<b>\$ 81,846</b>	<b>\$ 68,385</b>	<b>\$ 254,863</b>	<b>\$ 8,131</b>	<b>\$ 610,535</b>	<b>\$ 2,962,629</b>
<b>Cash and Investment Fund Balance - Ending</b>										
<b>Restricted for:</b>										
Debt service	\$ -	\$ -	\$ 166,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25,930)	\$ 140,162
Unrestricted	1,464,749	137,424	-	170,604	81,846	68,385	254,863	8,131	636,465	2,822,467
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,464,749</b>	<b>\$ 137,424</b>	<b>\$ 166,092</b>	<b>\$ 170,604</b>	<b>\$ 81,846</b>	<b>\$ 68,385</b>	<b>\$ 254,863</b>	<b>\$ 8,131</b>	<b>\$ 610,535</b>	<b>\$ 2,962,629</b>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2006

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 319,444
Miscellaneous	489,043
	<u>808,487</u>
Total operating receipts	<u>808,487</u>
Operating disbursements:	
Insurance claims and expense	<u>1,410,720</u>
Deficiency of operating receipts over operating disbursements	(602,233)
Transfers in	<u>1,423,487</u>
Change in net assets	821,254
Cash and investment fund balance - beginning	<u>348,787</u>
Cash and investment fund balance - ending	<u>\$ 1,170,041</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,170,041</u>
Total cash and investment assets - ending	<u>\$ 1,170,041</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,170,041</u>
Total cash and investment fund balance - ending	<u>\$ 1,170,041</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 318,899
Miscellaneous	<u>390,157</u>
Total operating receipts	<u>709,056</u>
Operating disbursements:	
Insurance claims and expense	<u>1,384,335</u>
Deficiency of operating receipts over operating disbursements	(675,279)
Transfers in	<u>1,178,499</u>
Change in net assets	503,220
Cash and investment fund balance - beginning	<u>1,170,041</u>
Cash and investment fund balance - ending	<u>\$ 1,673,261</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,673,261</u>
Total cash and investment assets - ending	<u>\$ 1,673,261</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,673,261</u>
Total cash and investment fund balance - ending	<u>\$ 1,673,261</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Funds
Cash and investment fund balance - beginning	\$ <u>3,890</u>	
Cash and investment fund balance - ending	\$ <u><u>3,890</u></u>	
Net assets:		
Cash and investments	\$ <u>3,890</u>	\$ <u>73,364</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>3,890</u></u>	\$ <u><u>73,364</u></u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Private-Purpose Trust Funds	Agency Funds
Cash and investment fund balance - beginning	\$ <u>3,890</u>	
Cash and investment fund balance - ending	\$ <u><u>3,890</u></u>	
Net assets:		
Cash and investments	\$ <u>3,890</u>	\$ <u>259,049</u>
Total net assets - cash and investment basis held in trust	\$ <u><u>3,890</u></u>	\$ <u><u>259,049</u></u>

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

RIVER FOREST 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 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 nine other school corporations in a joint venture to operate the Northwest Indiana Special Education Cooperative (Cooperative) which was created to provide instruction for disabled children. The School Corporation is obligated by contract to a funding percentage based on its share of assessed valuation at March 1 of the previous year and its share of Average Daily Membership as compared to the total of all member school corporations, determined annually. Complete financial statements for the Cooperative can be obtained from its administrative office at 2150 West 97<sup>th</sup> Avenue, Crown Point, Indiana, 46307.

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The Study Council is governed by a board composed of a member from each participating school corporation. The school pays an annual fee to belong to the Study Council. Complete financial statements can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

The School Corporation is a participant in the Northwest Indiana Public Educational Services Center (Service Center), a joint services program established May 30, 1985, for the participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessment, computer utilization and in-service education. The School Corporation provides funding based on Average Daily Membership, determined annually. Complete financial statements can be obtained from the Center's Administrative offices, 2939 41<sup>st</sup> Avenue, Highland, Indiana, 46322.

The School Corporation is a participant with other school corporations in a joint venture to operate the Northwest Indiana Natural Gas Cooperative (Gas Cooperative) which was created to procure natural gas in a more economical and efficient manner. The Gas Cooperative operates under the authority of the Northwest Indiana Educational Service Center. The School Corporation provides funding for administrative costs based upon a percentage of Average Daily Membership. Complete financial statements can be obtained from the Service Center Administrative offices, 2939 41<sup>st</sup> Avenue, Highland, Indiana, 46322.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets - Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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 School Corporation, except those required to be accounted for in another fund.

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

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

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

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

The construction fund is used to account for receipts and disbursements concerning new construction or renovation of buildings.

The construction on fire damage fund is used to account for receipts and disbursements related to insurance proceeds for losses due to a fire.

The veterans' memorial advancement fund is used to account for expenditures of funds borrowed for renovations related to losses due to a fire.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for group health insurance and related expenditures.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individuals holding matured certificates which have not yet been redeemed.

Agency funds account for assets held by the School Corporation as an agent for federal, state, and local organizations 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. Receipts are recorded when received and disbursements are recorded when paid.

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.

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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

3. Compensated Absences

a. Sick Leave

Certified employees earn sick leave at the rate of 14 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is not paid to employees through cash payments upon retirement.

Noncertified employees can earn sick leave at the rate of 5 to 13 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is not paid to employees upon retirement.

Transportation employees can earn sick leave at the rate of 3 days per school year. Unused sick leave may be accumulated to a maximum of 30 days. Accumulated sick leave is not paid to employees upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 10 days. Accumulated vacation leave is paid to employees upon separation of employment.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave may be accumulated to a maximum of 5 days. Unused personal leave accumulated beyond the maximum is converted to sick leave at year end.

2. 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.

3. 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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

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, and (2) operating grants and contributions. 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 Activities and Net Assets - Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis 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 Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. 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.

B. Disbursements in Excess of Appropriations

For the years ended June 30, 2006 and 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

<u>Fund</u>	<u>2006</u>	<u>2007</u>
Debt Service 020	\$ 3,397	\$ -
Rainy Day 061	<u>-</u>	<u>875</u>
Totals	<u>\$ 3,397</u>	<u>\$ 875</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2006	June 30, 2007
Innovative Education Program Strategies	\$ 107	\$ -
Retirement/Severance Bond Fund	-	25,930

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

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. 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, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Internal Service Fund	\$ 1,227,819	\$ 1,002,790
Debt Service Fund	Transportation Fund	40,150	-
Construction Fund	Other governmental funds	52,284	-
Transportation Fund	Internal Service Fund	44,640	39,926
Other governmental funds	General Fund	15,636	303
Other governmental funds	Other governmental funds	18,677	40,370
Other governmental funds	Internal Service Fund	151,028	135,783
Totals		<u>\$ 1,550,234</u>	<u>\$ 1,219,172</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
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

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Cost Plus Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into a capital lease with Meister School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments during the years ended June 30, 2006 and June 30, 2007, totaled \$240,000 and \$255,000, respectively.

C. Subsequent Events

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to problems and issues related to the trending reassessment. The 2006 pay 2007 property tax bills were mailed out as of December 26, 2007, with a due date of January 31, 2008.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health, dental, and vision insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. Currently, 12 retirees meet these eligibility requirements. The School Corporation and retirees provide 80% and 20%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$83,300 were recognized for postemployment benefits.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. 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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 118,553
Interest on net pension obligation	(6,042)
Adjustment to annual required contribution	6,885
Annual pension cost	119,396
Contributions made	109,434
Increase in net pension obligation	9,962
Net pension obligation, beginning of year	(83,340)
Net pension obligation, end of year	\$ (73,378)

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
School Corporation	6%
Plan members	3%
Actuarial valuation date	07-01-06
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	06-30-04	\$ 83,722	122%	\$ (58,945)
	06-30-05	89,133	127%	(83,340)
	06-30-06	119,396	92%	(73,378)

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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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.

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, 2007, 2006, and 2005, were \$138,597, \$138,955, and \$124,459, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal year.

RIVER FOREST 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,854,124	\$ 1,874,458	\$ (20,334)	99%	\$ 1,707,338	(1%)
07-01-05	1,944,110	2,259,887	(315,777)	86%	1,766,490	(18%)
07-01-06	1,945,185	2,291,674	(346,489)	85%	1,844,346	(19%)

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Donations Gifts, Bequests
<b>Receipts:</b>						
Local sources	\$ 3,104	\$ -	\$ 110,938	\$ 67,104	\$ -	\$ 1,543
State sources	26,491	-	2,792	55,657	-	-
Federal sources	-	-	645,392	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>29,595</b>	<b>-</b>	<b>759,122</b>	<b>122,761</b>	<b>-</b>	<b>1,543</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	-
Support services	-	21,071	625,409	137,663	-	120
Community services	-	-	-	-	-	-
Nonprogrammed charges	27,500	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>27,500</b>	<b>21,071</b>	<b>625,409</b>	<b>137,663</b>	<b>-</b>	<b>120</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,095</b>	<b>(21,071)</b>	<b>133,713</b>	<b>(14,902)</b>	<b>-</b>	<b>1,423</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(61,790)	-	(15,636)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(61,790)</b>	<b>-</b>	<b>(15,636)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,095</b>	<b>(21,071)</b>	<b>71,923</b>	<b>(14,902)</b>	<b>(15,636)</b>	<b>1,423</b>
<b>Cash and investments - beginning</b>	<b>28,394</b>	<b>133,703</b>	<b>(60,231)</b>	<b>139,805</b>	<b>15,636</b>	<b>456</b>
<b>Cash and investments - ending</b>	<b>\$ 30,489</b>	<b>\$ 112,632</b>	<b>\$ 11,692</b>	<b>\$ 124,903</b>	<b>\$ -</b>	<b>\$ 1,879</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 30,489	\$ 112,632	\$ 11,692	\$ 124,903	\$ -	\$ 1,879
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 30,489</b>	<b>\$ 112,632</b>	<b>\$ 11,692</b>	<b>\$ 124,903</b>	<b>\$ -</b>	<b>\$ 1,879</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	30,489	112,632	11,692	124,903	-	1,879
<b>Total cash and investment fund balance - ending</b>	<b>\$ 30,489</b>	<b>\$ 112,632</b>	<b>\$ 11,692</b>	<b>\$ 124,903</b>	<b>\$ -</b>	<b>\$ 1,879</b>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	RFCS Fire Relief	Tech Prep Mini Grant	Gifted and Talented	Non-English Speaking Program	Technology Plan Grant	Performance Based Awards
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	12,776	6,047	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	400	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>13,176</b>	<b>6,047</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	16,059	6,811	-	-
Support services	2,457	-	70	21	2,191	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,457</b>	<b>-</b>	<b>16,129</b>	<b>6,832</b>	<b>2,191</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(2,457)	-	(2,953)	(785)	(2,191)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,457)	-	(2,953)	(785)	(2,191)	-
Cash and investments - beginning	2,457	35	14,187	785	2,191	268
Cash and investments - ending	\$ -	\$ 35	\$ 11,234	\$ -	\$ -	\$ 268
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 35	\$ 11,234	\$ -	\$ -	\$ 268
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 35</b>	<b>\$ 11,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 268</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	35	11,234	-	-	268
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 35</b>	<b>\$ 11,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 268</b>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Indiana School Academic Improvement	CLASS Grant Meister	Improving English 11	Title I 04-05	Title I 05-06
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	1,411	-	-	-
Federal sources	-	-	-	-	358,259
Sale of property, adjustments and refunds	-	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>358,259</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	2,268	-	2,496	14,785	195,791
Support services	-	1,411	-	7,931	44,593
Community services	-	-	-	-	78
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>2,268</u>	<u>1,411</u>	<u>2,496</u>	<u>22,716</u>	<u>240,462</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(2,268)</u>	<u>-</u>	<u>(2,496)</u>	<u>(22,716)</u>	<u>117,797</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	18,677
Transfers out	-	-	-	(18,677)	(75,809)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,677)</u>	<u>(57,132)</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(2,268)</u>	<u>-</u>	<u>(2,496)</u>	<u>(41,393)</u>	<u>60,665</u>
<b>Cash and investments - beginning</b>	<u>15,652</u>	<u>-</u>	<u>14,061</u>	<u>41,393</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 13,384</u>	<u>\$ -</u>	<u>\$ 11,565</u>	<u>\$ -</u>	<u>\$ 60,665</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 13,384	\$ -	\$ 11,565	\$ -	\$ 60,665
<b>Restricted assets:</b>					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 13,384</u>	<u>\$ -</u>	<u>\$ 11,565</u>	<u>\$ -</u>	<u>\$ 60,665</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>13,384</u>	<u>-</u>	<u>11,565</u>	<u>-</u>	<u>60,665</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 13,384</u>	<u>\$ -</u>	<u>\$ 11,565</u>	<u>\$ -</u>	<u>\$ 60,665</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Innovative Education	Title VI Library	Innovative Education Strategies	Innovative Education Strategies	Drug Free Schools 03-04
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	2,900	-	-	4,935	-
Sale of property, adjustments and refunds	-	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total receipts</b>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>4,935</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	9,126
Support services	3,007	161	6,091	8,363	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>3,007</u>	<u>161</u>	<u>6,091</u>	<u>8,363</u>	<u>9,126</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(107)</u>	<u>(161)</u>	<u>(6,091)</u>	<u>(3,428)</u>	<u>(9,126)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(107)</u>	<u>(161)</u>	<u>(6,091)</u>	<u>(3,428)</u>	<u>(9,126)</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>161</u>	<u>6,091</u>	<u>4,000</u>	<u>9,126</u>
<b>Cash and investments - ending</b>	<u>\$ (107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ (107)	\$ -	\$ -	\$ 572	\$ -
<b>Restricted assets:</b>					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(107)	-	-	572	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ (107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572</u>	<u>\$ -</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Project Peace	Drug Free Schools 04-05	Drug Free Schools	Improving Teacher Quality	Improving Teacher Quality Enhancement
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	5,064	4,837	83,713	-
Sale of property, adjustments and refunds	-	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>5,064</u>	<u>4,837</u>	<u>83,713</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	162	2,399	-	62,950	7,956
Support services	-	-	-	9,816	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>162</u>	<u>2,399</u>	<u>-</u>	<u>72,766</u>	<u>7,956</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(162)</u>	<u>2,665</u>	<u>4,837</u>	<u>10,947</u>	<u>(7,956)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(8,930)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,930)</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(162)</u>	<u>2,665</u>	<u>4,837</u>	<u>2,017</u>	<u>(7,956)</u>
<b>Cash and investments - beginning</b>	<u>162</u>	<u>6,003</u>	<u>-</u>	<u>31,091</u>	<u>7,956</u>
<b>Cash and investments - ending</b>	<u>\$ -</u>	<u>\$ 8,668</u>	<u>\$ 4,837</u>	<u>\$ 33,108</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ 8,668	\$ 4,837	\$ 33,108	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 8,668</u>	<u>\$ 4,837</u>	<u>\$ 33,108</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	8,668	4,837	33,108	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 8,668</u>	<u>\$ 4,837</u>	<u>\$ 33,108</u>	<u>\$ -</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Enhancing Education Through Technology	English Language Acquisition and Enhancement	Retirement/ Severance Bond	Construction on HS Renovation	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 48,448	\$ -	\$ 231,137
State sources	-	-	-	-	105,174
Federal sources	4,219	65,247	-	-	1,174,566
Sale of property, adjustments and refunds	-	-	-	-	400
Interfund loans	-	-	25,000	-	25,000
<b>Total receipts</b>	<b>4,219</b>	<b>65,247</b>	<b>73,448</b>	<b>-</b>	<b>1,536,277</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	320,803
Support services	-	60,213	-	-	930,588
Community services	-	-	-	-	78
Nonprogrammed charges	-	-	-	-	27,500
Debt services	-	-	40,439	-	40,439
<b>Total disbursements</b>	<b>-</b>	<b>60,213</b>	<b>40,439</b>	<b>-</b>	<b>1,319,408</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>4,219</b>	<b>5,034</b>	<b>33,009</b>	<b>-</b>	<b>216,869</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	52,284	70,961
Transfers out	-	(4,499)	-	-	(185,341)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,499)</b>	<b>-</b>	<b>52,284</b>	<b>(114,380)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>4,219</b>	<b>535</b>	<b>33,009</b>	<b>52,284</b>	<b>102,489</b>
<b>Cash and investments - beginning</b>	<b>4,219</b>	<b>976</b>	<b>(31,145)</b>	<b>(52,284)</b>	<b>335,148</b>
<b>Cash and investments - ending</b>	<b>\$ 8,438</b>	<b>\$ 1,511</b>	<b>\$ 1,864</b>	<b>\$ -</b>	<b>\$ 437,637</b>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 8,438	\$ 1,511	\$ -	\$ -	\$ 435,773
Restricted assets:					
Cash and investments	-	-	1,864	-	1,864
<b>Total cash and investment assets - ending</b>	<b>\$ 8,438</b>	<b>\$ 1,511</b>	<b>\$ 1,864</b>	<b>\$ -</b>	<b>\$ 437,637</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 1,864	\$ -	\$ 1,864
Unrestricted	8,438	1,511	-	-	435,773
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,438</b>	<b>\$ 1,511</b>	<b>\$ 1,864</b>	<b>\$ -</b>	<b>\$ 437,637</b>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
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 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Donations Gifts, Bequests
<b>Receipts:</b>					
Local sources	\$ 2,532	\$ -	\$ 109,942	\$ 69,709	\$ 5,800
State sources	41,165	-	2,640	59,719	-
Federal sources	-	-	759,601	-	-
<b>Total receipts</b>	<u>43,697</u>	<u>-</u>	<u>872,183</u>	<u>129,428</u>	<u>5,800</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	875	-	-	-
Support services	-	-	719,156	48,957	-
Community services	-	-	-	-	-
Nonprogrammed charges	27,500	-	-	-	-
Debt services	-	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total disbursements</b>	<u>27,500</u>	<u>875</u>	<u>719,156</u>	<u>48,957</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>16,197</u>	<u>(875)</u>	<u>153,027</u>	<u>80,471</u>	<u>5,800</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(53,893)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(53,893)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,197	(875)	99,134	80,471	5,800
Cash and investments - beginning	<u>30,489</u>	<u>112,632</u>	<u>11,692</u>	<u>124,903</u>	<u>1,879</u>
Cash and investments - ending	<u>\$ 46,686</u>	<u>\$ 111,757</u>	<u>\$ 110,826</u>	<u>\$ 205,374</u>	<u>\$ 7,679</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 46,686	\$ 111,757	\$ 110,826	\$ 205,374	\$ 7,679
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 46,686</u>	<u>\$ 111,757</u>	<u>\$ 110,826</u>	<u>\$ 205,374</u>	<u>\$ 7,679</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>46,686</u>	<u>111,757</u>	<u>110,826</u>	<u>205,374</u>	<u>7,679</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 46,686</u>	<u>\$ 111,757</u>	<u>\$ 110,826</u>	<u>\$ 205,374</u>	<u>\$ 7,679</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Tech Prep Mini Grant	Gifted and Talented	Non-English Speaking	Performance Based Awards	Indiana School Academic Improvement
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	12,776	5,785	-	-
Federal sources	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>12,776</b>	<b>5,785</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	17,321	2,418	-	7,409
Support services	-	44	2,417	-	55
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>17,365</b>	<b>4,835</b>	<b>-</b>	<b>7,464</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(4,589)</b>	<b>950</b>	<b>-</b>	<b>(7,464)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	(35)	-	-	(268)	-
<b>Total other financing sources (uses)</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>(268)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(35)</b>	<b>(4,589)</b>	<b>950</b>	<b>(268)</b>	<b>(7,464)</b>
Cash and investments - beginning	35	11,234	-	268	13,384
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,645</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 5,920</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ 6,645	\$ 950	\$ -	\$ 5,920
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 6,645</b>	<b>\$ 950</b>	<b>\$ -</b>	<b>\$ 5,920</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	6,645	950	-	5,920
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 6,645</b>	<b>\$ 950</b>	<b>\$ -</b>	<b>\$ 5,920</b>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	CLASS Grant Meister	Improving English 11	NISource Environmental Challenge	Title I 05-06	Title I 06-07
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 2,681	\$ -	\$ -
State sources	263	-	-	-	-
Federal sources	-	-	-	7,166	405,459
<b>Total receipts</b>	<u>263</u>	<u>-</u>	<u>2,681</u>	<u>7,166</u>	<u>405,459</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	944	-	8,007	227,225
Support services	263	1,055	-	7,443	52,320
Community services	-	-	-	2,011	203
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Interfund loans	-	-	-	-	-
<b>Total disbursements</b>	<u>263</u>	<u>1,999</u>	<u>-</u>	<u>17,461</u>	<u>279,748</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,999)</u>	<u>2,681</u>	<u>(10,295)</u>	<u>125,711</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	40,370
Transfers out	-	-	-	(50,370)	(60,791)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,370)</u>	<u>(20,421)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(1,999)</u>	<u>2,681</u>	<u>(60,665)</u>	<u>105,290</u>
Cash and investments - beginning	<u>-</u>	<u>11,565</u>	<u>-</u>	<u>60,665</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,566</u>	<u>\$ 2,681</u>	<u>\$ -</u>	<u>\$ 105,290</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 9,566	\$ 2,681	\$ -	\$ 105,290
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 9,566</u>	<u>\$ 2,681</u>	<u>\$ -</u>	<u>\$ 105,290</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	9,566	2,681	-	105,290
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 9,566</u>	<u>\$ 2,681</u>	<u>\$ -</u>	<u>\$ 105,290</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Innovative Education	Innovative Education Strategies	Drug Free Schools 04-05	Drug Free Schools	Improving Teacher Quality
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	2,900	-	-	5,000	63,989
Total receipts	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>63,989</u>
Disbursements:					
Current:					
Instruction	-	-	3,640	2,460	68,313
Support services	1,616	572	4,025	-	11,623
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Interfund loans	-	-	-	-	-
Total disbursements	<u>1,616</u>	<u>572</u>	<u>7,665</u>	<u>2,460</u>	<u>79,936</u>
Excess (deficiency) of receipts over disbursements	<u>1,284</u>	<u>(572)</u>	<u>(7,665)</u>	<u>2,540</u>	<u>(15,947)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(11,099)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,099)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,284	(572)	(7,665)	2,540	(27,046)
Cash and investments - beginning	<u>(107)</u>	<u>572</u>	<u>8,668</u>	<u>4,837</u>	<u>33,108</u>
Cash and investments - ending	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 7,377</u>	<u>\$ 6,062</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,177	\$ -	\$ 1,003	\$ 7,377	\$ 6,062
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 7,377</u>	<u>\$ 6,062</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>1,177</u>	<u>-</u>	<u>1,003</u>	<u>7,377</u>	<u>6,062</u>
Total cash and investment fund balance - ending	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 7,377</u>	<u>\$ 6,062</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Improving Teacher Quality Enhancement	Enhancing Education Through Technology	English Language Acquisition and Enhancement	Retirement/ Severance Bond	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 47,021	\$ 237,685
State sources	-	-	-	-	122,348
Federal sources	<u>6,326</u>	<u>-</u>	<u>81,420</u>	<u>-</u>	<u>1,331,861</u>
Total receipts	<u>6,326</u>	<u>-</u>	<u>81,420</u>	<u>47,021</u>	<u>1,691,894</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	8,438	-	-	347,050
Support services	-	-	81,785	-	931,331
Community services	-	-	-	-	2,214
Nonprogrammed charges	-	-	-	-	27,500
Debt services	-	-	-	49,815	49,815
Interfund loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total disbursements	<u>-</u>	<u>8,438</u>	<u>81,785</u>	<u>74,815</u>	<u>1,382,910</u>
Excess (deficiency) of receipts over disbursements	<u>6,326</u>	<u>(8,438)</u>	<u>(365)</u>	<u>(27,794)</u>	<u>308,984</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	40,370
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,456)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,086)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,326	(8,438)	(365)	(27,794)	172,898
Cash and investments - beginning	<u>-</u>	<u>8,438</u>	<u>1,511</u>	<u>1,864</u>	<u>437,637</u>
Cash and investments - ending	<u>\$ 6,326</u>	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ (25,930)</u>	<u>\$ 610,535</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 6,326	\$ -	\$ 1,146	\$ -	\$ 636,465
Restricted assets:					
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,930)</u>	<u>(25,930)</u>
Total cash and investment assets - ending	<u>\$ 6,326</u>	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ (25,930)</u>	<u>\$ 610,535</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (25,930)	\$ (25,930)
Unrestricted	<u>6,326</u>	<u>-</u>	<u>1,146</u>	<u>-</u>	<u>636,465</u>
Total cash and investment fund balance - ending	<u>\$ 6,326</u>	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ (25,930)</u>	<u>\$ 610,535</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007

	<u>Clearing Fund</u>	<u>Levy Excess</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ 89,144	\$ 169,905	\$ 259,049
Total net assets - cash and investment basis held in trust	<u>\$ 89,144</u>	<u>\$ 169,905</u>	<u>\$ 259,049</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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	\$ 1,900,022
Buildings	10,811,500
Machinery and equipment	<u>185,400</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 12,896,922</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Meister School Building/ River Forest refinance	\$ 1,330,000	\$ 204,000
Energy Saving	680,248	108,476
Notes and loans payable	14,178,272	1,185,535
Bonds payable:		
General obligation bonds:		
Severance Bonds	<u>390,000</u>	<u>48,824</u>
Total governmental activities debt	<u>\$ 16,578,520</u>	<u>\$ 1,546,835</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

TRANSFER TUITION

The School Corporation is charging the transfer tuition fee determined under the formula established for the payment of transfer tuition calculated on prescribed Form 515 for students who are children or grandchildren of employees. However, the School Corporation is charging a predetermined amount which is higher than the amount as calculated on the prescribed Transfer Tuition Statement (Form 515) for all other transfer students.

Indiana Code 20-26-11-6 states in part:

"(a) A school corporation may accept a transferring student without approval of the transferor corporation under section 5 of this chapter."

"(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established in section 13 of this chapter . . ."

SCHOOL LUNCH - PREPAID TRANSACTIONS

Students are permitted to prepay for meals. The following items were noted in regards to prepayments:

1. Prepaid amounts are not tracked in the financial accounting system. Prepaid amounts were combined with daily meal payments; not separately identified in the information submitted to the Treasurer for recording in the accounting system. Therefore, the financial accounting system was not used to track amounts collected and used for prepayments or related balances.
2. The cash registers, manual spread sheets, and other records used by the food service staff were used to track the number of meals served and amounts collected. The records were not designed to track financial balances of prepaid accounts.
3. No reconciliation of amounts collected as prepayments or prepayment amounts used was performed.

As a result, controls for receipts generated by prepayment for student meals are insufficient. Therefore, based upon the procedures performed, some student meals may have been recorded as being prepaid for which payment was not received. Also, revenue is recognized at the time the prepayment is made, rather than when earned (meal served).

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

RECEIPT ISSUANCE AND DEPOSIT (Applies to Meister Elementary School)

Receipts were not always issued or recorded at the time of collection. Some receipts for the 2006-2007 school year, were prepared at a later date from the deposit ticket. Additionally, the amounts receipted into the Extra-Curricular Fund for textbook rental were greater than textbook rental receipts (Form TBR-2) issued for the 2006-2007 school year by \$390.

Review of the TBR-2s noted that the amounts collected for book rental in August 2007 (beginning on August 14, 2007) were not deposited until September 11, 2007.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

TIMELY DEPOSITS (Applies to River Forest and Evans Elementary Schools)

Receipts were not always deposited timely. Some River Forest Elementary receipts were being held up to 20 days before being deposited.

Twenty-nine percent of all textbook rental receipts at Evans Elementary, for the 2006-2007 school year were not deposited timely. Some receipts were held up to 13 days before being deposited.

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

ECA EDUCATIONAL FEES (Applies to River Forest Elementary School)

Some educational fees such as library fines and fees were being receipted to and retained in an Extra-Curricular Fund.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

CLAIM DEFICIENCIES (Applies to River Forest Elementary School)

The claims reviewed for the audit period had the following deficiencies:

- (1) Ten percent of the disbursements reviewed were not supported by a SA-1 (Purchase Order and Accounts Payable Voucher).
- (2) Twenty percent of the disbursements reviewed were not supported by an itemized receipt.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The Purchase Order and Accounts Payable Voucher (SA-1) is to be used when a purchase is made for delivery at a later date. The form is to be executed in full and signed by the person authorized to purchase for the particular activity concerned. Before the activity is permitted to use the Purchase Order and Accounts Payable Voucher (SA-1), the sponsor of the extra-curricular account treasurer must determine if there is sufficient balance in the fund of the activity to make payment upon receipt of the merchandise. The sponsor must also know that approval for the purchase has been given by the membership of the activity as applicable, except in the case of athletic, school lunch and textbook rental purchases. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

USE OF FORM SA-5, FINANCIAL REPORT (Applies to River Forest and Evans Elementary Schools)

River Forest Elementary School's Financial Report (Form SA-5) presented for audit for the 2006-2007 school year was inaccurate. The beginning balance and receipt amount for the EIF Fund was incorrect. Interest of \$143.92 for June 2006 was included in the beginning balance on the SA-5; but it was not recorded as a receipt in the ledger.

Evans Elementary School's Financial Report (Form SA-5) presented for audit for the 2006-2007 school year was inaccurate. The beginning balance in the Interest Fund did not agree with the ending balance from the SA-5 for the previous school year.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

EDUCATIONAL FEES (Applies to Meister Elementary School)

The School Corporation has an informal policy requiring each school to remit educational fees to the School Corporation prior to the close of the school year. However, the Extra-Curricular Treasurer did not remit technology and kindergarten fees to the School Corporation for the 2006-2007 school year.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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 RIVER FOREST COMMUNITY  
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the River Forest 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, 2006 and 2007. 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 of America; 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.

As described in items 2007-2 and 2007-3 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding cash management and reporting that are applicable to its Title I and Child Nutrition Cluster programs. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2006 and 2007.

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)

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2007-2, and 2007-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2007-3 to be a material weakness.

The School Corporation's response to the findings identified in our audit are described in the accompanying Corrective Action section of the report. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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 17, 2008

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 138,179	\$ 158,795
National School Lunch Program	10.555		365,188	432,301
Summer Food Service Program for Children	10.559		<u>29,580</u>	<u>27,265</u>
Total for cluster			<u>532,947</u>	<u>618,361</u>
Pass-Through Indiana Department of Education				
Fresh Fruit and Vegetable Program	10.582		<u>131,672</u>	<u>153,085</u>
Total for federal grantor agency			<u>664,619</u>	<u>771,446</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		05-4590	22,717	-
		06-4590	316,271	27,461
		07-4590	<u>-</u>	<u>340,539</u>
Total for program			<u>338,988</u>	<u>368,000</u>
Safe And Drug Free Schools And Communities - State Grants	84.186			
		03-277	9,126	-
		04-06	162	-
		04-180	2,399	7,665
		05-263	<u>-</u>	<u>2,460</u>
Total for program			<u>11,687</u>	<u>10,125</u>
State Grants For Innovative Programs	84.298			
		02-162	161	-
		03-142	6,091	-
		04-207	8,363	572
		05-074	<u>3,007</u>	<u>1,616</u>
Total for program			<u>17,622</u>	<u>2,188</u>
Education Technology State Grants	84.318			
		02	7,956	-
		04	<u>-</u>	<u>8,438</u>
Total for program			<u>7,956</u>	<u>8,438</u>
English Language Acquisition Grants	84.365			
		05-06	64,711	-
		06-07	<u>-</u>	<u>81,785</u>
Total for program			<u>64,711</u>	<u>81,785</u>
Improving Teacher Quality State Grants	84.367			
		04-126	31,091	-
		05-4590	50,605	-
		06-4590	<u>-</u>	<u>91,035</u>
Total for program			<u>81,696</u>	<u>91,035</u>
Total for federal grantor agency			<u>522,660</u>	<u>561,571</u>
Total federal awards expended			<u>\$ 1,187,279</u>	<u>\$ 1,333,017</u>

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

RIVER FOREST 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 River Forest 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, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2005-2006	2006-2007
Child Nutrition Cluster	\$ 30,984	\$ 36,682

RIVER FOREST 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
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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

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 I Grants to Local Educational Agencies Child Nutrition Cluster

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

FINDING 2007-1, SCHOOL LUNCH - PREPAID TRANSACTIONS

Students are permitted to prepay for meals. The following items were noted in regards to prepayments:

1. Prepaid amounts are not tracked in the financial accounting system. Prepaid amounts were combined with daily meal payments; not separately identified in the information submitted to the Treasurer for recording in the accounting system. Therefore, the financial accounting system was not used to track amounts collected and used for prepayments or related balances.

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

2. The cash registers, manual spreadsheets, and other records used by the food service staff were used to track the number of meals served and amounts collected. The records were not designed to track financial balances of prepaid accounts.
3. No reconciliation of amounts collected as prepayments or prepayment amounts as used was performed.

As a result, controls for receipts generated by prepayment for student meals are insufficient. Based upon the procedures performed, some student meals may have been recorded as being prepaid for which payment was not received. Also, revenue is recognized at the time the prepayment is made, rather than when earned (meal served).

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that the School Corporation implement adequate controls over prepaid transactions. We recommended that the School Corporation begin maintaining a record of prepaid activity and performing monthly reconciliations of student account balances held in trust to the bank balance.

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-2, 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 School Corporation maintained cash balances in excess of current needs. Month ending cash balances for the period July 1, 2005 to June 30, 2007, exceeded the following month's disbursements for 13 out of 24 months for the Title 1 Grant.

EDGAR 80.20(b)(7) states in part: "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 draw downs by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to follow the above guidelines may jeopardize the School Corporation's ability to obtain future federal awards.

We recommended that the School Corporation properly design and monitor procedures to minimize the time elapsing between the receipt and disbursement of federal funds.

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

FINDING 2007-3, REPORTING

Federal Agency: U.S. Department of Agriculture  
Federal Program: Child Nutrition Cluster  
CFDA Numbers: 10.553, 10.555  
Pass-Through Entity: Indiana Department of Education

The Schools use cash registers to document the number and type of breakfast and lunches served each day. The register tapes are summarized on a daily lunch reconciliation worksheet and provide the supporting documentation for the amounts reported on the monthly claims for reimbursement. A listing of students is to be printed and used to account for the number and type of meals served by the cashier if the register breaks down.

We noted notations on the reconciliation sheets, that there were register problems and malfunctions at Henry S. Evans Elementary School for three days. The register uses only a single tape instead of a double tape. The information is lost if the tape is damaged. There was no supporting documentation provided for the breakfast counts for all three days and the lunch count on one day. The supporting documentation for the lunch counts on the other two days provided the total number of meals served, but did not classify the meals as free, reduced or paid. As a result, the accuracy of the amounts reported as meals served for those days could not be verified.

7CFR 210.8 Claims for reimbursement (a) states: Internal controls. The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an onsite review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced price and paid lunch counts against data which will assist in the identification of lunch counts in excess of the number of free, reduced price and paid lunches served each day to children eligible for such lunches; and a system for following up on those lunch counts which suggest the likelihood of lunch counting problems.

Failure to follow the specific grant guidelines may jeopardize the School Corporation's ability to obtain future federal awards.

We recommended that the School Corporation establish guidelines and procedures to ensure the accuracy of lunch and breakfast counts.

# River Forest Community School Corporation

3334 Michigan Street

Hobart, Indiana 46342

Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. James H. Rice, Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2005-1

Fiscal Year: 7-1-2003 to 6-30-2005

Auditee Contact Person: Brenda McCormack

Title of Contact Person: Treasurer

Phone Number: 219-962-9576

Status of Finding:

The Treasurer, Brenda McCormack, has set up an excel spreadsheet to record expenditures in the Title One grant. She looks at the expenditures for the past three (3) years and then projects the amount of cash that will be needed on a monthly basis. She tries to revise the cash request form when she knows there may be an excess of cash. I am attaching a copy of my excel spreadsheet.

November 20, 2007

  
Brenda McCormack

Mission: Given time and appropriate instruction, all students can learn what schools want them to learn

Title Expenditures per month

	<b>419</b>	<b>411</b>	<b>412</b>	<b>413</b>	<b>414</b>	<b>415</b>	<b>416</b>
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
							hiring new people
August	46	22810	6091		46	8012	7178
September	73326	10451	16615	16963	35890	27269	20983
October		18973	27689	48284	34638	28884	27010
November		22548	25840	21463	26480	25274	
December		24527	26567	26338	20873	21463	
January		31047	29787	26965	29990	22979	
February		21567	26971	22563	26970	29229	
March		23905	28623	43956	33720	38703	
April		25740	36734	31665	29270	30713	
May		47086	52315	72853	64748	84460	
June		41838	34229	18426	13647	23553	
July	4763	5905	15370	8311	8794	11399	
August		16740	12321	22346	16580	24823	
September			<b>29404</b>	950	<b>42456</b>	15367	
October		<b>42104</b>		<b>9787</b>	0	<b>53701</b>	
		355241	368556	370870	384102	445829	

**Fund 414 approved**

YR 05-06	Grant	Expended	Bal Left	10% rule	Cash Bal
August	430320	46	430274	43027	-46
Sept	430320	35890	394384	39438	-11019
Oct	430320	34638	359746	35975	3020
Nov	430320	26480	333266	33327	26540
Dec	430320	20873	312393	31239	<b>55667</b>
Jan	434019	29990	282403	28240	25677
Feb	434019	26970	255433	25543	24149
Mar	434019	33720	221713	22171	20430
Apr	434019	29270	192443	19244	<b>31159</b>
May	434019	64748	127695	12770	<b>49411</b>
June	434019	13647	114048	11405	60665
July	434019	8794	105254	10525	59036
August	434019	16580	88674	8867	42456
Sept	434019	<b>42456</b>	46218	4622	0
Oct		0			
		384102			

**Fund 415 approved**

Year 06 07	Grant	Expended	Bal Left	10% rule	Cash Balance
August	430320	8012	422308	42231	-8012
Sept	430320	27269	395039	39504	5089
Oct	430320	28884	366155	36616	-23795

Nov	430320	25274	340881	34088	<b>38531</b>
Dec	430320	21463	319418	31942	<b>47068</b>
Jan	430320	22979	296439	29644	<b>64089</b>
Feb	434018	29229	267210	26721	<b>74861</b>
Mar	434019	38703	228507	22851	<b>62205</b>
Apr	434019	30713	197794	19779	<b>71492</b>
May	434019	84460	113334	11333	<b>62033</b>
June	434019	23553	89781	8978	<b>105290</b>
July	434019	11399	78382	7838	<b>93891</b>
August	434019	24823	53559	5356	<b>69068</b>
Sept	434019	15367	38192	3819	<b>53700</b>
Oct	434019	<b>53701</b>	-15509	-1551	0

445829

# River Forest Community School Corporation

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Dr. James H. Rice, Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2005-2

Fiscal Year: 7-1-2003 to 6-30-2005

Auditee Contact Person: Brenda McCormack

Title of Contact Person: Treasurer

Phone Number: 219-962-9576

### Status of Finding:

The problems at Evans Elementary School has been addressed with the Cafeteria Manager at Evans. During the period of 7-1-05 to 6-30-07, the Food Service Director, Carrie Nowacki, addressed with the manager not to make changes in her register tapes. The manager has stated that she sometimes presses the buttons too hard and the register will ring in several times. Since the last audit, this issue has been addressed and caution has been taken. A new computer system that matches the students to a pin number is being installed in all of the schools. This system will track and trace kids to the meals.

November 20, 2007



Brenda McCormack

Mission: Given time and appropriate instruction, all students can learn what schools want them to learn

# **River Forest Community School Corporation**

3334 Michigan Street

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Telephone: (219) 962-2909 Fax: (219) 962-4951

Dr. James H. Rice, Superintendent

Thomas L. Cripliver, Assistant Superintendent

January 17, 2008

State Board of Accounts  
302 W. Washington St. Room E418  
Indianapolis, IN 46204

RE: Corrective Action Plan

Dear Sir:

In response to Finding 2007-1 School Lunch – Prepaid Transactions:

Prepaid tickets were not entered into the school lunch system due to a lack of register functions. At this time, we have began implementation of a computerized system that is tracking prepay meals and charges as they occur. This system was begun at the River Forest Complex building. The other schools will begin using this system during the 07-08 school year.

The new POS system will now track all of the charge accounts and prepaid accounts and record all balances in student's accounts. At the end of a school year, all funds held in prepay will be recorded as funds in trust on the yearly financial statement.

In response to Federal Finding 2007-2 Cash Management:

The Title One program at River Forest Community School Corporation receives over \$350,000 in Title One funds. The treasurer of the school corporation is monitoring the Title One Fund cash balances and adjusts the cash requests as needed. During the 2007-08 school year, the school corporation has employed 4 additional staff members for the program. This should be an additional help in monitoring the cash flow of the Title One Program in the future.

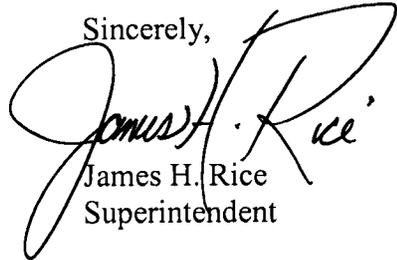
In response to Federal Finding 2007-3 – Reporting

The cash register that is used at Evans Elementary School broke during the breakfast service. The manager used paper and pencil to do manual stick markings on a sheet of paper. However, these papers did not get sent over to the School Food Service director with the daily sheets. programmed to calculate our meal cost. A register was borrowed and programmed to work at Evans Elementary School. This register is a single tape register and does not provide a back up tape in case of breakdown.

Mission: Given time and appropriate instructions, all students can learn what schools want them to learn

For the future, in case of a breakdown on registers or the computerized system, a student roster will be used as backup. The roster and any additional notes used will be sent over to the Food Service Director and filed for auditing records. Once the POS system is up and running, the meals will be entered into the POS system to account for prepays and charges.

Sincerely,

A handwritten signature in black ink that reads "James H. Rice". The signature is written in a cursive style with a large initial "J" and "R".

James H. Rice  
Superintendent

RIVER FOREST COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2008, with Dr. James Rice, Superintendent of Schools, and Brenda McCormack, Treasurer.