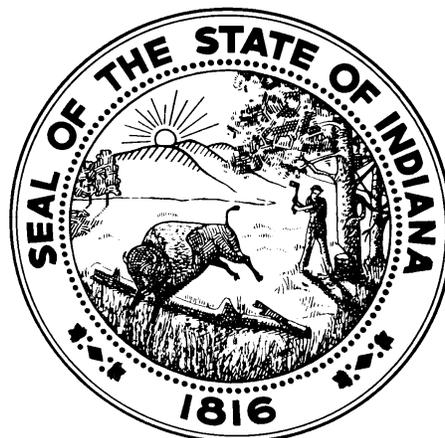


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION
DEARBORN COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

05/23/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Ann Neff	01-01-05 to 12-31-08
Superintendent of Schools	John Roeder	07-01-05 to 06-30-08
President of the School Board	Kim Weber	01-01-05 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

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

TO: THE OFFICIALS OF THE SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunman-Dearborn 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.

As discussed in Note I, the financial statements referred to above do not include a component unit of the School Corporation which should have been included to fairly present the financial position of the School Corporation.

In our opinion, except that the omission of a component unit of the School Corporation referred to in the preceding paragraph results in incomplete presentation, 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 April 1, 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, 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 Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 1, 2008



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

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 SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunman-Dearborn 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 April 1, 2008. The opinions to the financial statements were qualified due to omission of a component unit of the School Corporation. 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

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.

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

April 1, 2008

SUNMAN-DEARBORN 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</u>
		<u>Charges for</u>	<u>Operating</u>	<u>(Disbursement)</u>
		<u>Services</u>	<u>Grants and</u>	<u>Receipts and</u>
			<u>Contributions</u>	<u>Changes in</u>
				<u>Net Assets</u>
			<u>Totals</u>	
Governmental activities:				
Instruction	\$ 15,240,497	\$ -	\$ 107,773	\$ (15,132,724)
Support services	20,556,257	1,690,633	335,846	(18,529,778)
Community services	196,571	-	-	(196,571)
Nonprogrammed charges	3,088,865	-	-	(3,088,865)
Debt service	19,705,818	-	-	(19,705,818)
Total governmental activities	<u>\$ 58,788,008</u>	<u>\$ 1,690,633</u>	<u>\$ 443,619</u>	<u>(56,653,756)</u>
General receipts:				
Property taxes				29,054,441
Other local sources				9,238,559
State aid				16,132,006
Grants and contributions not restricted to specific programs				3,993,747
Sale of property, adjustments, and refunds				1,118,146
Investment earnings				389,993
Total general receipts				<u>59,926,892</u>
Change in net assets				3,273,137
Net assets - beginning				<u>2,381,834</u>
Net assets - ending				<u>\$ 5,654,971</u>
Assets				
Cash and investments				\$ 2,099,779
Restricted assets:				
Cash and investments				<u>3,555,192</u>
Total assets				<u>\$ 5,654,971</u>
Net Assets				
Restricted for:				
Debt service				\$ 3,555,192
Unrestricted				<u>2,099,779</u>
Total net assets				<u>\$ 5,654,971</u>

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

SUNMAN-DEARBORN 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>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 15,957,918	\$ -	\$ 112,023	\$ (15,845,895)	
Support services	20,095,389	1,459,428	338,203	(18,297,758)	
Community services	203,053	-	-	(203,053)	
Nonprogrammed charges	5,482,614	-	-	(5,482,614)	
Debt service	9,749,905	-	-	(9,749,905)	
Total governmental activities	<u>\$ 51,488,878</u>	<u>\$ 1,459,428</u>	<u>\$ 450,226</u>	<u>(49,579,224)</u>	
General receipts:					
Property taxes				14,996,531	
Other local sources				7,700,634	
State aid				16,743,133	
Grants and contributions not restricted to specific programs				3,217,343	
Sale of property, adjustments, and refunds				398,664	
Investment earnings				292,029	
Total general receipts				<u>43,348,333</u>	
Change in net assets				(6,230,891)	
Net assets - beginning				<u>5,654,971</u>	
Net assets - ending				<u>\$ (575,920)</u>	
<u>Assets</u>					
Cash and investments				\$ 295,639	
Restricted assets:					
Cash and investments				<u>(871,559)</u>	
Total assets				<u>\$ (575,920)</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ (871,559)	
Unrestricted				<u>295,639</u>	
Total net assets				<u>\$ (575,920)</u>	

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

SUNMAN-DEARBORN 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	Joint Service	R-O-D Federal Grant	Debt Service	Pension Debt
Receipts:						
Local sources	\$ 12,849,966	\$ 4,037,170	\$ 4,289,446	\$ -	\$ 10,826,015	\$ 1,733,066
Intermediate sources	721,692	-	-	-	-	-
State sources	16,221,439	-	-	-	-	-
Federal sources	(296)	-	-	2,737,441	-	-
Sale of property, adjustments and refunds	17,177	-	27,363	-	-	951,015
Total receipts	<u>29,809,978</u>	<u>4,037,170</u>	<u>4,316,809</u>	<u>2,737,441</u>	<u>10,826,015</u>	<u>2,684,081</u>
Disbursements:						
Current:						
Instruction	12,776,164	-	637,996	855,507	-	-
Support services	10,831,050	2,551,464	961,783	652,491	-	-
Community services	161,181	-	-	-	-	-
Nonprogrammed charges	599,801	4,836	1,611,479	496,887	-	-
Debt services	7,546,463	1,954,597	-	-	9,133,100	-
Total disbursements	<u>31,914,659</u>	<u>4,510,897</u>	<u>3,211,258</u>	<u>2,004,885</u>	<u>9,133,100</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,104,681)</u>	<u>(473,727)</u>	<u>1,105,551</u>	<u>732,556</u>	<u>1,692,915</u>	<u>2,684,081</u>
Other financing sources (uses):						
Transfers in	951,015	-	-	-	-	-
Transfers out	-	-	-	-	-	(951,015)
Total other financing sources (uses)	<u>951,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(951,015)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,153,666)</u>	<u>(473,727)</u>	<u>1,105,551</u>	<u>732,556</u>	<u>1,692,915</u>	<u>1,733,066</u>
Cash and investments - beginning	<u>50,441</u>	<u>87,466</u>	<u>660,019</u>	<u>-</u>	<u>118,769</u>	<u>10,442</u>
Cash and investments - ending	<u>\$ (1,103,225)</u>	<u>\$ (386,261)</u>	<u>\$ 1,765,570</u>	<u>\$ 732,556</u>	<u>\$ 1,811,684</u>	<u>\$ 1,743,508</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (1,103,225)	\$ (386,261)	\$ 1,765,570	\$ 732,556	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	1,811,684	1,743,508
Total cash and investment assets - ending	<u>\$ (1,103,225)</u>	<u>\$ (386,261)</u>	<u>\$ 1,765,570</u>	<u>\$ 732,556</u>	<u>\$ 1,811,684</u>	<u>\$ 1,743,508</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,811,684	\$ 1,743,508
Unrestricted	(1,103,225)	(386,261)	1,765,570	732,556	-	-
Total cash and investment fund balance - ending	<u>\$ (1,103,225)</u>	<u>\$ (386,261)</u>	<u>\$ 1,765,570</u>	<u>\$ 732,556</u>	<u>\$ 1,811,684</u>	<u>\$ 1,743,508</u>

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

SUNMAN-DEARBORN 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
(Continued)

	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:					
Local sources	\$ 3,202,724	\$ 186,200	\$ -	\$ 2,694,985	\$ 39,819,572
Intermediate sources	-	-	-	1,500	723,192
State sources	-	-	-	321,442	16,542,881
Federal sources	-	-	-	1,120,208	3,857,353
Sale of property, adjustments and refunds	-	-	-	122,591	1,118,146
Total receipts	<u>3,202,724</u>	<u>186,200</u>	<u>-</u>	<u>4,260,726</u>	<u>62,061,144</u>
Disbursements:					
Current:					
Instruction	-	-	77,537	893,293	15,240,497
Support services	1,921,932	133,110	527,314	2,977,114	20,556,258
Community services	-	-	19,878	15,512	196,571
Nonprogrammed charges	-	-	-	375,861	3,088,864
Debt services	930,490	76,705	-	64,463	19,705,818
Total disbursements	<u>2,852,422</u>	<u>209,815</u>	<u>624,729</u>	<u>4,326,243</u>	<u>58,788,008</u>
Excess (deficiency) of receipts over disbursements	<u>350,302</u>	<u>(23,615)</u>	<u>(624,729)</u>	<u>(65,516)</u>	<u>3,273,137</u>
Other financing sources (uses):					
Transfers in	-	-	-	170,636	1,121,651
Transfers out	-	-	-	(170,636)	(1,121,651)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>350,302</u>	<u>(23,615)</u>	<u>(624,729)</u>	<u>(65,516)</u>	<u>3,273,137</u>
Cash and investments - beginning	<u>(525,029)</u>	<u>72,305</u>	<u>1,352,691</u>	<u>554,730</u>	<u>2,381,834</u>
Cash and investments - ending	<u>\$ (174,727)</u>	<u>\$ 48,690</u>	<u>\$ 727,962</u>	<u>\$ 489,214</u>	<u>\$ 5,654,971</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ (174,727)	\$ 48,690	\$ 727,962	\$ 489,214	\$ 2,099,779
Restricted assets:					
Cash and investments	-	-	-	-	3,555,192
Total cash and investment assets - ending	<u>\$ (174,727)</u>	<u>\$ 48,690</u>	<u>\$ 727,962</u>	<u>\$ 489,214</u>	<u>\$ 5,654,971</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 3,555,192
Unrestricted	<u>(174,727)</u>	<u>48,690</u>	<u>727,962</u>	<u>489,214</u>	<u>2,099,779</u>
Total cash and investment fund balance - ending	<u>\$ (174,727)</u>	<u>\$ 48,690</u>	<u>\$ 727,962</u>	<u>\$ 489,214</u>	<u>\$ 5,654,971</u>

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

SUNMAN-DEARBORN 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	Joint Service	R-O-D Federal Grant	Debt Service	Pension Debt
Receipts:						
Local sources	\$ 6,985,629	\$ 2,077,387	\$ 4,116,802	\$ -	\$ 4,795,396	\$ 1,170,680
Intermediate sources	378,203	-	-	-	-	-
State sources	16,836,755	-	-	-	-	-
Federal sources	-	-	-	800,000	-	-
Sale of property, adjustments and refunds	305,454	5,528	-	-	-	-
Total receipts	<u>24,506,041</u>	<u>2,082,915</u>	<u>4,116,802</u>	<u>800,000</u>	<u>4,795,396</u>	<u>1,170,680</u>
Disbursements:						
Current:						
Instruction	12,673,866	-	641,932	218,686	-	-
Support services	11,341,158	2,597,721	982,902	128,571	-	-
Community services	151,016	-	-	-	-	-
Nonprogrammed charges	1,843,101	-	2,330,522	302,309	-	-
Debt services	-	-	-	-	6,813,711	2,871,064
Total disbursements	<u>26,009,141</u>	<u>2,597,721</u>	<u>3,955,356</u>	<u>649,566</u>	<u>6,813,711</u>	<u>2,871,064</u>
Excess (deficiency) of receipts over disbursements	<u>(1,503,100)</u>	<u>(514,806)</u>	<u>161,446</u>	<u>150,434</u>	<u>(2,018,315)</u>	<u>(1,700,384)</u>
Other financing sources (uses):						
Transfers in	832,947	-	-	-	-	-
Transfers out	(86,386)	(24,293)	-	(882,990)	(697,479)	(10,573)
Total other financing sources (uses)	<u>746,561</u>	<u>(24,293)</u>	<u>-</u>	<u>(882,990)</u>	<u>(697,479)</u>	<u>(10,573)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(756,539)</u>	<u>(539,099)</u>	<u>161,446</u>	<u>(732,556)</u>	<u>(2,715,794)</u>	<u>(1,710,957)</u>
Cash and investments - beginning	<u>(1,103,225)</u>	<u>(386,261)</u>	<u>1,765,570</u>	<u>732,556</u>	<u>1,811,684</u>	<u>1,743,508</u>
Cash and investments - ending	<u>\$ (1,859,764)</u>	<u>\$ (925,360)</u>	<u>\$ 1,927,016</u>	<u>\$ -</u>	<u>\$ (904,110)</u>	<u>\$ 32,551</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (1,859,764)	\$ (925,360)	\$ 1,927,016	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	(904,110)	32,551
Total cash and investment assets - ending	<u>\$ (1,859,764)</u>	<u>\$ (925,360)</u>	<u>\$ 1,927,016</u>	<u>\$ -</u>	<u>\$ (904,110)</u>	<u>\$ 32,551</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (904,110)	\$ 32,551
Unrestricted	<u>(1,859,764)</u>	<u>(925,360)</u>	<u>1,927,016</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ (1,859,764)</u>	<u>\$ (925,360)</u>	<u>\$ 1,927,016</u>	<u>\$ -</u>	<u>\$ (904,110)</u>	<u>\$ 32,551</u>

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

SUNMAN-DEARBORN 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
(Continued)

	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:					
Local sources	\$ 2,356,799	\$ 164,826	\$ -	\$ 2,678,974	\$ 24,346,493
Intermediate sources	-	-	-	2,681	380,884
State sources	-	-	-	281,085	17,117,840
Federal sources	-	-	-	2,214,105	3,014,105
Sale of property, adjustments and refunds	-	350	-	87,332	398,664
Total receipts	<u>2,356,799</u>	<u>165,176</u>	<u>-</u>	<u>5,264,176</u>	<u>45,257,985</u>
Disbursements:					
Current:					
Instruction	-	-	645,474	1,777,960	15,957,918
Support services	2,013,990	115,770	66,941	2,848,336	20,095,389
Community services	-	-	19,108	32,929	203,053
Nonprogrammed charges	-	-	-	1,006,680	5,482,612
Debt services	-	-	-	65,130	9,749,905
Total disbursements	<u>2,013,990</u>	<u>115,770</u>	<u>731,523</u>	<u>5,731,034</u>	<u>51,488,876</u>
Excess (deficiency) of receipts over disbursements	<u>342,809</u>	<u>49,406</u>	<u>(731,523)</u>	<u>(466,858)</u>	<u>(6,230,891)</u>
Other financing sources (uses):					
Transfers in	-	-	-	1,102,971	1,935,918
Transfers out	(13,510)	(463)	-	(220,224)	(1,935,918)
Total other financing sources (uses)	<u>(13,510)</u>	<u>(463)</u>	<u>-</u>	<u>882,747</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>329,299</u>	<u>48,943</u>	<u>(731,523)</u>	<u>415,889</u>	<u>(6,230,891)</u>
Cash and investments - beginning	<u>(174,727)</u>	<u>48,690</u>	<u>727,962</u>	<u>489,214</u>	<u>5,654,971</u>
Cash and investments - ending	<u>\$ 154,572</u>	<u>\$ 97,633</u>	<u>\$ (3,561)</u>	<u>\$ 905,103</u>	<u>\$ (575,920)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 154,572	\$ 97,633	\$ (3,561)	\$ 905,103	\$ 295,639
Restricted assets:					
Cash and investments	-	-	-	-	(871,559)
Total cash and investment assets - ending	<u>\$ 154,572</u>	<u>\$ 97,633</u>	<u>\$ (3,561)</u>	<u>\$ 905,103</u>	<u>\$ (575,920)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (871,559)
Unrestricted	<u>154,572</u>	<u>97,633</u>	<u>(3,561)</u>	<u>905,103</u>	<u>295,639</u>
Total cash and investment fund balance - ending	<u>\$ 154,572</u>	<u>\$ 97,633</u>	<u>\$ (3,561)</u>	<u>\$ 905,103</u>	<u>\$ (575,920)</u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>
Additions:	
Total additions	\$ <u> -</u>
Deductions:	
Benefits	<u> 1,511,984</u>
Deficiency of total additions over total deductions	(1,511,984)
Cash and investment fund balance - beginning	<u> 14,195,409</u>
Cash and investment fund balance - ending	<u><u> \$ 12,683,425</u></u>
Net assets:	
Cash and investments	<u> \$ 12,683,425</u>
Total net assets - cash and investment basis held in trust	<u><u> \$ 12,683,425</u></u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ <u>735,956</u>
Investment earnings:	
Interest	<u>205,108</u>
Total additions	<u>941,064</u>
Deductions:	
Benefits	<u>342,730</u>
Excess of total additions over total deductions	598,334
Cash and investment fund balance - beginning	<u>12,683,425</u>
Cash and investment fund balance - ending	<u>\$ 13,281,759</u>
Net assets:	
Cash and investments	<u>\$ 13,281,759</u>
Total net assets - cash and investment basis held in trust	<u>\$ 13,281,759</u>

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

SUNMAN-DEARBORN 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 accompanying financial statements present the activities of the School Corporation (primary government) and its significant component units.

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

The Sunman-Dearborn Schools Endowment Corporation, Inc., a blended component unit has been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the School Corporation's component units necessary to fairly present the financial position of the School Corporation.

Joint Venture

The School Corporation is a participant with seven other school corporations in a joint venture to operate the Ripley-Ohio-Dearborn Special Education Cooperative (Cooperative) which was created to provide educational services to handicapped children. The School Corporation is obligated by contract to remit a proportionate share of costs based on each school corporation's relative average daily membership annually to supplement the Cooperative. Complete financial statements for the Cooperative can be obtained from Sunman-Dearborn School Corporation Administration Office, Sunman, Indiana.

The School Corporation is a participant with ten other school corporations in a joint venture to operate the Southeastern Career Center (Career Center) which was created to provide vocational education to member corporation students. The School Corporation is obligated by contract to remit a proportionate share of costs based on each school corporation's relative daily membership for high school students and the actual number of students enrolled at the Career Center each year to supplement the Career Center. Complete financial statements for the Career Center can be obtained from Career Center's Administration Office, 901 West US 50, Versailles, Indiana.

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.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

The joint service fund is used to account for the financial transactions of the Ripley-Ohio-Dearborn Special Education Cooperative. The receipts of the fund are from contractual payments of the participating school corporations which are used for operating purposes.

The R-O-D federal grant fund is used to account for federal funding used to operate the Ripley-Ohio-Dearborn Special Education Cooperative.

The pension debt fund accounts for receipts and disbursements concerning retirement/severance benefits as authorized by statute.

The construction fund accounts for planned construction, repair, replacement or remodeling of building projects.

Additionally, the School Corporation reports the following fund type:

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental 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.

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 9 days to 12 days per year based on months of service. Unused sick leave may be accumulated to a maximum of 188 days for certified employees and 85 days for noncertified employees. Accumulated sick leave is paid to employees through cash payments upon retirement.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave at the end of the school year may be accumulated as sick leave.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit 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

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of 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.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 year 2006 disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2006
Transportation Operating	\$ 528,412
General	55,453
Pension Debt	10,573
Special Education Preschool	3,177
 Total	 \$ 597,615

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	2006	2007
General	\$ 1,103,225	\$ 1,859,764
Transporation	386,261	925,360
Capital Projects	174,727	-
Textbook Rental	71,005	27,674
R-O-D Preschool	136,076	134,840
Donation - Education Foundation	71,394	-
Debt Service	-	904,110
Construction	-	3,561
Safe Haven	-	3,146
Summer Art	-	3,154
Cape Grant	-	9,730
R-O-D Federal Grant 2006-07	-	100,289

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements. These deficits will be repaid with future receipts.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

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

Investment Policies

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	Other governmental funds	\$ -	\$ 86,386
Debt Service Fund	General Fund	-	629,286
R-O-D Federal Grant Fund	Other governmental funds	169,627	882,990
Debt Service Fund	Other governmental funds	-	68,193
Capital Projects Fund	Other governmental funds	-	13,510
Transportation Fund	Other governmental funds	-	24,293
Pension Debt Fund	General Fund	951,015	-
Other governmental funds	General Fund	-	203,661
Other governmental funds	Other governmental funds	1,009	27,599
Totals		<u>\$ 1,121,651</u>	<u>\$ 1,935,918</u>

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

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; 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

During 1999, the School Corporation joined with other governmental entities to form the Southeastern Indiana School Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. This risk pool was formed in 1999. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its coverage of medical benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$100,000 limit.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporations

The School Corporation has entered into various capital leases with Sunman-Dearborn Middle School Building Corporation, Sunman-Dearborn Intermediate School Building Corporation, Sunman-Dearborn School Building Corporation and Northeast Dearborn School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the year totaled \$6,204,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health, dental and life 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, 40 retirees meet these eligibility requirements. The School Corporation shall pay the same amount toward such coverage as provided for a single teacher at the time of retirement. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$129,700 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	\$ 319,067
Interest on net pension obligation	(16,090)
Adjustment to annual required contribution	18,335
Annual pension cost	321,312
Contributions made	287,751
Increase in net pension obligation	33,561
Net pension obligation, beginning of year	(221,926)
Net pension obligation, end of year	\$ (188,365)
Contribution rates:	
School Corporation	6.5%
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%

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 226,431	114%	\$ (180,873)
	06-30-05	241,724	117%	(221,926)
	06-30-06	321,312	90%	(188,365)

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

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 \$472,030, \$463,124, and \$423,807, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

SUNMAN-DEARBORN 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	\$ 3,659,580	\$ 4,106,626	\$ (447,046)	89%	\$ 3,853,623	(12%)
07-01-05	3,884,098	4,812,203	(928,105)	81%	4,474,327	(21%)
07-01-06	4,079,009	4,785,653	(706,644)	85%	4,383,017	(16%)

SUNMAN-DEARBORN 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	School Lunch	Textbook Rental	R-O-D Capital Projects	R-O-D Transportation	R-O-D Preschool
Receipts:						
Local sources	\$ 42,310	\$ 1,135,766	\$ 677,473	\$ 214,059	\$ 36,800	\$ 398,508
Intermediate sources	-	-	-	-	-	-
State sources	115,333	27,026	31,970	-	-	-
Federal sources	-	276,727	-	-	-	-
Sale of property, adjustments and refunds	-	1,496	3,563	333	-	-
Total receipts	<u>157,643</u>	<u>1,441,015</u>	<u>713,006</u>	<u>214,392</u>	<u>36,800</u>	<u>398,508</u>
Disbursements:						
Current:						
Instruction	-	-	-	2,125	-	215,633
Support services	-	1,408,851	829,269	68,286	33,329	60,175
Community services	-	-	-	-	-	-
Nonprogrammed charges	157,643	-	-	-	-	100,375
Debt services	-	-	-	64,463	-	-
Total disbursements	<u>157,643</u>	<u>1,408,851</u>	<u>829,269</u>	<u>134,874</u>	<u>33,329</u>	<u>376,183</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>32,164</u>	<u>(116,263)</u>	<u>79,518</u>	<u>3,471</u>	<u>22,325</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>32,164</u>	<u>(116,263)</u>	<u>79,518</u>	<u>3,471</u>	<u>22,325</u>
Cash and investments - beginning	<u>-</u>	<u>132,568</u>	<u>45,258</u>	<u>178,328</u>	<u>38,740</u>	<u>(158,401)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 164,732</u>	<u>\$ (71,005)</u>	<u>\$ 257,846</u>	<u>\$ 42,211</u>	<u>\$ (136,076)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 164,732</u>	<u>\$ (71,005)</u>	<u>\$ 257,846</u>	<u>\$ 42,211</u>	<u>\$ (136,076)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 164,732</u>	<u>\$ (71,005)</u>	<u>\$ 257,846</u>	<u>\$ 42,211</u>	<u>\$ (136,076)</u>

SUNMAN-DEARBORN 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)

	Educational License Plates	Safe Haven	Donations	Summer Art	Summer Recreation	Donation Education Foundation
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 1,000	\$ 20,242	\$ 167,327
Intermediate sources	1,500	-	-	-	-	-
State sources	-	8,809	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>1,500</u>	<u>8,809</u>	<u>-</u>	<u>1,000</u>	<u>20,242</u>	<u>167,327</u>
Disbursements:						
Current:						
Instruction	-	-	2,950	-	-	3,155
Support services	959	8,809	9,159	-	381	250,782
Community services	-	-	-	-	14,347	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>959</u>	<u>8,809</u>	<u>12,109</u>	<u>-</u>	<u>14,728</u>	<u>253,937</u>
Excess (deficiency) of receipts over disbursements	<u>541</u>	<u>-</u>	<u>(12,109)</u>	<u>1,000</u>	<u>5,515</u>	<u>(86,610)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>541</u>	<u>-</u>	<u>(12,109)</u>	<u>1,000</u>	<u>5,515</u>	<u>(86,610)</u>
Cash and investments - beginning	<u>6,292</u>	<u>-</u>	<u>13,682</u>	<u>-</u>	<u>12,754</u>	<u>15,216</u>
Cash and investments - ending	<u>\$ 6,833</u>	<u>\$ -</u>	<u>\$ 1,573</u>	<u>\$ 1,000</u>	<u>\$ 18,268</u>	<u>\$ (71,394)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 6,833</u>	<u>\$ -</u>	<u>\$ 1,573</u>	<u>\$ 1,000</u>	<u>\$ 18,268</u>	<u>\$ (71,394)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 6,833</u>	<u>\$ -</u>	<u>\$ 1,573</u>	<u>\$ 1,000</u>	<u>\$ 18,268</u>	<u>\$ (71,394)</u>

SUNMAN-DEARBORN 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)

	NEXT Grant	CAPE Grant	CAPE Matching	Gifted/Talented 2005-06	R-O-D Medicaid State	Non-English Speaking Grant
Receipts:						
Local sources	1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	18,186	43	153
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	17,199	100,000	-	-	-
Total receipts	1,500.00	17,199	100,000	18,186	43	153
Disbursements:						
Current:						
Instruction	-	-	-	17,770	-	153
Support services	1,810.00	17,933	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,810.00	17,933	-	17,770	-	153
Excess (deficiency) of receipts over disbursements	(310.00)	(734)	100,000	416	43	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(310.00)	(734)	100,000	416	43	-
Cash and investments - beginning	310.00	-	-	-	4,985	-
Cash and investments - ending	\$ -	\$ (734)	\$ 100,000	\$ 416	\$ 5,028	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (734)	\$ 100,000	\$ 416	\$ 5,028	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ (734)	\$ 100,000	\$ 416	\$ 5,028	\$ -

SUNMAN-DEARBORN 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)

	Title I 2005-06	Title V Part A 2005-06	Serve America Grant	R-O-D Carryover 2006-07	R-O-D Carryover 2004-05	R-O-D Federal Grant 2006-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	156,163	11,799	5,000	-	399,732	100,000
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>156,163</u>	<u>11,799</u>	<u>5,000</u>	<u>-</u>	<u>399,732</u>	<u>100,000</u>
Disbursements:						
Current:						
Instruction	115,685	-	-	1,089	138,404	217,024
Support services	18,149	7,297	5,000	-	46,597	115,187
Community services	965	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	114,926
Debt services	-	-	-	-	-	-
Total disbursements	<u>134,799</u>	<u>7,297</u>	<u>5,000</u>	<u>1,089</u>	<u>185,001</u>	<u>447,137</u>
Excess (deficiency) of receipts over disbursements	<u>21,364</u>	<u>4,502</u>	<u>-</u>	<u>(1,089)</u>	<u>214,731</u>	<u>(347,137)</u>
Other financing sources (uses):						
Transfers in	1,009	-	-	-	-	169,627
Transfers out	-	-	-	-	(169,627)	-
Total other financing sources (uses)	<u>1,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,627)</u>	<u>169,627</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>22,373</u>	<u>4,502</u>	<u>-</u>	<u>(1,089)</u>	<u>45,104</u>	<u>(177,510)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,089</u>	<u>-</u>	<u>177,510</u>
Cash and investments - ending	<u>\$ 22,373</u>	<u>\$ 4,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,104</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 22,373</u>	<u>\$ 4,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,104</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 22,373</u>	<u>\$ 4,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,104</u>	<u>\$ -</u>

SUNMAN-DEARBORN 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)

	R-O-D Building Capacity 2004-05	R-O-D Building Capacity 2005-06	R-O-D Preschool 2005-06	Drug Free 2004-05	Drug Free 2005-06
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	119,922	-	-
Federal sources	-	49,393	-	5,000	12,790
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>-</u>	<u>49,393</u>	<u>119,922</u>	<u>5,000</u>	<u>12,790</u>
Total receipts	-	49,393	119,922	5,000	12,790
Disbursements:					
Current:					
Instruction	-	-	91,815	3,743	1,861
Support services	6,061	40,318	24,990	-	2,700
Community services	-	-	200	-	-
Nonprogrammed charges	-	-	2,917	-	-
Debt services	-	-	-	-	-
	<u>6,061</u>	<u>40,318</u>	<u>119,922</u>	<u>3,743</u>	<u>4,561</u>
Total disbursements	6,061	40,318	119,922	3,743	4,561
Excess (deficiency) of receipts over disbursements	<u>(6,061)</u>	<u>9,075</u>	<u>-</u>	<u>1,257</u>	<u>8,229</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,061)</u>	<u>9,075</u>	<u>-</u>	<u>1,257</u>	<u>8,229</u>
Cash and investments - beginning	<u>6,061</u>	<u>-</u>	<u>-</u>	<u>(1,257)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,229</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 9,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,229</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 9,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,229</u>

SUNMAN-DEARBORN 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)

	R-O-D Medicaid Reimbursement	Hurricane Katrina Grant	Title II Part A	Title II Part D	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,694,985
Intermediate sources	-	-	-	-	1,500
State sources	-	-	-	-	321,442
Federal sources	80	11,750	88,371	3,403	1,120,208
Sale of property, adjustments and refunds	-	-	-	-	122,591
Total receipts	<u>80</u>	<u>11,750</u>	<u>88,371</u>	<u>3,403</u>	<u>4,260,726</u>
Disbursements:					
Current:					
Instruction	1,770	-	66,626	-	893,293
Support services	637	-	16,607	2,623	2,977,114
Community services	-	-	-	-	15,512
Nonprogrammed charges	-	-	-	-	375,861
Debt services	-	-	-	-	64,463
Total disbursements	<u>2,407</u>	<u>-</u>	<u>83,233</u>	<u>2,623</u>	<u>4,326,243</u>
Excess (deficiency) of receipts over disbursements	<u>(2,327)</u>	<u>11,750</u>	<u>5,138</u>	<u>780</u>	<u>(65,516)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	170,636
Transfers out	-	-	-	-	(170,636)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,327)</u>	<u>11,750</u>	<u>5,138</u>	<u>780</u>	<u>(65,516)</u>
Cash and investments - beginning	<u>65,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,730</u>
Cash and investments - ending	<u>\$ 63,564</u>	<u>\$ 11,750</u>	<u>\$ 5,138</u>	<u>\$ 780</u>	<u>\$ 489,214</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 63,564</u>	<u>\$ 11,750</u>	<u>\$ 5,138</u>	<u>\$ 780</u>	<u>\$ 489,214</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 63,564</u>	<u>\$ 11,750</u>	<u>\$ 5,138</u>	<u>\$ 780</u>	<u>\$ 489,214</u>

SUNMAN-DEARBORN 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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	R-O-D Capital Projects	R-O-D Transportation
Receipts:						
Local sources	\$ 20,988	\$ 1,241,500	\$ 331,603	\$ -	\$ 250,987	\$ 37,527
Intermediate sources	-	-	-	-	-	-
State sources	87,184	26,460	29,115	-	-	-
Federal sources	-	282,628	-	-	-	-
Sale of property, adjustments and refunds	-	7,217	1,566	-	-	-
Total receipts	108,172	1,557,805	362,284	-	250,987	37,527
Disbursements:						
Current:						
Instruction	-	-	-	-	39,884	-
Support services	-	1,485,173	318,953	-	55,577	30,765
Community services	-	-	-	-	-	-
Nonprogrammed charges	107,929	-	-	-	-	-
Debt services	-	-	-	-	65,130	-
Total disbursements	107,929	1,485,173	318,953	-	160,591	30,765
Excess (deficiency) of receipts over disbursements	243	72,632	43,331	-	90,396	6,762
Other financing sources (uses):						
Transfers in	-	-	-	203,661	-	-
Transfers out	(243)	-	-	(203,661)	-	-
Total other financing sources (uses)	(243)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	72,632	43,331	-	90,396	6,762
Cash and investments - beginning	-	164,732	(71,005)	-	257,846	42,211
Cash and investments - ending	<u>\$ -</u>	<u>\$ 237,364</u>	<u>\$ (27,674)</u>	<u>\$ -</u>	<u>\$ 348,242</u>	<u>\$ 48,973</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 237,364</u>	<u>\$ (27,674)</u>	<u>\$ -</u>	<u>\$ 348,242</u>	<u>\$ 48,973</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 237,364</u>	<u>\$ (27,674)</u>	<u>\$ -</u>	<u>\$ 348,242</u>	<u>\$ 48,973</u>

SUNMAN-DEARBORN 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)

	R-O-D Preschool	Educational License Plates	Safe Haven	Donations	Summer Art	UCB Donation
Receipts:						
Local sources	\$ 439,417	\$ -	\$ -	\$ -	\$ 5,566	\$ 10,000
Intermediate sources	-	2,681	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>439,417</u>	<u>2,681</u>	<u>-</u>	<u>-</u>	<u>5,566</u>	<u>10,000</u>
Disbursements:						
Current:						
Instruction	219,238	-	-	1,000	9,119	-
Support services	60,921	877	162	310	601	-
Community services	-	-	2,984	-	-	-
Nonprogrammed charges	158,022	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>438,181</u>	<u>877</u>	<u>3,146</u>	<u>1,310</u>	<u>9,720</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,236</u>	<u>1,804</u>	<u>(3,146)</u>	<u>(1,310)</u>	<u>(4,154)</u>	<u>10,000</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,236</u>	<u>1,804</u>	<u>(3,146)</u>	<u>(1,310)</u>	<u>(4,154)</u>	<u>10,000</u>
Cash and investments - beginning	<u>(136,076)</u>	<u>6,833</u>	<u>-</u>	<u>1,573</u>	<u>1,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ (134,840)</u>	<u>\$ 8,637</u>	<u>\$ (3,146)</u>	<u>\$ 263</u>	<u>\$ (3,154)</u>	<u>\$ 10,000</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (134,840)</u>	<u>\$ 8,637</u>	<u>\$ (3,146)</u>	<u>\$ 263</u>	<u>\$ (3,154)</u>	<u>\$ 10,000</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (134,840)</u>	<u>\$ 8,637</u>	<u>\$ (3,146)</u>	<u>\$ 263</u>	<u>\$ (3,154)</u>	<u>\$ 10,000</u>

SUNMAN-DEARBORN 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)

	Rising Sun Regional Foundation	Summer Recreation	Donation Education Foundation	CAPE Grant	CAPE Matching	AED Project
Receipts:						
Local sources	\$ 47,317	\$ 15,312	\$ 253,082	\$ -	\$ -	\$ 18,983
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	78,549	-	-
Total receipts	47,317	15,312	253,082	78,549	-	18,983
Disbursements:						
Current:						
Instruction	-	-	12,642	-	-	-
Support services	-	328	20,743	87,545	5,842	13,472
Community services	-	25,101	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	25,428	33,385	87,545	5,842	13,472
Excess (deficiency) of receipts over disbursements	47,317	(10,116)	219,697	(8,997)	(5,842)	5,511
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,317	(10,116)	219,697	(8,997)	(5,842)	5,511
Cash and investments - beginning	-	18,268	(71,394)	(734)	100,000	-
Cash and investments - ending	<u>\$ 47,317</u>	<u>\$ 8,152</u>	<u>\$ 148,303</u>	<u>\$ (9,730)</u>	<u>\$ 94,158</u>	<u>\$ 5,511</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 47,317</u>	<u>\$ 8,152</u>	<u>\$ 148,303</u>	<u>\$ (9,730)</u>	<u>\$ 94,158</u>	<u>\$ 5,511</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 47,317</u>	<u>\$ 8,152</u>	<u>\$ 148,303</u>	<u>\$ (9,730)</u>	<u>\$ 94,158</u>	<u>\$ 5,511</u>

SUNMAN-DEARBORN 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)

	CASA Grant	Gifted/Talented 2005-06	Gifted/Talented 2006-07	R-O-D Medicaid State	Non-English Speaking Grant	Title I 2005-06
Receipts:						
Local sources	\$ 6,692	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	18,186	-	215	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	6,692	-	18,186	-	215	-
Disbursements:						
Current:						
Instruction	-	416	17,547	-	-	11,546
Support services	-	-	-	-	-	2,209
Community services	-	-	-	-	-	112
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	416	17,547	-	-	13,867
Excess (deficiency) of receipts over disbursements	6,692	(416)	639	-	215	(13,867)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(8,506)
Total other financing sources (uses)	-	-	-	-	-	(8,506)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,692	(416)	639	-	215	(22,373)
Cash and investments - beginning	-	416	-	5,028	-	22,373
Cash and investments - ending	<u>\$ 6,692</u>	<u>\$ -</u>	<u>\$ 639</u>	<u>\$ 5,028</u>	<u>\$ 215</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 6,692</u>	<u>\$ -</u>	<u>\$ 639</u>	<u>\$ 5,028</u>	<u>\$ 215</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 6,692</u>	<u>\$ -</u>	<u>\$ 639</u>	<u>\$ 5,028</u>	<u>\$ 215</u>	<u>\$ -</u>

SUNMAN-DEARBORN 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)

	Title I 2006-07	Title V Part A 2005-06	Title V Part A 2007-08	R-O-D Carryover 2006-07	R-O-D Carryover 2004-05	R-O-D Federal Grant 2006-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	166,507	-	5,858	(300,000)	-	1,930,120
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>166,507</u>	<u>-</u>	<u>5,858</u>	<u>(300,000)</u>	<u>-</u>	<u>1,930,120</u>
Disbursements:						
Current:						
Instruction	118,136	4,000	-	211,186	37,815	848,191
Support services	16,672	502	106	71,519	7,289	619,899
Community services	1,037	-	-	-	-	-
Nonprogrammed charges	-	-	-	139,926	-	562,319
Debt services	-	-	-	-	-	-
Total disbursements	<u>135,845</u>	<u>4,502</u>	<u>106</u>	<u>422,631</u>	<u>45,104</u>	<u>2,030,409</u>
Excess (deficiency) of receipts over disbursements	<u>30,662</u>	<u>(4,502)</u>	<u>5,752</u>	<u>(722,631)</u>	<u>(45,104)</u>	<u>(100,289)</u>
Other financing sources (uses):						
Transfers in	8,506	-	-	882,990	-	-
Transfers out	-	-	(2,929)	-	-	-
Total other financing sources (uses)	<u>8,506</u>	<u>-</u>	<u>(2,929)</u>	<u>882,990</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>39,168</u>	<u>(4,502)</u>	<u>2,823</u>	<u>160,359</u>	<u>(45,104)</u>	<u>(100,289)</u>
Cash and investments - beginning	<u>-</u>	<u>4,502</u>	<u>-</u>	<u>-</u>	<u>45,104</u>	<u>-</u>
Cash and investments - ending	<u>\$ 39,168</u>	<u>\$ -</u>	<u>\$ 2,823</u>	<u>\$ 160,359</u>	<u>\$ -</u>	<u>\$ (100,289)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 39,168</u>	<u>\$ -</u>	<u>\$ 2,823</u>	<u>\$ 160,359</u>	<u>\$ -</u>	<u>\$ (100,289)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 39,168</u>	<u>\$ -</u>	<u>\$ 2,823</u>	<u>\$ 160,359</u>	<u>\$ -</u>	<u>\$ (100,289)</u>

SUNMAN-DEARBORN 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)

	R-O-D Building Capacity 2005-06	R-O-D Preschool 2005-06	R-O-D Federal Preschool	Drug Free 2005-06	Drug Free 2006-07	R-O-D Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	119,925	-	-	-
Federal sources	-	-	-	-	9,771	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	119,925	-	9,771	-
Disbursements:						
Current:						
Instruction	-	(12,262)	73,167	8,229	2,295	60,662
Support services	9,075	(2,092)	18,933	-	1,000	2,902
Community services	-	-	3,695	-	-	-
Nonprogrammed charges	-	14,354	24,130	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	9,075	-	119,925	8,229	3,295	63,564
Excess (deficiency) of receipts over disbursements	(9,075)	-	-	(8,229)	6,476	(63,564)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,885)	-
Total other financing sources (uses)	-	-	-	-	(4,885)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,075)	-	-	(8,229)	1,591	(63,564)
Cash and investments - beginning	9,075	-	-	8,229	-	63,564
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,591	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 1,591	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 1,591	\$ -

SUNMAN-DEARBORN 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)

	Hurricane Katrina Relief	Team Nutrition Grant	Title II Part A	Title II Part D	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,678,974
Intermediate sources	-	-	-	-	2,681
State sources	-	-	-	-	281,085
Federal sources	10,750	500	107,971	-	2,214,105
Sale of property, adjustments and refunds	-	-	-	-	87,332
Total receipts	10,750	500	107,971	-	5,264,176
Disbursements:					
Current:					
Instruction	22,500	463	92,186	-	1,777,960
Support services	-	-	18,273	780	2,848,336
Community services	-	-	-	-	32,929
Nonprogrammed charges	-	-	-	-	1,006,680
Debt services	-	-	-	-	65,130
Total disbursements	22,500	463	110,459	780	5,731,034
Excess (deficiency) of receipts over disbursements	(11,750)	37	(2,488)	(780)	(466,858)
Other financing sources (uses):					
Transfers in	-	-	7,814	-	1,102,971
Transfers out	-	-	-	-	(220,224)
Total other financing sources (uses)	-	-	7,814	-	882,747
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,750)	37	5,326	(780)	415,889
Cash and investments - beginning	11,750	-	5,138	780	489,214
Cash and investments - ending	\$ -	\$ 37	\$ 10,464	\$ -	\$ 905,103
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 37	\$ 10,464	\$ -	\$ 905,103
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ -	\$ 37	\$ 10,464	\$ -	\$ 905,103

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Sunman-Dearborn Intermediate School	\$ 29,105,000	\$ 2,870,000
North Dearborn Elementary	932,500	206,000
East Central High School	41,210,000	2,559,000
Common School Loans		
Bright Elementary	2,359,940	486,059
Sunman-Dearborn Middle School	33,969	35,498
Pension Bonds	<u>13,220,000</u>	<u>1,151,497</u>
Total governmental activities debt	<u>\$ 86,861,409</u>	<u>\$ 7,308,054</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations approved by the Indiana Department of Local Government Finance:

Fund	Year	Excess Amount Expended
Special Education Preschool	2006	\$ 3,177
General	2006	55,453
Pension Debt	2006	10,573
Transportation - Operating	2006	528,412

A similar comment was reported in the prior Report B27059.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn in the amount indicated as of June 30, 2006 and 2007:

Fund	2006	2007
General	\$ (1,103,225)	\$ (1,859,764)
Transportation	(386,261)	(925,360)
Capital Projects	(174,727)	-
Textbook Rental	(71,005)	(27,674)
R-O-D Preschool	(136,076)	(134,840)
Donation - Education Foundation	(71,394)	-
Debt Service	-	(904,110)
Construction	-	(3,561)
Safe Haven	-	(3,146)
Summer Art	-	(3,154)
Cape Grant	-	(9,730)
R-O-D Federal Grant 2006-07	-	(100,289)

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

CAPITAL ASSET RECORDS

Information presented for audit did not indicate that a complete inventory or record of capital assets was maintained as of June 30, 2007.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

A similar comment was reported in the prior Report B27059.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PROMOTIONAL EXPENSES

Staff meals, awards and gifts were being purchased from the promotional appropriation account of the General Fund. The purchase of these items in school year 2006-2007 exceeded the \$1 per pupil limit set by statute for promotional expenses. The following schedule compares the school's promotional expenses to the statutory maximum:

Corporation	\$	5,690
Less: \$1 per pupil based on 2005-06 ADM		<u>(4,222)</u>
Excess Promotional Expenses	\$	<u>1,468</u>

Indiana Code 20-26-5-4 states in part: ". . . the governing body acting on the school corporation's behalf has the following specific powers: . . . (3) To appropriate from the school corporation's general fund an amount, not to exceed . . . one dollar (\$1) per pupil . . . based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through: (A) the purchase of meals, decorations, memorabilia, or awards . . ."

GENERAL FUND PURCHASES (Applies to North Dearborn Elementary School)

The General Fund, whose sources of revenues were derived mainly from fundraisers, donations, and miscellaneous receipts, had disbursements for educational (School Corporation) supplies and materials, and equipment. According to School Officials, some donations were received for School Corporation type expenditures. Since there were various types of receipts being commingled in the General Fund, we were unable to determine if the receipts were expended for the purpose intended by either the donor or the initial purpose of the fundraiser.

Additionally, the School Board has not established a formal policy authorizing the purchase of School Corporation type expenditures from the General Fund.

A similar comment was reported in the prior Report B27059.

Indiana Code 20-26-5-4 states in part: "In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers: . . . (5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes . . ."

Therefore, extra-curricular equipment purchases should be approved prior to purchase by the Board of School Trustees. (Accounting and Uniform Compliance Guideline for Extra-Curricular Accounts, Chapter 1)

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

The State Board of Accounts will not take audit exception to a school having disbursements from an extracurricular "general fund" for authorized corporation type expenditures, such as equipment, supplies, etc., with the following conditions:

- (1) A policy has been adopted by a school board in a public meeting authorizing these types of expenditures.
- (2) Providing there are no objections from a majority of an applicable student body to these types of expenditures.
- (3) Equipment purchased would still require separate approval from the local school board.

6) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

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

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

TO: THE OFFICIALS OF THE SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

Compliance

We have audited the compliance of the Sunman-Dearborn 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.

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

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.

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)

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.

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.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

April 1, 2008

SUNMAN-DEARBORN 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
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY06	\$ 48,629	\$ -
		FY07	-	49,637
National School Lunch Program	10.555	FY06	260,949	-
		FY07	-	331,012
			<u>309,578</u>	<u>380,649</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-052-SN01	6,061	-
		14205-052-PN01	632,138	45,104
		14205-052-DY01	40,318	9,075
		14206-052-PN01	2,004,885	1,072,197
		14207-052-PN01	-	2,030,409
			<u>2,683,402</u>	<u>3,156,785</u>
Total for program				
Special Education - Preschool Grants	84.173			
		45706-052-PN01	119,922	-
		45707-052-PN01	-	119,925
			<u>119,922</u>	<u>119,925</u>
Total for program				
Total for cluster			<u>2,803,324</u>	<u>3,276,710</u>
Title I Grants to Local Educational Agencies	84.010			
		05-1560	15,704	-
		06-1560	134,799	22,373
		07-1560	-	135,845
			<u>150,503</u>	<u>158,218</u>
Total for program				
Safe and Drug Free Schools and Communities - State Grants	84.186			
		04-007	3,743	-
		05-023	4,561	8,229
		1560-06	-	8,180
			<u>8,304</u>	<u>16,409</u>
Total for program				
State Grants for Innovative Programs	84.298			
		05-021	7,297	4,503
		06-1561	-	3,035
			<u>7,297</u>	<u>7,538</u>
Total for program				
Education Technology State Grants	84.318	FY05	2,623	780
Improving Teacher Quality State Grants	84.367			
		05-061	83,233	110,459
Hurricane Education Recovery	84.938			
		FY07	-	22,500
Total for federal grantor agency			<u>3,055,284</u>	<u>3,592,614</u>
Total federal awards expended			<u>\$ 3,364,862</u>	<u>\$ 3,973,263</u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sunman-Dearborn 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.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:
 Material weaknesses identified? yes
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? yes

Federal Awards:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
N/A	Special Education Cluster
N/A	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2008 with John Roeder, Superintendent of Schools; Mary Ann Neff, Treasurer; and Kim Weber, President of the School Board. The officials concurred with our audit findings.