

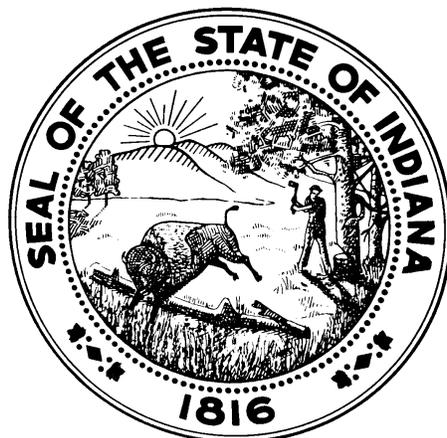
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION

PARKE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

03/06/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
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	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	11-12
Notes to Financial Statements	13-23
Required Supplementary Information:	
Schedule of Funding Progress	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-32
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	33-37
Schedule of Long-Term Debt	38
Audit Results and Comments:	
Contracts	39
Credit Cards	39
Overdrawn Fund Balances	40
Timely Recordkeeping	40
Transportation Fund – Record of Hours Worked	40
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	42-43
Schedule of Expenditures of Federal Awards	44
Notes to Schedule of Expenditures of Federal Awards.....	45
Schedule of Findings and Questioned Costs	46
Exit Conference.....	47

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheri L. Peacock	07-01-06 to 06-30-09
Superintendent of Schools	Leonard R. Orr	07-01-06 to 06-30-09
President of the School Board	Mark A. Davis	07-01-06 to 06-30-09



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 SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Parke Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 15, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 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 required parts 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

January 15, 2009



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Fax: (317) 232-4711
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Parke Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 15, 2009. 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.

We noted certain matters that we reported to management in a separate letter dated January 15, 2009.

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

STATE BOARD OF ACCOUNTS

January 15, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,606,866	\$ -	\$ 43,982	\$ (4,562,884)
Support services	3,363,204	253,167	255,839	(2,854,198)
Community services	102,146	-	-	(102,146)
Nonprogrammed charges	213,830	-	-	(213,830)
Debt service	3,311,551	-	-	(3,311,551)
Total government	\$ 11,597,597	\$ 253,167	\$ 299,821	(11,044,609)
General receipts:				
Property taxes				2,398,924
Other local sources				584,656
State aid				4,846,961
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				352,424
Sale of property, adjustments, and refunds				39,425
Investment earnings				170,225
Total general receipts				10,392,615
Change in net assets				(651,994)
Net assets - beginning				4,002,444
Net assets - ending				\$ 3,350,450
 <u>Assets</u>				
Cash and investments				\$ 3,035,061
Restricted assets:				
Cash and investments				315,389
Total assets				\$ 3,350,450
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 315,389
Unrestricted				3,035,061
Total net assets				\$ 3,350,450

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,784,054	\$ -	\$ 108,900	\$ (4,675,154)
Support services	3,749,767	216,704	310,426	(3,222,637)
Community services	63,162	-	-	(63,162)
Nonprogrammed charges	106,057	-	-	(106,057)
Debt service	3,225,987	-	-	(3,225,987)
Total government	\$ 11,929,027	\$ 216,704	\$ 419,326	(11,292,997)
General receipts:				
Property taxes				3,119,908
Other local sources				1,018,953
State aid				4,333,392
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				312,458
Sale of property, adjustments, and refunds				15,226
Investment earnings				126,950
Total general receipts, interfund loans, transfers, and special items				10,926,887
Change in net assets				(366,110)
Net assets - beginning				3,350,450
Net assets - ending				\$ 2,984,340
<u>Assets</u>				
Cash and investments				\$ 2,381,944
Restricted assets:				
Cash and investments				602,396
Total assets				\$ 2,984,340
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 602,396
Unrestricted				2,381,944
Total net assets				\$ 2,984,340

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

SOUTHWEST PARKE 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	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,146,469	\$ 332,354	\$ -	\$ 1,098,431	\$ 460,273	\$ 33,775	\$ 334,570	\$ 3,405,872
Intermediate sources	576	-	-	-	-	-	525	1,101
State sources	4,879,022	-	-	-	-	-	80,226	4,959,248
Federal sources	-	-	-	-	-	-	539,957	539,957
Bonds and loans	-	666,668	-	666,666	666,666	-	-	2,000,000
Sale of property, adjustments and refunds	34,136	-	-	-	-	-	5,289	39,425
Total receipts	6,060,203	999,022	-	1,765,097	1,126,939	33,775	960,567	10,945,603
Disbursements:								
Current:								
Instruction	4,214,375	-	-	-	-	-	392,491	4,606,866
Support services	1,548,525	489,185	2,000	-	552,791	42,696	728,007	3,363,204
Community services	86,939	-	-	-	-	-	15,207	102,146
Nonprogrammed charges	213,830	-	-	-	-	-	-	213,830
Debt services	-	666,500	-	1,978,551	666,500	-	-	3,311,551
Total disbursements	6,063,669	1,155,685	2,000	1,978,551	1,219,291	42,696	1,135,705	11,597,597
Excess (deficiency) of receipts over disbursements	(3,466)	(156,663)	(2,000)	(213,454)	(92,352)	(8,921)	(175,138)	(651,994)
Other financing sources (uses):								
Transfers in	33,696	33,195	9,512	-	-	-	56,650	133,053
Transfers out	(18,661)	-	-	(59,934)	(9,040)	(10,157)	(35,261)	(133,053)
Total other financing sources (uses)	15,035	33,195	9,512	(59,934)	(9,040)	(10,157)	21,389	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,569	(123,468)	7,512	(273,388)	(101,392)	(19,078)	(153,749)	(651,994)
Cash and investments - beginning	1,055,716	659,160	390,488	588,777	852,585	-	455,718	4,002,444
Cash and investments - ending	\$ 1,067,285	\$ 535,692	\$ 398,000	\$ 315,389	\$ 751,193	\$ (19,078)	\$ 301,969	\$ 3,350,450
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,067,285	\$ 535,692	\$ 398,000	\$ -	\$ 751,193	\$ (19,078)	\$ 301,969	\$ 3,035,061
Restricted assets:								
Cash and investments	-	-	-	315,389	-	-	-	315,389
Total cash and investment assets - ending	\$ 1,067,285	\$ 535,692	\$ 398,000	\$ 315,389	\$ 751,193	\$ (19,078)	\$ 301,969	\$ 3,350,450
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 315,389	\$ -	\$ -	\$ -	\$ 315,389
Unrestricted	1,067,285	535,692	398,000	-	751,193	(19,078)	301,969	3,035,061
Total cash and investment fund balance - ending	\$ 1,067,285	\$ 535,692	\$ 398,000	\$ 315,389	\$ 751,193	\$ (19,078)	\$ 301,969	\$ 3,350,450

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

SOUTHWEST PARKE 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, 2008

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,711,409	\$ 391,832	\$ 7,382	\$ 1,522,813	\$ 510,124	\$ 42,005	\$ 296,288	\$ 4,481,853
Intermediate sources	288	-	-	-	-	-	375	663
State sources	4,412,936	-	-	-	-	-	103,005	4,515,941
Federal sources	-	-	-	-	-	-	549,234	549,234
Bonds and loans	-	666,668	-	666,666	666,666	-	-	2,000,000
Sale of property, adjustments and refunds	6,277	-	-	-	216	-	8,733	15,226
Total receipts	6,130,910	1,058,500	7,382	2,189,479	1,177,006	42,005	957,635	11,562,917
Disbursements:								
Current:								
Instruction	4,422,279	-	-	-	-	-	361,775	4,784,054
Support services	1,806,335	549,374	40,890	9,819	781,850	-	561,499	3,749,767
Community services	55,054	-	-	-	-	-	8,108	63,162
Nonprogrammed charges	106,057	-	-	-	-	-	-	106,057
Debt services	-	666,668	-	1,892,653	666,666	-	-	3,225,987
Total disbursements	6,389,725	1,216,042	40,890	1,902,472	1,448,516	-	931,382	11,929,027
Excess (deficiency) of receipts over disbursements	(258,815)	(157,542)	(33,508)	287,007	(271,510)	42,005	26,253	(366,110)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	64,432	64,432
Transfers out	(63,778)	-	-	-	-	-	(654)	(64,432)
Total other financing sources (uses)	(63,778)	-	-	-	-	-	63,778	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(322,593)	(157,542)	(33,508)	287,007	(271,510)	42,005	90,031	(366,110)
Cash and investments - beginning	1,067,285	535,692	398,000	315,389	751,193	(19,078)	301,969	3,350,450
Cash and investments - ending	\$ 744,692	\$ 378,150	\$ 364,492	\$ 602,396	\$ 479,683	\$ 22,927	\$ 392,000	\$ 2,984,340
Cash and Investment Assets - Ending								
Cash and investments	\$ 744,692	\$ 378,150	\$ 364,492	\$ -	\$ 479,683	\$ 22,927	\$ 392,000	\$ 2,381,944
Restricted assets:								
Cash and investments	-	-	-	602,396	-	-	-	602,396
Total cash and investment assets - ending	\$ 744,692	\$ 378,150	\$ 364,492	\$ 602,396	\$ 479,683	\$ 22,927	\$ 392,000	\$ 2,984,340
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 602,396	\$ -	\$ -	\$ -	\$ 602,396
Unrestricted	744,692	378,150	364,492	-	479,683	22,927	392,000	2,381,944
Total cash and investment fund balance - ending	\$ 744,692	\$ 378,150	\$ 364,492	\$ 602,396	\$ 479,683	\$ 22,927	\$ 392,000	\$ 2,984,340

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 33,948	
Deductions:		
Administrative and general	24,311	
Excess of total additions over total deductions	9,637	
Cash and investment fund balance - beginning	14,721	
Cash and investment fund balance - ending	\$ 24,358	\$ 17,562
Net assets:		
Cash and investments	\$ 24,358	
Total net assets - cash and investment basis held in trust	\$ 24,358	

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 34,287	
Deductions:		
Administrative and general	30,245	
Excess of total additions over total deductions	4,042	
Cash and investment fund balance - beginning	24,358	
Cash and investment fund balance - ending	\$ 28,400	\$ 24,990
Net assets:		
Cash and investments	\$ 28,400	
Total net assets - cash and investment basis held in trust	\$ 28,400	

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Joint Venture

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

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

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The rainy day fund is established by the School Board of Trustees by resolution. The resolution sets up the use of funds for the following purposes: Bus purchases, land purchases, utilities, corporation vehicle purchases, property and casualty insurance, professional development, bus insurance and computer hardware and software.

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

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

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

Additionally, the School Corporation reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, 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 December 31 of the year collected.

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

3. 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.

4. 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.

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of 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.

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
School Bus Replacement	\$ 19,078	\$ -
K+ Daycare Program	54,171	10,454
Professional Development	443	-
Montezuma PCCF Grants	74	-
Class Size Reduction	14,724	26,049
Technology Development	-	95

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

III. Detailed Notes on All Funds

A. Deposits 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. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other Governmental Funds	\$ 18,661	\$ 63,778
Capital Projects Fund	Other Governmental Funds	9,040	-
School Bus Replacement	Other Governmental Funds	645	-
Debt Service	Other Governmental Funds	26,739	-
Other Governmental Funds	Other Governmental Funds	1,565	654
School Bus Replacement	Rainy Day Fund	9,512	-
Debt Service	Transportation Operating	33,195	-
Other Governmental Funds	General Fund	33,696	-
Totals		<u>\$ 133,053</u>	<u>\$ 64,432</u>

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

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, retirees, and dependents (excluding postemployment benefits); and natural disasters.

Risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees and natural disasters

Effective January 1, 2008, the School Corporation joined together with other governmental entities to form the Educational Service Centers Risk Funding Trust. A public entity risk pool currently operating as a common risk management and insurance program for twenty two member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of property, casualty, errors and omissions and job related illnesses or injuries to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per member for their lifetime. The risk pool does not obtain independent coverage for insured events in excess of the \$5,000,000 limit.

Medical Benefits to Employees, Retirees, and Dependents

During 1992, the School Corporation joined together with other governmental entities to form the Wabash Valley/West Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for seventeen member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of health insurance and benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per member for their lifetime. The risk pool does not obtain independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Southwest Parke Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments to the lessor for the fiscal years ended June 30, 2007 and 2008 were \$1,096,631 and \$1,071,000 respectively.

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

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 44,297
Interest on net pension obligation	169
Adjustment to annual required contribution	(192)
Annual pension cost	44,274
Contributions made	31,027
Increase (decrease) in net pension obligation	13,247
Net pension obligation, beginning of year	2,329
Net pension obligation, end of year	\$ 15,576

	PERF
Contribution rates:	
School Corporation	4%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
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%

SOUTHWEST PARKE 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	06-30-05	\$ 19,425	146%	\$ (5,184)
	06-30-06	34,722	78%	2,329
	06-30-07	44,274	70%	15,576

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.

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$214,738 \$192,820, and \$214,838, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

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

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 631,589	\$ 718,843	\$ (87,254)	88%	\$ 552,346	(16%)
07-01-06	719,048	798,082	(79,034)	90%	624,924	(13%)
07-01-07	775,080	816,479	(41,399)	95%	643,050	(6%)

SOUTHWEST PARKE 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 Ed Preschool	School Lunch	Textbook Rental	Levy Excess	K+ Daycare Program	Education License Plate	Gifted and Talented
Receipts:							
Local sources	\$ 2,457	\$ 165,718	\$ 76,172	\$ -	\$ 65,107	\$ -	\$ -
Intermediate sources	-	-	-	-	-	525	-
State sources	22,521	4,041	17,206	-	-	-	11,919
Federal sources	-	210,054	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	24,978	379,813	93,378	-	65,107	525	11,919
Disbursements:							
Current:							
Instruction	23,375	-	-	-	111,677	29	11,919
Support services	-	420,816	111,150	-	-	-	-
Community services	-	-	-	-	-	-	-
Total disbursements	23,375	420,816	111,150	-	111,677	29	11,919
Excess (deficiency) of receipts over disbursements	1,603	(41,003)	(17,772)	-	(46,570)	496	-
Other financing sources (uses):							
Transfers in	-	-	-	55,134	-	-	-
Transfers out	(49)	-	-	-	-	-	-
Total other financing sources (uses)	(49)	-	-	55,134	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,554	(41,003)	(17,772)	55,134	(46,570)	496	-
Cash and investments - beginning	9,681	135,355	24,393	-	(7,601)	944	-
Cash and investments - ending	\$ 11,235	\$ 94,352	\$ 6,621	\$ 55,134	\$ (54,171)	\$ 1,440	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 11,235	\$ 94,352	\$ 6,621	\$ 55,134	\$ (54,171)	\$ 1,440	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 11,235	\$ 94,352	\$ 6,621	\$ 55,134	\$ (54,171)	\$ 1,440	\$ -

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

SOUTHWEST PARKE 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)

	Medicaid Reimbursement	Rosedale Clubs	Non English Speaking Grant	Buddy Parent Family Training	E-Rate Fund	Buddy Step Up Grant	Buddy Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	24,539	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,600	-	-	3,689	-	-
Total receipts	24,539	1,600	-	-	3,689	-	-
Disbursements:							
Current:							
Instruction	-	1,492	-	971	3,390	27	1,443
Support services	-	-	-	-	-	-	-
Community services	15,207	-	-	-	-	-	-
Total disbursements	15,207	1,492	-	971	3,390	27	1,443
Excess (deficiency) of receipts over disbursements	9,332	108	-	(971)	299	(27)	(1,443)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(33,696)	-	-	-	-	-	-
Total other financing sources (uses)	(33,696)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,364)	108	-	(971)	299	(27)	(1,443)
Cash and investments - beginning	24,992	83	24	971	20,240	27	1,443
Cash and investments - ending	<u>\$ 628</u>	<u>\$ 191</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 20,539</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 628</u>	<u>\$ 191</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 20,539</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 628</u>	<u>\$ 191</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 20,539</u>	<u>\$ -</u>	<u>\$ -</u>

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

SOUTHWEST PARKE 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)

	Professional Development	Tech Connection Leadership	Distance Learning	Title V	Title I	Drug Free Schools 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	1,678	200,251	3,032
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	1,678	200,251	3,032
Disbursements:						
Current:						
Instruction	-	-	-	2,189	148,415	50
Support services	-	-	-	-	17,849	-
Community services	-	-	-	-	-	-
Total disbursements	-	-	-	2,189	166,264	50
Excess (deficiency) of receipts over disbursements	-	-	-	(511)	33,987	2,982
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,516)
Total other financing sources (uses)	-	-	-	-	-	(1,516)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(511)	33,987	1,466
Cash and investments - beginning	7,462	970	321	3,681	59,638	-
Cash and investments - ending	<u>\$ 7,462</u>	<u>\$ 970</u>	<u>\$ 321</u>	<u>\$ 3,170</u>	<u>\$ 93,625</u>	<u>\$ 1,466</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,462	\$ 970	\$ 321	\$ 3,170	\$ 93,625	\$ 1,466
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 7,462</u>	<u>\$ 970</u>	<u>\$ 321</u>	<u>\$ 3,170</u>	<u>\$ 93,625</u>	<u>\$ 1,466</u>

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

SOUTHWEST PARKE 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)

	Drug Free Schools 06-07	Class Size Reduction	Education Thru Technology	Construction	Classroom Fee Accounts	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 8,112	\$ 17,004	\$ 334,570
Intermediate sources	-	-	-	-	-	525
State sources	-	-	-	-	-	80,226
Federal sources	1,516	123,426	-	-	-	539,957
Sale of property, adjustments and refunds	-	-	-	-	-	5,289
Total receipts	1,516	123,426	-	8,112	17,004	960,567
Disbursements:						
Current:						
Instruction	677	86,837	-	-	-	392,491
Support services	-	-	-	163,858	14,334	728,007
Community services	-	-	-	-	-	15,207
Total disbursements	677	86,837	-	163,858	14,334	1,135,705
Excess (deficiency) of receipts over disbursements	839	36,589	-	(155,746)	2,670	(175,138)
Other financing sources (uses):						
Transfers in	-	1,516	-	-	-	56,650
Transfers out	-	-	-	-	-	(35,261)
Total other financing sources (uses)	-	1,516	-	-	-	21,389
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	839	38,105	-	(155,746)	2,670	(153,749)
Cash and investments - beginning	4,514	(52,829)	2,083	202,436	16,890	455,718
Cash and investments - ending	<u>\$ 5,353</u>	<u>\$ (14,724)</u>	<u>\$ 2,083</u>	<u>\$ 46,690</u>	<u>\$ 19,560</u>	<u>\$ 301,969</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 5,353	\$ (14,724)	\$ 2,083	\$ 46,690	\$ 19,560	\$ 301,969
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 5,353</u>	<u>\$ (14,724)</u>	<u>\$ 2,083</u>	<u>\$ 46,690</u>	<u>\$ 19,560</u>	<u>\$ 301,969</u>

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

SOUTHWEST PARKE 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, 2008

	Special Ed Preschool	School Lunch	Textbook Rental	Levy Excess	K+ Daycare Program	Education License Plate
Receipts:						
Local sources	\$ 2,492	\$ 165,221	\$ 76,366	\$ -	\$ 32,980	\$ -
Intermediate sources	-	-	-	-	-	375
State sources	27,512	4,037	33,114	-	-	-
Federal sources	-	264,288	-	-	-	-
Sale of property, adjustments and refunds	-	-	150	-	-	-
Total receipts	30,004	433,546	109,630	-	32,980	375
Disbursements:						
Current:						
Instruction	30,250	-	-	-	53,695	1,717
Support services	-	406,145	64,776	-	-	-
Community services	-	-	-	-	-	-
Total disbursements	30,250	406,145	64,776	-	53,695	1,717
Excess (deficiency) of receipts over disbursements	(246)	27,401	44,854	-	(20,715)	(1,342)
Other financing sources (uses):						
Transfers in	-	-	-	-	64,432	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	64,432	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(246)	27,401	44,854	-	43,717	(1,342)
Cash and investments - beginning	11,235	94,352	6,621	55,134	(54,171)	1,440
Cash and investments - ending	<u>\$ 10,989</u>	<u>\$ 121,753</u>	<u>\$ 51,475</u>	<u>\$ 55,134</u>	<u>\$ (10,454)</u>	<u>\$ 98</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 10,989</u>	<u>\$ 121,753</u>	<u>\$ 51,475</u>	<u>\$ 55,134</u>	<u>\$ (10,454)</u>	<u>\$ 98</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 10,989</u>	<u>\$ 121,753</u>	<u>\$ 51,475</u>	<u>\$ 55,134</u>	<u>\$ (10,454)</u>	<u>\$ 98</u>

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

SOUTHWEST PARKE 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, 2008
 (Continued)

	Gifted and Talented	Technical Development	Medicaid Reimbursement	Rosedale Clubs	Non English Speaking Grant	E-Rate Fund
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	29,355	-	8,987	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	8,583
	<u>29,355</u>	<u>-</u>	<u>8,987</u>	<u>-</u>	<u>-</u>	<u>8,583</u>
Total receipts						
Disbursements:						
Current:						
Instruction	29,355	95	-	191	-	5,747
Support services	-	-	-	-	-	-
Community services	-	-	5,570	-	-	-
	<u>29,355</u>	<u>95</u>	<u>5,570</u>	<u>191</u>	<u>-</u>	<u>5,747</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(95)</u>	<u>3,417</u>	<u>(191)</u>	<u>-</u>	<u>2,836</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(630)	-	(24)	-
	<u>-</u>	<u>-</u>	<u>(630)</u>	<u>-</u>	<u>(24)</u>	<u>-</u>
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(95)</u>	<u>2,787</u>	<u>(191)</u>	<u>(24)</u>	<u>2,836</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>628</u>	<u>191</u>	<u>24</u>	<u>20,539</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (95)</u>	<u>\$ 3,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,375</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ (95)</u>	<u>\$ 3,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,375</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ (95)</u>	<u>\$ 3,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,375</u>

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

SOUTHWEST PARKE 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, 2008
 (Continued)

	Professional Development	Tech Connection Leadership	Distance Learning	Title V	Title I	Drug Free Schools 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	220,570	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	220,570	-
Disbursements:						
Current:						
Instruction	1,437	-	-	777	160,524	1,466
Support services	-	-	-	-	29,466	-
Community services	-	-	-	-	2,538	-
Total disbursements	1,437	-	-	777	192,528	1,466
Excess (deficiency) of receipts over disbursements	(1,437)	-	-	(777)	28,042	(1,466)
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	(1,437)	-	-	(777)	28,042	(1,466)
Cash and investments - beginning	7,462	970	321	3,170	93,625	1,466
Cash and investments - ending	<u>\$ 6,025</u>	<u>\$ 970</u>	<u>\$ 321</u>	<u>\$ 2,393</u>	<u>\$ 121,667</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 6,025</u>	<u>\$ 970</u>	<u>\$ 321</u>	<u>\$ 2,393</u>	<u>\$ 121,667</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 6,025</u>	<u>\$ 970</u>	<u>\$ 321</u>	<u>\$ 2,393</u>	<u>\$ 121,667</u>	<u>\$ -</u>

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

SOUTHWEST PARKE 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, 2008
 (Continued)

	Drug Free Schools 06-07	Class Size Reduction	Education Thru Technology	Construction	Classroom Fee Accounts	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 442	\$ 18,787	\$ 296,288
Intermediate sources	-	-	-	-	-	375
State sources	-	-	-	-	-	103,005
Federal sources	2,265	62,111	-	-	-	549,234
Sale of property, adjustments and refunds	-	-	-	-	-	8,733
Total receipts	2,265	62,111	-	442	18,787	957,635
Disbursements:						
Current:						
Instruction	1,096	73,436	1,989	-	-	361,775
Support services	-	-	-	45,364	15,748	561,499
Community services	-	-	-	-	-	8,108
Total disbursements	1,096	73,436	1,989	45,364	15,748	931,382
Excess (deficiency) of receipts over disbursements	1,169	(11,325)	(1,989)	(44,922)	3,039	26,253
Other financing sources (uses):						
Transfers in	-	-	-	-	-	64,432
Transfers out	-	-	-	-	-	(654)
Total other financing sources (uses)	-	-	-	-	-	63,778
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,169	(11,325)	(1,989)	(44,922)	3,039	90,031
Cash and investments - beginning	5,353	(14,724)	2,083	46,690	19,560	301,969
Cash and investments - ending	<u>\$ 6,522</u>	<u>\$ (26,049)</u>	<u>\$ 94</u>	<u>\$ 1,768</u>	<u>\$ 22,599</u>	<u>\$ 392,000</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 6,522</u>	<u>\$ (26,049)</u>	<u>\$ 94</u>	<u>\$ 1,768</u>	<u>\$ 22,599</u>	<u>\$ 392,000</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 6,522</u>	<u>\$ (26,049)</u>	<u>\$ 94</u>	<u>\$ 1,768</u>	<u>\$ 22,599</u>	<u>\$ 392,000</u>

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Professional Development	Project Aspire	Rosedale Elem. Grants	Rosedale Club Grants	PCCF Grant	Bully Prevention Grants	Montezuma Grant	Montezuma PCCF Grant
Additions:								
Contributions:								
Other	\$ 4,800	\$ -	\$ 1,885	\$ 200	\$ 2,943	\$ 3,000	\$ 1,000	\$ 1,500
Deductions:								
Administrative and general	5,243	-	2,944	-	2,943	2,410	375	1,574
Excess (deficiency) of total additions over total deductions	(443)	-	(1,059)	200	-	590	625	(74)
Cash and investment fund balance - beginning	-	1,015	2,003	-	-	2,410	-	-
Cash and investments - June 30	<u>\$ (443)</u>	<u>\$ 1,015</u>	<u>\$ 944</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 625</u>	<u>\$ (74)</u>
Net assets:								
Cash and investments	\$ (443)	\$ 1,015	\$ 944	\$ 200	\$ -	\$ 3,000	\$ 625	\$ (74)
Total net assets - cash and investment basis held in trust	<u>\$ (443)</u>	<u>\$ 1,015</u>	<u>\$ 944</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 625</u>	<u>\$ (74)</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year ended June 30, 2007
 (Continued)

	Donations	Vision Athena Mini Grant	Rosedale PCCF Grant	PCCF 4th Grade Grant	Bridges Comm. Service	Riverton Parke PCCF Grant	Totals
Additions:							
Contributions:							
Other	\$ 4,939	\$ -	\$ -	\$ 5,981	\$ 500	\$ 7,200	\$ 33,948
Deductions:							
Administrative and general	308	-	423	5,956	-	2,135	24,311
Excess (deficiency) of total additions over total deductions	4,631	-	(423)	25	500	5,065	9,637
Cash and investment fund balance - beginning	5,264	222	430	423	-	2,954	14,721
Cash and investments - June 30	<u>\$ 9,895</u>	<u>\$ 222</u>	<u>\$ 7</u>	<u>\$ 448</u>	<u>\$ 500</u>	<u>\$ 8,019</u>	<u>\$ 24,358</u>
Net assets:							
Cash and investments	\$ 9,895	\$ 222	\$ 7	\$ 448	\$ 500	\$ 8,019	\$ 24,358
Total net assets - cash and investment basis held in trust	<u>\$ 9,895</u>	<u>\$ 222</u>	<u>\$ 7</u>	<u>\$ 448</u>	<u>\$ 500</u>	<u>\$ 8,019</u>	<u>\$ 24,358</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	<u>Professional Development</u>	<u>Project Aspire</u>	<u>Rosedale Elem. Grants</u>	<u>Rosedale Club Grants</u>	<u>Premier Boxboard Grant</u>	<u>Bully Prevention Grants</u>
Additions:						
Contributions:	\$ 5,200	\$ -	\$ 691	\$ -	\$ 1,000	\$ -
Deductions:						
Administrative and general	<u>589</u>	<u>-</u>	<u>610</u>	<u>-</u>	<u>1,000</u>	<u>752</u>
Excess (deficiency) of total additions over total deductions	4,611	-	81	-	-	(752)
Cash and investment fund balance - beginning	<u>(443)</u>	<u>1,015</u>	<u>944</u>	<u>200</u>	<u>-</u>	<u>3,000</u>
Cash and investments - June 30	<u>\$ 4,168</u>	<u>\$ 1,015</u>	<u>\$ 1,025</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 2,248</u>
Net assets:						
Cash and investments	<u>\$ 4,168</u>	<u>\$ 1,015</u>	<u>\$ 1,025</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 2,248</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,168</u>	<u>\$ 1,015</u>	<u>\$ 1,025</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 2,248</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	<u>Montezuma Grant</u>	<u>Lyrical Literacy Grant</u>	<u>Montezuma PCCF Grant</u>	<u>Donations</u>	<u>Vision Athena Mini Grant</u>	<u>Rosedale PCCF Grant</u>
Additions:						
Contributions:	\$ -	\$ 6,000	\$ 3,530	\$ 149	\$ -	\$ 1,685
Deductions:						
Administrative and general	<u>440</u>	<u>6,000</u>	<u>3,215</u>	<u>2,467</u>	<u>-</u>	<u>1,635</u>
Excess (deficiency) of total additions over total deductions	(440)	-	315	(2,318)	-	50
Cash and investment fund balance - beginning	<u>625</u>	<u>-</u>	<u>(74)</u>	<u>9,895</u>	<u>222</u>	<u>7</u>
Cash and investments - June 30	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 241</u>	<u>\$ 7,577</u>	<u>\$ 222</u>	<u>\$ 57</u>
Net assets:						
Cash and investments	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 241</u>	<u>\$ 7,577</u>	<u>\$ 222</u>	<u>\$ 57</u>
Total net assets - cash and investment basis held in trust	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 241</u>	<u>\$ 7,577</u>	<u>\$ 222</u>	<u>\$ 57</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	PCCF 4th Grade Grant	Bridges Comm. Service	Rosedale Lilly Grants	Riverton Parke PCCF Grant	Totals
Additions:					
Contributions:	\$ 5,597	\$ -	\$ 500	\$ 9,935	\$ 34,287
Deductions:					
Administrative and general	5,271	-	500	7,766	30,245
Excess (deficiency) of total additions over total deductions	326	-	-	2,169	4,042
Cash and investment fund balance - beginning	448	500	-	8,019	24,358
Cash and investments - June 30	<u>\$ 774</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 10,188</u>	<u>\$ 28,400</u>
Net assets:					
Cash and investments	<u>\$ 774</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 10,188</u>	<u>\$ 28,400</u>
Total net assets - cash and investment basis held in trust	<u>\$ 774</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 10,188</u>	<u>\$ 28,400</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Buildings	\$ 11,135,000	\$ 1,003,500
Notes and loans payable:		
Tax anticipation warrants	2,000,000	2,046,600
Notes and loans payable	<u>165,622</u>	<u>35,151</u>
Total governmental activities debt	<u>\$ 13,300,622</u>	<u>\$ 3,085,251</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CONTRACTS

Records presented for audit indicated salaries were paid to administrative personnel in 2008 without preparation of written contracts. Salaries paid to administrative personnel in 2008 were approved by the School Board of Trustees, but contracts were not typed and presented for audit.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

The Southwest Parke Community School Corporation has multiple credit cards in use to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

OVERDRAWN FUND BALANCES

The School Bus Replacement Fund, K+ Daycare Program Fund, Professional Development Fund, Montezuma PCCF Grant Fund, and the Class Size Reduction Fund were overdrawn at June 30, 2007. The K+ Daycare Program Fund, Technical Development Fund, and the Class Size Reduction Fund were overdrawn at June 30, 2008.

The 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)

TIMELY RECORDKEEPING

The Treasurer writes checks at the end of each calendar year from various funds with unexpended fund and appropriation balances. The checks are retained, unsigned, in a locked cabinet. The checks are disbursed as the vendor submits bills which records expenses in a budget period in advance of the correct period. The recorded expenses were not material to the financial statements. A similar condition was reported in prior Reports B11055, B16020, B20100, B24785, and B29556.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSPORTATION FUND - RECORD OF HOURS WORKED

Portions of the Superintendent's and Corporation Treasurer's salaries were paid from the Transportation Fund. A record of hours worked on transportation services by these employees was not presented for audit. A similar comment appeared in prior Audit Reports B20100, B24785, and B29556.

IC 5-11-9-4 requires in part:

". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Southwest Parke Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. 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, 2007 and 2008.

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

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)

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.

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, the Southwest Parke Community School Corporation Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 15, 2009

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 67,511	\$ -
FY 06/07			-	70,177
FY 07/08			-	-
Total for program			<u>67,511</u>	<u>70,177</u>
National School Lunch Program	10.555		188,683	-
FY 06/07			-	190,634
FY 07/08			-	-
Total for program			<u>188,683</u>	<u>190,634</u>
Total for cluster			<u>256,194</u>	<u>260,811</u>
Total for federal grantor agency			<u>256,194</u>	<u>260,811</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010			
Project 06-6260			76,438	-
Project 07-6260			85,581	88,380
Project 08-6260			-	87,988
Total for program			<u>162,019</u>	<u>176,368</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - States Grants	84.186			
Project 6260-05			677	1,096
Project 6260-06			50	1,466
Total for program			<u>727</u>	<u>2,562</u>
Pass-Through Indiana Department of Education States Grants for Innovative Programs	84.298			
Project 05-0249			2,189	777
Project 06-6260			4,245	-
Project 06-6260			-	16,160
Total for program			<u>6,434</u>	<u>16,937</u>
Pass-Through Indiana Department of Education Education Technology State Grants	84.318			
Total for program			<u>-</u>	<u>1,989</u>
Total for program			<u>-</u>	<u>1,989</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
Project 06-6260			86,837	-
Project 07-6260			-	73,436
Total for program			<u>86,837</u>	<u>73,436</u>
Total for federal grantor agency			<u>256,017</u>	<u>271,292</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance	97.036			
Total for federal grantor agency			<u>2,522</u>	<u>-</u>
Total for federal grantor agency			<u>2,522</u>	<u>-</u>
Total federal awards expended			<u>\$ 514,733</u>	<u>\$ 532,103</u>

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

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

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 6,086	\$ 5,901
National School Lunch Program	10.555	16,701	15,959

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies 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
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Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 15, 2009, with Cheri L. Peacock, Treasurer; Leonard R. Orr, Superintendent of Schools; and Mark A. Davis, President of the School Board. The officials concurred with our audit findings.