

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

EXAMINATION REPORT
OF
UNION SCHOOL CORPORATION
RANDOLPH COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
03/09/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Jessee	07-01-06 to 06-30-09
Superintendent of Schools	Phil Dubbs (Interim) Dr. Zachary Rozelle Philip Wray	07-01-06 to 10-16-06 10-17-06 to 06-30-08 07-01-08 to 06-30-09
President of the School Board	Scott Houser Alan McCormick Greg Beumer	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE UNION SCHOOL CORPORATION, RANDOLPH COUNTY, INDIANA

We have examined the financial statements presented herein of the Union School Corporation (School Corporation), for the period of July 1, 2006 to June 30, 2008. The School Corporation's management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statements of the School Corporation for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subject to the examination procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 3, 2009

UNION 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	\$ 1,858,245	\$ -	\$ 25,615	\$ (1,832,630)
Support services	1,433,074	83,691	87,288	(1,262,095)
Community services	43,470	-	-	(43,470)
Nonprogrammed charges	268,901	-	-	(268,901)
Debt service	945,423	-	-	(945,423)
	<u>\$ 4,549,113</u>	<u>\$ 83,691</u>	<u>\$ 112,903</u>	<u>(4,352,519)</u>
Total governmental activities				
General receipts:				
Property taxes				1,051,507
Other local sources				311,268
State aid				2,068,608
Bonds and loans				336,000
Grants and contributions not restricted to specific programs				153,927
Sale of property, adjustments, and refunds				3,719
Investment earnings				54,615
				<u>3,979,644</u>
Total general receipts				
Change in net assets				(372,875)
Net assets - beginning				<u>1,065,461</u>
Net assets - ending				<u>\$ 692,586</u>
<u>Assets</u>				
Cash and investments				\$ 667,625
Restricted assets:				
Cash and investments				<u>24,961</u>
Total assets				<u>\$ 692,586</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 24,961
Unrestricted				<u>667,625</u>
Total net assets				<u>\$ 692,586</u>

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

UNION 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 1,927,016	\$ -	\$ 46,799	\$ (1,880,217)
Support services	1,529,665	126,951	31,359	(1,371,355)
Community services	48,312	-	-	(48,312)
Nonprogrammed charges	293,755	-	-	(293,755)
Debt service	837,599	-	-	(837,599)
Total governmental activities	<u>\$ 4,636,347</u>	<u>\$ 126,951</u>	<u>\$ 78,158</u>	<u>(4,431,238)</u>
General receipts:				
Property taxes				2,219,800
Other local sources				296,559
State aid				1,916,298
Grants and contributions not restricted to specific programs				151,751
Sale of property, adjustments, and refunds				4,223
Investment earnings				30,818
Total general receipts				<u>4,619,449</u>
Change in net assets				188,211
Net assets - beginning				<u>692,586</u>
Net assets - ending				<u>\$ 880,797</u>
<u>Assets</u>				
Cash and investments				\$ 872,978
Restricted assets:				
Cash and investments				<u>7,819</u>
Total assets				<u>\$ 880,797</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 7,819
Unrestricted				<u>872,978</u>
Total net assets				<u>\$ 880,797</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 599,543	\$ 227,901	\$ 244,894	\$ 227,183	\$ -	\$ 201,277	\$ 1,500,798
Intermediate sources	132	-	-	-	-	150	282
State sources	2,083,343	-	-	-	-	58,109	2,141,452
Federal sources	-	-	-	-	-	193,987	193,987
Bonds and loans	305,000	31,000	-	-	-	-	336,000
Sale of property, adjustments and refunds	-	-	-	-	-	3,719	3,719
Total receipts	<u>2,988,018</u>	<u>258,901</u>	<u>244,894</u>	<u>227,183</u>	<u>-</u>	<u>457,242</u>	<u>4,176,238</u>
Disbursements:							
Current:							
Instruction	1,667,478	-	-	-	-	190,767	1,858,245
Support services	619,565	309,987	-	222,581	61,851	219,090	1,433,074
Community services	43,470	-	-	-	-	-	43,470
Nonprogrammed charges	260,379	-	-	-	-	8,522	268,901
Debt services	400,000	40,000	370,856	-	-	134,567	945,423
Total disbursements	<u>2,990,892</u>	<u>349,987</u>	<u>370,856</u>	<u>222,581</u>	<u>61,851</u>	<u>552,946</u>	<u>4,549,113</u>
Excess (deficiency) of receipts over disbursements	<u>(2,874)</u>	<u>(91,086)</u>	<u>(125,962)</u>	<u>4,602</u>	<u>(61,851)</u>	<u>(95,704)</u>	<u>(372,875)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	50,000	50,000
Transfers out	-	-	-	(50,000)	-	-	(50,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Deficiency of receipts and other financing sources over disbursements and other financing uses	<u>(2,874)</u>	<u>(91,086)</u>	<u>(125,962)</u>	<u>(45,398)</u>	<u>(61,851)</u>	<u>(45,704)</u>	<u>(372,875)</u>
Cash and investments - beginning	<u>269,610</u>	<u>127,836</u>	<u>150,874</u>	<u>299,693</u>	<u>114,005</u>	<u>103,443</u>	<u>1,065,461</u>
Cash and investments - ending	<u>\$ 266,736</u>	<u>\$ 36,750</u>	<u>\$ 24,912</u>	<u>\$ 254,295</u>	<u>\$ 52,154</u>	<u>\$ 57,739</u>	<u>\$ 692,586</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 266,736	\$ 36,750	\$ -	\$ 254,295	\$ 52,154	\$ 57,690	\$ 667,625
Restricted assets:							
Cash and investments	-	-	24,912	-	-	49	24,961
Total cash and investment assets - ending	<u>\$ 266,736</u>	<u>\$ 36,750</u>	<u>\$ 24,912</u>	<u>\$ 254,295</u>	<u>\$ 52,154</u>	<u>\$ 57,739</u>	<u>\$ 692,586</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 24,912	\$ -	\$ -	\$ 49	\$ 24,961
Unrestricted	<u>266,736</u>	<u>36,750</u>	<u>-</u>	<u>254,295</u>	<u>52,154</u>	<u>57,690</u>	<u>667,625</u>
Total cash and investment fund balance - ending	<u>\$ 266,736</u>	<u>\$ 36,750</u>	<u>\$ 24,912</u>	<u>\$ 254,295</u>	<u>\$ 52,154</u>	<u>\$ 57,739</u>	<u>\$ 692,586</u>

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

UNION 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	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,358,383	\$ 384,669	\$ 347,735	\$ 257,424	\$ 13	\$ 325,594	\$ 2,673,818
Intermediate sources	236	-	-	-	-	75	311
State sources	1,935,999	-	-	-	-	52,410	1,988,409
Federal sources	-	-	-	-	-	157,797	157,797
Sale of property, adjustments and refunds	-	-	-	-	-	4,223	4,223
Total receipts	3,294,618	384,669	347,735	257,424	13	540,099	4,824,558
Disbursements:							
Current:							
Instruction	1,728,778	-	-	1,218	-	197,020	1,927,016
Support services	781,808	308,269	2,142	250,046	-	187,400	1,529,665
Community services	48,312	-	-	-	-	-	48,312
Nonprogrammed charges	283,001	-	-	653	-	10,101	293,755
Debt services	305,000	31,000	369,542	-	-	132,057	837,599
Total disbursements	3,146,899	339,269	371,684	251,917	-	526,578	4,636,347
Excess (deficiency) of receipts over disbursements	147,719	45,400	(23,949)	5,507	13	13,521	188,211
Cash and investments - beginning	266,736	36,750	24,912	254,295	52,154	57,739	692,586
Cash and investments - ending	\$ 414,455	\$ 82,150	\$ 963	\$ 259,802	\$ 52,167	\$ 71,260	\$ 880,797
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 414,455	\$ 82,150	\$ -	\$ 259,802	\$ 52,167	\$ 64,404	\$ 872,978
Restricted assets:							
Cash and investments	-	-	963	-	-	6,856	7,819
Total cash and investment assets - ending	\$ 414,455	\$ 82,150	\$ 963	\$ 259,802	\$ 52,167	\$ 71,260	\$ 880,797
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 963	\$ -	\$ -	\$ 6,856	\$ 7,819
Unrestricted	414,455	82,150	-	259,802	52,167	64,404	872,978
Total cash and investment fund balance - ending	\$ 414,455	\$ 82,150	\$ 963	\$ 259,802	\$ 52,167	\$ 71,260	\$ 880,797

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

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

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 3,366
Deductions:		
Benefits	91,750	-
Administrative and general	-	10,359
Total deductions	91,750	10,359
Deficiency of total additions over total deductions	(91,750)	(6,993)
Cash and investment fund balance - beginning	498,504	9,402
Cash and investment fund balance - ending	\$ 406,754	\$ 2,409
Net assets:		
Cash and investments	\$ 406,754	\$ 2,409
Total net assets - cash and investment basis held in trust	\$ 406,754	\$ 2,409

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Deductions:		
Benefits	\$ 60,097	\$ -
Administrative and general	<u>-</u>	<u>1,618</u>
Total deductions	<u>60,097</u>	<u>1,618</u>
Deficiency of total additions over total deductions	(60,097)	(1,618)
Cash and investment fund balance - beginning	<u>406,754</u>	<u>2,409</u>
Cash and investment fund balance - ending	<u>\$ 346,657</u>	<u>\$ 791</u>
Net assets:		
Cash and investments	<u>\$ 346,657</u>	<u>\$ 791</u>
Total net assets - cash and investment basis held in trust	<u>\$ 346,657</u>	<u>\$ 791</u>

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

UNION SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1. Introduction

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

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

The School Corporation is a participant with other school corporations in a joint venture to operate New Castle Area Vocational School Cooperative (Co-op) which was created to provide vocational education programs. The School Corporation is obligated by contract to remit \$33,244 and \$33,575, respectively, for the years ending June 30, 2007 and 2008, to supplement the Co-op. Complete financial statements for the Co-op may be obtained from New Castle Community School Corporation, Administrative Office, 522 Elliot Avenue, New Castle, Indiana.

The School Corporation is a participant with other school corporations in a joint venture to operate New Castle Area Programs for Exceptional Children Cooperative (Co-op) which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit \$226,544 and \$235,513, respectively, for the years ending June 30, 2007 and 2008 to supplement the Co-op. Complete financial statements for the Co-op may be obtained from New Castle Community School Corporation, Administrative Office, 522 Elliot Avenue, New Castle, Indiana.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

UNION SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individual recipients of the grants.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

UNION SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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.

Note 5. Deposits and Investments

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

UNION SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plans

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 this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's 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

UNION SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

account consists of members' 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 Cost

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.

UNION 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	Rainy Day	School Lunch	Textbook Rental	Excess Levy	Education License Plate	Gifted & Talented
Receipts:							
Local sources	\$ 2,764	\$ -	\$ 83,692	\$ 34,645	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	150	-
State sources	1,509	-	2,460	7,226	-	-	10,881
Federal sources	-	-	77,602	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	4,273	-	163,754	41,871	-	150	10,881
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	11,739
Support services	-	-	151,626	64,664	-	-	-
Nonprogrammed charges	6,741	-	-	-	-	1,781	-
Debt services	-	-	-	-	-	-	-
Total disbursements	6,741	-	151,626	64,664	-	1,781	11,739
Excess (deficiency) of receipts over disbursements	(2,468)	-	12,128	(22,793)	-	(1,631)	(858)
Other financing sources (uses):							
Transfers in	-	50,000	-	-	-	-	-
Total other financing sources (uses)	-	50,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,468)	50,000	12,128	(22,793)	-	(1,631)	(858)
Cash and investments - beginning	23,612	-	(48,914)	2,530	5,699	1,781	1,281
Cash and investments - ending	<u>\$ 21,144</u>	<u>\$ 50,000</u>	<u>\$ (36,786)</u>	<u>\$ (20,263)</u>	<u>\$ 5,699</u>	<u>\$ 150</u>	<u>\$ 423</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 21,144	\$ 50,000	\$ (36,786)	\$ (20,263)	\$ 5,699	\$ 150	\$ 423
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 21,144</u>	<u>\$ 50,000</u>	<u>\$ (36,786)</u>	<u>\$ (20,263)</u>	<u>\$ 5,699</u>	<u>\$ 150</u>	<u>\$ 423</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>21,144</u>	<u>50,000</u>	<u>(36,786)</u>	<u>(20,263)</u>	<u>5,699</u>	<u>150</u>	<u>423</u>
Total cash and investment fund balance - ending	<u>\$ 21,144</u>	<u>\$ 50,000</u>	<u>\$ (36,786)</u>	<u>\$ (20,263)</u>	<u>\$ 5,699</u>	<u>\$ 150</u>	<u>\$ 423</u>

UNION 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)

	Scholarship Fund	Non Speaking English Program	Title I 2008-2009	Library Grant	Safe and Drug Free Grant	Drug Free Grant	Eisenhower Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	82,665	761	3,306	3,095	-
Sale of property, adjustments and refunds	3,719	-	-	-	-	-	-
Total receipts	3,719	-	82,665	761	3,306	3,095	-
Disbursements:							
Current:							
Instruction	-	44	81,489	-	1,249	-	3,768
Support services	-	-	1,134	1,666	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	44	82,623	1,666	1,249	-	3,768
Excess (deficiency) of receipts over disbursements	3,719	(44)	42	(905)	2,057	3,095	(3,768)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,719	(44)	42	(905)	2,057	3,095	(3,768)
Cash and investments - beginning	-	44	6,178	4,517	(2,057)	-	3,768
Cash and investments - ending	<u>\$ 3,719</u>	<u>\$ -</u>	<u>\$ 6,220</u>	<u>\$ 3,612</u>	<u>\$ -</u>	<u>\$ 3,095</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,719	\$ -	\$ 6,220	\$ 3,612	\$ -	\$ 3,095	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,719</u>	<u>\$ -</u>	<u>\$ 6,220</u>	<u>\$ 3,612</u>	<u>\$ -</u>	<u>\$ 3,095</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,719	-	6,220	3,612	-	3,095	-
Total cash and investment fund balance - ending	<u>\$ 3,719</u>	<u>\$ -</u>	<u>\$ 6,220</u>	<u>\$ 3,612</u>	<u>\$ -</u>	<u>\$ 3,095</u>	<u>\$ -</u>

UNION 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 II Class Reduction	Title II Technology	Rural Schools Low Income	Indiana Student Achievement Instruction Grant	Bond Retirement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 80,176	\$ 201,277
Intermediate sources	-	-	-	-	-	150
State sources	-	-	36,033	-	-	58,109
Federal sources	26,558	-	-	-	-	193,987
Sale of property, adjustments and refunds	-	-	-	-	-	3,719
Total receipts	26,558	-	36,033	-	80,176	457,242
Disbursements:						
Current:						
Instruction	50,121	-	41,393	964	-	190,767
Support services	-	-	-	-	-	219,090
Nonprogrammed charges	-	-	-	-	-	8,522
Debt services	-	-	-	-	134,567	134,567
Total disbursements	50,121	-	41,393	964	134,567	552,946
Excess (deficiency) of receipts over disbursements	(23,563)	-	(5,360)	(964)	(54,391)	(95,704)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	50,000
Total other financing sources (uses)	-	-	-	-	-	50,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,563)	-	(5,360)	(964)	(54,391)	(45,704)
Cash and investments - beginning	48,529	532	-	1,503	54,440	103,443
Cash and investments - ending	<u>\$ 24,966</u>	<u>\$ 532</u>	<u>\$ (5,360)</u>	<u>\$ 539</u>	<u>\$ 49</u>	<u>\$ 57,739</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 24,966	\$ 532	\$ (5,360)	\$ 539	\$ -	\$ 57,690
Restricted assets:						
Cash and investments	-	-	-	-	49	49
Total cash and investment assets - ending	<u>\$ 24,966</u>	<u>\$ 532</u>	<u>\$ (5,360)</u>	<u>\$ 539</u>	<u>\$ 49</u>	<u>\$ 57,739</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ 49
Unrestricted	24,966	532	(5,360)	539	-	57,690
Total cash and investment fund balance - ending	<u>\$ 24,966</u>	<u>\$ 532</u>	<u>\$ (5,360)</u>	<u>\$ 539</u>	<u>\$ 49</u>	<u>\$ 57,739</u>

UNION 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 Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	New Castle Special Needs Aides
Receipts:						
Local sources	\$ 2,682	\$ -	\$ 143,641	\$ 27,694	\$ -	\$ 9,922
Intermediate sources	-	-	-	-	-	-
State sources	1,461	-	2,057	11,014	-	-
Federal sources	-	-	18,288	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	4,143	-	163,986	38,708	-	9,922
Disbursements:						
Current:						
Instruction	-	-	-	3,400	-	13,444
Support services	-	-	147,292	20,998	-	-
Nonprogrammed charges	4,402	-	-	-	5,699	-
Debt services	-	-	-	-	-	-
Total disbursements	4,402	-	147,292	24,398	5,699	13,444
Excess (deficiency) of receipts over disbursements	(259)	-	16,694	14,310	(5,699)	(3,522)
Cash and investments - beginning	21,144	50,000	(36,786)	(20,263)	5,699	-
Cash and investments - ending	<u>\$ 20,885</u>	<u>\$ 50,000</u>	<u>\$ (20,092)</u>	<u>\$ (5,953)</u>	<u>\$ -</u>	<u>\$ (3,522)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 20,885	\$ 50,000	\$ (20,092)	\$ (5,953)	\$ -	\$ (3,522)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 20,885</u>	<u>\$ 50,000</u>	<u>\$ (20,092)</u>	<u>\$ (5,953)</u>	<u>\$ -</u>	<u>\$ (3,522)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	20,885	50,000	(20,092)	(5,953)	-	(3,522)
Total cash and investment fund balance - ending	<u>\$ 20,885</u>	<u>\$ 50,000</u>	<u>\$ (20,092)</u>	<u>\$ (5,953)</u>	<u>\$ -</u>	<u>\$ (3,522)</u>

UNION 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)

	YMCA Rock Grant	Education License Plates	Gifted & Talented	Gifted & Talented 2007-2008	Scholarship Fund	Project Share
Receipts:						
Local sources	\$ 529	\$ -	\$ -	\$ -	\$ -	\$ 2,262
Intermediate sources	-	75	-	-	-	-
State sources	-	-	-	27,098	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	4,223	-
Total receipts	529	75	-	27,098	4,223	2,262
Disbursements:						
Current:						
Instruction	-	-	423	14,923	4,775	6,361
Support services	529	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	529	-	423	14,923	4,775	6,361
Excess (deficiency) of receipts over disbursements	-	75	(423)	12,175	(552)	(4,099)
Cash and investments - beginning	-	150	423	-	3,719	-
Cash and investments - ending	\$ -	\$ 225	\$ -	\$ 12,175	\$ 3,167	\$ (4,099)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 225	\$ -	\$ 12,175	\$ 3,167	\$ (4,099)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 225	\$ -	\$ 12,175	\$ 3,167	\$ (4,099)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	225	-	12,175	3,167	(4,099)
Total cash and investment fund balance - ending	\$ -	\$ 225	\$ -	\$ 12,175	\$ 3,167	\$ (4,099)

UNION 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)

	Title I 2007-2008	Title I 2006-2007	Library Grant	Drug Free Grant	Title II Class Reduction
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	105,415	4,555	-	2,356	27,183
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>105,415</u>	<u>4,555</u>	<u>-</u>	<u>2,356</u>	<u>27,183</u>
Disbursements:					
Current:					
Instruction	95,359	10,775	-	1,838	42,771
Support services	4,749	-	1,690	298	878
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
	<u>100,108</u>	<u>10,775</u>	<u>1,690</u>	<u>2,136</u>	<u>43,649</u>
Excess (deficiency) of receipts over disbursements	<u>5,307</u>	<u>(6,220)</u>	<u>(1,690)</u>	<u>220</u>	<u>(16,466)</u>
Cash and investments - beginning	<u>-</u>	<u>6,220</u>	<u>3,612</u>	<u>3,095</u>	<u>24,966</u>
Cash and investments - ending	<u>\$ 5,307</u>	<u>\$ -</u>	<u>\$ 1,922</u>	<u>\$ 3,315</u>	<u>\$ 8,500</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 5,307	\$ -	\$ 1,922	\$ 3,315	\$ 8,500
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,307</u>	<u>\$ -</u>	<u>\$ 1,922</u>	<u>\$ 3,315</u>	<u>\$ 8,500</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>5,307</u>	<u>-</u>	<u>1,922</u>	<u>3,315</u>	<u>8,500</u>
Total cash and investment fund balance - ending	<u>\$ 5,307</u>	<u>\$ -</u>	<u>\$ 1,922</u>	<u>\$ 3,315</u>	<u>\$ 8,500</u>

UNION 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)

	Title II Technology	Rural Schools Low Income	Indiana Student Achievement Instruction Grant	Bond Retirement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 138,864	\$ 325,594
Intermediate sources	-	-	-	-	75
State sources	-	10,780	-	-	52,410
Federal sources	-	-	-	-	157,797
Sale of property, adjustments and refunds	-	-	-	-	4,223
Total receipts	-	10,780	-	138,864	540,099
Disbursements:					
Current:					
Instruction	-	2,412	539	-	197,020
Support services	532	10,434	-	-	187,400
Nonprogrammed charges	-	-	-	-	10,101
Debt services	-	-	-	132,057	132,057
Total disbursements	532	12,846	539	132,057	526,578
Excess (deficiency) of receipts over disbursements	(532)	(2,066)	(539)	6,807	13,521
Cash and investments - beginning	532	(5,360)	539	49	57,739
Cash and investments - ending	\$ -	\$ (7,426)	\$ -	\$ 6,856	\$ 71,260
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ (7,426)	\$ -	\$ -	\$ 64,404
Restricted assets:					
Cash and investments	-	-	-	6,856	6,856
Total cash and investment assets - ending	\$ -	\$ (7,426)	\$ -	\$ 6,856	\$ 71,260
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 6,856	\$ 6,856
Unrestricted	-	(7,426)	-	-	64,404
Total cash and investment fund balance - ending	\$ -	\$ (7,426)	\$ -	\$ 6,856	\$ 71,260

UNION 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

	Donations and Gifts Class of 1945	Donations Garnett/ Holloway	Lowe's Toolbox Grant	Mentor Program	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ 3,366	\$ 3,366
Investment earnings:					
Deductions:					
Administrative and general	625	1,498	3,526	4,710	10,359
Deficiency of total additions over total deductions	(625)	(1,498)	(3,526)	(1,344)	(6,993)
Cash and investment fund balance - beginning	625	1,498	5,935	1,344	9,402
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,409</u>	<u>\$ -</u>	<u>\$ 2,409</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,409</u>	<u>\$ -</u>	<u>\$ 2,409</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,409</u>	<u>\$ -</u>	<u>\$ 2,409</u>

UNION SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 15,540
Buildings	3,956,804
Improvements other than buildings	216,871
Machinery and equipment	<u>5,210,234</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 9,399,449</u>

UNION 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:		
Copiers	\$ 20,864	\$ 9,743
Building Lease	3,741,387	365,000
Bonds payable:		
General obligation bonds:		
Teachers Pension Obligation	<u>1,195,000</u>	<u>139,214</u>
Total governmental activities debt	<u>\$ 4,957,251</u>	<u>\$ 513,957</u>

UNION SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The school overstated revenues, by recording receipts for money that had not been received.

<u>Payer Name</u>	<u>Receipt Date</u>	<u>Actual Date Received</u>	<u>Amount</u>
Project Share	06-30-08	08-19-08	\$ 4,098.63
Small Rural School	06-30-08	09-11-08	2,887.24
Shores Garage	06-30-08	07-15-08	1,029.06
New Castle Schools	06-30-08	08-19-08	3,521.42
Small Rural School	06-30-08	09-11-08	4,538.31

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

STUDENT LIST NOT CERTIFIED

The list of students provided to support the ADM count had not been certified by the school principal.

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

TRANSFER TUITION - CHILDREN OF TEACHERS

Some teachers who do not live in the School Corporation District have not paid transfer tuition for their children who are being educated by the School Corporation.

IC 20-26-11-6 states in part:

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

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

UNION SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

IMPROPER USE OF FORM SA-5, FINANCIAL REPORT (Applies to Union Elementary School)

The Elementary School does not properly use form SA-5. A financial report for the funds in summary was prepared; however, no detail by subaccount was provided for examination.

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

PAYROLL DISBURSEMENTS

No payroll resolution was presented for examination for non contract employees. Additionally, not all hourly employees' time records were presented for examination and not all time records presented for examination were approved by the appropriate official.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

PAYROLL DEDUCTIONS

Amounts remitted to the Indiana Department of Revenue for state and county withholding taxes were less than the amounts reported as being withheld. Underpayments could result in the assessment of penalties and interest.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

INCORRECT REPORTING OF TEXTBOOK RENTAL REIMBURSEMENT

The information presented for examination indicates eligibility figures on the Text Book Rental Reimbursement form, were incorrect for the school years ending June 30, 2007 and 2008. The amounts were overstated by 23 students for the year ending June 30, 2007. The amounts were understated by 5 students for June 30, 2008.

UNION SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

INTERNAL CONTROLS (Applies to Union Jr/Sr High School)

The controls over the receipting, and recording for sporting event tickets and cash from those events was not sufficient. A review of the ticket sales revealed that some tickets were being sold at discounted prices, with no supporting documentation, tickets were being voided without proper documentation of why ticket was voided and cash deposited many times did not agree with the amounts that should have been collected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCES

The School Lunch Fund, Textbook Rental Fund, and Rural Schools Low Income Fund were overdrawn in the periods ending June 30, 2007 and 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)

UNION SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2009, with Philip Wray, Superintendent of Schools; Sharon Jessee, Treasurer; and Diana Grubbs, School Board member. The officials concurred with our findings.