

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

AUDIT REPORT  
OF

SUNMAN-DEARBORN COMMUNITY  
SCHOOL CORPORATION  
DEARBORN COUNTY, INDIANA

July 1, 2007 to June 30, 2009



**FILED**

03/23/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Ann Baines Charles Blake	01-01-07 to 12-31-09 01-01-10 to 06-30-10
Superintendent of Schools	John Roeder Dr. Jeff Hendrix	07-01-07 to 06-30-09 07-01-09 to 06-30-10
President of the School Board	Kim Weber	01-01-07 to 12-31-10



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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunman-Dearborn Community School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except that omission of a component unit of the School Corporation referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, 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 February 8, 2010, 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 integral part of 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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 8, 2010



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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 SUNMAN-DEARBORN COMMUNITY  
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunman-Dearborn Community School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 8, 2010. The opinions to the financial statements were qualified due to omission of a component unit of the School Corporation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

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

STATE BOARD OF ACCOUNTS

February 8, 2010

SUNMAN-DEARBORN 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	\$ 21,429,577	\$ -	\$ 151,289	\$ (21,278,288)
Support services	13,081,735	1,291,196	441,105	(11,349,434)
Noninstructional services	1,728,114	-	-	(1,728,114)
Facilities acquisition and construction	1,683,480	-	-	(1,683,480)
Debt service	7,353,678	-	-	(7,353,678)
Nonprogrammed charges	5,479,189	-	-	(5,479,189)
<b>Total government activities</b>	<b><u>\$ 50,755,773</u></b>	<b><u>\$ 1,291,196</u></b>	<b><u>\$ 592,394</u></b>	<b><u>(48,872,183)</u></b>
General receipts:				
Property taxes				16,002,691
Other local sources				8,528,093
State aid				15,780,743
Grants and contributions not restricted to specific programs				3,972,509
Sale of property				122,115
Investment earnings				84,759
Other				22,417
<b>Total general receipts</b>				<b><u>44,513,327</u></b>
<b>Change in net assets</b>				<b>(4,358,856)</b>
<b>Net assets - beginning</b>				<b><u>(575,920)</u></b>
<b>Net assets - ending</b>				<b><u>\$ (4,934,776)</u></b>
<u>Assets</u>				
Cash and investments				<b><u>\$ (4,934,776)</u></b>
<u>Net Assets</u>				
Unrestricted				<b><u>\$ (4,934,776)</u></b>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 20,684,162	\$ -	\$ 145,834	\$ (20,538,328)
Support services	14,547,511	1,401,800	447,945	(12,697,766)
Noninstructional services	1,754,719	-	-	(1,754,719)
Facilities acquisition and construction	1,264,332	-	-	(1,264,332)
Debt service	7,731,245	-	-	(7,731,245)
Nonprogrammed charges	4,843,049	-	-	(4,843,049)
<b>Total government activities</b>	<b><u>\$ 50,825,018</u></b>	<b><u>\$ 1,401,800</u></b>	<b><u>\$ 593,779</u></b>	<b><u>(48,829,439)</u></b>
General receipts:				
Property taxes				23,216,364
Other local sources				9,772,320
State aid				18,265,689
Grants and contributions not restricted to specific programs				6,374,660
Sale of property				153,515
Investment earnings				86,307
Other				<u>145,173</u>
<b>Total general receipts</b>				<b><u>58,014,028</u></b>
Change in net assets				9,184,589
Net assets - beginning				<u>(4,934,776)</u>
Net assets - ending				<b><u>\$ 4,249,813</u></b>
<b><u>Assets</u></b>				
Cash and investments				\$ 3,918,219
Restricted assets:				
Cash and investments				<u>331,594</u>
<b>Total assets</b>				<b><u>\$ 4,249,813</u></b>
<b><u>Net Assets</u></b>				
Restricted for:				
Debt service				\$ 331,594
Unrestricted				<u>3,918,219</u>
<b>Total net assets</b>				<b><u>\$ 4,249,813</u></b>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Joint Service	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 6,787,463	\$ 4,517,068	\$ 5,339,010	\$ 2,516,988	\$ 6,394,485	\$ 25,555,014
Intermediate sources	350,600	-	-	-	1,126	351,726
State sources	15,883,161	-	-	-	464,648	16,347,809
Federal sources	-	-	-	-	3,997,836	3,997,836
Other	17,068	-	-	-	5,349	22,417
<b>Total receipts</b>	<b>23,038,292</b>	<b>4,517,068</b>	<b>5,339,010</b>	<b>2,516,988</b>	<b>10,863,444</b>	<b>46,274,802</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	17,776,895	1,028,718	-	-	2,623,964	21,429,577
Support services	6,752,454	568,222	-	1,048,537	4,712,522	13,081,735
Noninstructional services	155,651	-	-	-	1,572,463	1,728,114
Facilities acquisition and construction	-	-	-	1,557,395	126,085	1,683,480
Debt services	-	-	6,152,648	-	1,201,030	7,353,678
Nonprogrammed charges	1,316,701	2,583,101	-	-	1,579,387	5,479,189
<b>Total disbursements</b>	<b>26,001,701</b>	<b>4,180,041</b>	<b>6,152,648</b>	<b>2,605,932</b>	<b>11,815,451</b>	<b>50,755,773</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(2,963,409)</b>	<b>337,027</b>	<b>(813,638)</b>	<b>(88,944)</b>	<b>(952,007)</b>	<b>(4,480,971)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	41,439	-	-	-	80,676	122,115
Transfers in	629,286	-	-	-	22,999	652,285
Transfers out	-	-	(629,286)	-	(22,999)	(652,285)
<b>Total other financing sources (uses)</b>	<b>670,725</b>	<b>-</b>	<b>(629,286)</b>	<b>-</b>	<b>80,676</b>	<b>122,115</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(2,292,684)</b>	<b>337,027</b>	<b>(1,442,924)</b>	<b>(88,944)</b>	<b>(871,331)</b>	<b>(4,358,856)</b>
<b>Cash and investments - beginning</b>	<b>(1,859,764)</b>	<b>1,927,016</b>	<b>(904,110)</b>	<b>154,572</b>	<b>106,366</b>	<b>(575,920)</b>
<b>Cash and investments - ending</b>	<b>\$ (4,152,448)</b>	<b>\$ 2,264,043</b>	<b>\$ (2,347,034)</b>	<b>\$ 65,628</b>	<b>\$ (764,965)</b>	<b>\$ (4,934,776)</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ (4,152,448)</b>	<b>\$ 2,264,043</b>	<b>\$ (2,347,034)</b>	<b>\$ 65,628</b>	<b>\$ (764,965)</b>	<b>\$ (4,934,776)</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ (4,152,448)</b>	<b>\$ 2,264,043</b>	<b>\$ (2,347,034)</b>	<b>\$ 65,628</b>	<b>\$ (764,965)</b>	<b>\$ (4,934,776)</b>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Joint Service	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 7,662,167	\$ 4,559,668	\$ -	\$ 9,107,268	\$ 3,338,891	\$ 9,418,004	\$ 34,085,998
Intermediate sources	387,157	-	-	-	-	3,638	390,795
State sources	18,408,448	-	-	-	-	280,578	18,689,026
Federal sources	1,336	-	2,059,961	-	-	4,483,803	6,545,100
Other	145,173	-	-	-	-	-	145,173
<b>Total receipts</b>	<b>26,604,281</b>	<b>4,559,668</b>	<b>2,059,961</b>	<b>9,107,268</b>	<b>3,338,891</b>	<b>14,186,023</b>	<b>59,856,092</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	17,026,093	845,344	392,057	-	-	2,420,668	20,684,162
Support services	7,551,964	784,045	153,415	-	767,651	5,290,436	14,547,511
Noninstructional services	157,669	-	-	-	-	1,597,050	1,754,719
Facilities acquisition and construction	-	-	-	-	1,003,970	260,362	1,264,332
Debt services	-	-	-	6,509,805	-	1,221,440	7,731,245
Nonprogrammed charges	688,404	2,253,443	684,031	-	-	1,217,171	4,843,049
<b>Total disbursements</b>	<b>25,424,130</b>	<b>3,882,832</b>	<b>1,229,503</b>	<b>6,509,805</b>	<b>1,771,621</b>	<b>12,007,127</b>	<b>50,825,018</b>
<b>Excess of receipts over disbursements</b>	<b>1,180,151</b>	<b>676,836</b>	<b>830,458</b>	<b>2,597,463</b>	<b>1,567,270</b>	<b>2,178,896</b>	<b>9,031,074</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	76,500	-	-	-	-	77,015	153,515
Transfers in	-	-	-	-	-	645,033	645,033
Transfers out	-	-	-	-	-	(645,033)	(645,033)
<b>Total other financing sources</b>	<b>76,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,015</b>	<b>153,515</b>
<b>Excess of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,256,651</b>	<b>676,836</b>	<b>830,458</b>	<b>2,597,463</b>	<b>1,567,270</b>	<b>2,255,911</b>	<b>9,184,589</b>
<b>Cash and investments - beginning</b>	<b>(4,152,448)</b>	<b>2,264,043</b>	<b>-</b>	<b>(2,347,034)</b>	<b>65,628</b>	<b>(764,965)</b>	<b>(4,934,776)</b>
<b>Cash and investments - ending</b>	<b>\$ (2,895,797)</b>	<b>\$ 2,940,879</b>	<b>\$ 830,458</b>	<b>\$ 250,429</b>	<b>\$ 1,632,898</b>	<b>\$ 1,490,946</b>	<b>\$ 4,249,813</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (2,895,797)	\$ 2,940,879	\$ 830,458	\$ -	\$ 1,632,898	\$ 1,409,781	\$ 3,918,219
Restricted assets:							
Cash and investments	-	-	-	250,429	-	81,165	331,594
<b>Total cash and investment assets - ending</b>	<b>\$ (2,895,797)</b>	<b>\$ 2,940,879</b>	<b>\$ 830,458</b>	<b>\$ 250,429</b>	<b>\$ 1,632,898</b>	<b>\$ 1,490,946</b>	<b>\$ 4,249,813</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 250,429	\$ -	\$ 81,165	\$ 331,594
Unrestricted	(2,895,797)	2,940,879	830,458	-	1,632,898	1,409,781	3,918,219
<b>Total cash and investment fund balance - ending</b>	<b>\$ (2,895,797)</b>	<b>\$ 2,940,879</b>	<b>\$ 830,458</b>	<b>\$ 250,429</b>	<b>\$ 1,632,898</b>	<b>\$ 1,490,946</b>	<b>\$ 4,249,813</b>

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

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

	<u>Pension Trust Funds</u>
Additions: Investment earnings: Interest	\$ 417,711
Deductions: Benefits	<u>496,004</u>
Deficiency of total additions over total deductions	(78,293)
Cash and investment fund balance - beginning	<u>13,281,759</u>
Cash and investment fund balance - ending	\$ <u>13,203,466</u>
Net assets: Cash and investments	\$ <u>13,203,466</u>
Total net assets - cash and investment basis held in trust	\$ <u>13,203,466</u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Investment earnings:	
Interest	\$ 66,587
Deductions:	
Benefits	<u>508,683</u>
Deficiency of total additions over total deductions	(442,096)
Cash and investment fund balance - beginning	<u>13,203,466</u>
Cash and investment fund balance - ending	<u>\$ 12,761,370</u>
Net assets:	
Cash and investments	<u>\$ 12,761,370</u>
Total net assets - cash and investment basis held in trust	<u>\$ 12,761,370</u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government:	Sunman-Dearborn Community School Corporation
Blended Component Unit:	Sunman-Dearborn Schools Endowment Corporation, Inc.

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

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

Joint Venture

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, 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 joint service fund is used to account for the financial transaction of the Ripley-Ohio-Dearborn Special education Cooperative. The receipts of the fund are from contractual payments of the participating school corporations which are used for operating purposes.

The fiscal stabilization-education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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.

Additionally, the School Corporation reports the following fund type:

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

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.

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts

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.

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For calendar years 2007 and 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2007	2008
General	\$ 51,106	\$ 1,777,749
Special Education Preschool	14,760	22,185
Transportation Operating	229,594	-
School Bus Replacement	1,944	-
Totals	<u>\$ 297,404</u>	<u>\$ 1,799,934</u>

The total governmental funds show a deficit cash balance of \$4,934,776 at June 30, 2008. This deficit cash balance was able to occur only because the School Corporation's governmental funds share a common depository account with the Pension Trust Funds that had funds in excess of the governmental funds deficit cash balance at June 30, 2008.

C. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

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

Fund	2008	2009
General	\$ 4,152,448	\$ 2,895,797
Debt Service	2,347,034	-
Transportation Operating	1,405,719	-
R-O-D Preschool	153,197	120,775
CAPE Grant (1)	25,024	15,487
R-O-D Federal Grant (1)	455,031	100,244
Pension Debt	290,729	-
Textbook Rental	-	122,084
Project Lead (1)	-	7,144

Note to Schedule:

- (1) These are grant funds that are used to account for reimbursable grants. Cash deficits are incurred due to the timing difference when grant funds are expended and reimbursed.

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. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

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

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

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

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
Debt Service	General	\$ 629,286	\$ -
Other governmental	Other governmental	<u>22,999</u>	<u>645,033</u>
Totals		<u>\$ 652,285</u>	<u>\$ 645,033</u>

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

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

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

B. Holding Corporations

The School Corporation has entered into various capital leases with Sunman-Dearborn Intermediate School Building Corporation, Sunman-Dearborn High School Building Corporation, and Northeast Dearborn School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the fiscal year ending June 30, 2009, totaled \$6,067,000.

C. Termination Benefits

Early Retirement Plan

The School Corporation offers an early retirement program to certified teachers and administrative staff. Individuals, who have attained the age of 55 with at least 15 years of service and not reached the age of 62, would be paid 35% of the annual salary of a teacher with a Bachelor's or Master's Degree and no experience, whichever degree applies to that teacher or administrative staff. The amount paid shall be the same in each year due for a period of no more than 7 years. The Early Retirement Plan will remain in effect until such earlier time as a certified employee receives a greater return from the Board's contribution to the new 401(a) plan plus accrued earnings, than the individual would received under the Early Retirement Plan. For those hired on or after October 1, 1999, the 401(a) plan will replace the current Early Retirement Plan.

Severance Pay

Upon retirement, certified employees, who have attained the age of 50 with at least 15 years of service, are paid \$55 for each unused sick day up to a maximum of \$14,000 and \$115 for each year of service. Classified professional employees, who have attained the age of 55 with at least 10 years of service, are paid \$47.50 for each unused sick day.

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

D. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Sunman-Dearborn Community School Corporation healthcare plan is a single-employer defined benefit healthcare plan administered by the School Board of Trustees. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation. The financial activity of this plan is included in the accompanying financial statements.

Funding Policy

The contribution requirements of plan members for the Sunman-Dearborn Community School Corporation healthcare plan are established by the School Corporation's School Board of Trustees. The School Corporation shall pay the same amount toward such coverage as provided for a single teacher at the time of retirement. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. For the year ended June 30, 2009, the School Corporation contributed \$184,023 to the plan for current premiums approximately 66% of total premiums. Plan members receiving benefits contributed \$95,698, or approximately 34% of the total premiums.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 340,068
Interest on net pension obligation	(10,507)
Adjustment to annual required contribution	11,974
Annual pension cost	341,535
Contributions made	339,296
Increase (decrease) in net pension obligation	2,239
Net pension obligation, beginning of year	(144,929)
Net pension obligation, end of year	\$ (142,690)

	PERF
Contribution rates:	
School Corporation	7.5%
Plan members	3%
Actuarial valuation date	07-01-08
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%

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

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ 321,312	90%	\$ (188,365)
	06-30-07	338,135	87%	(144,929)
	06-30-08	341,535	99%	(142,690)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$567,132, \$542,115, and \$472,030, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 4,079,009	\$ 4,785,653	\$ (706,644)	85%	\$ 4,383,017	(16%)
07-01-07	4,621,540	5,193,506	(571,966)	89%	4,460,852	(13%)
07-01-08	5,099,333	5,645,602	(546,269)	90%	4,746,254	(12%)

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	R-O-D Capital Projects	R-O-D Transportation
<b>Receipts:</b>						
Local sources	\$ 1,988,940	\$ 14,832	\$ 1,190,621	\$ 712,741	\$ 270,526	\$ 38,838
Intermediate sources	-	-	-	-	-	-
State sources	-	60,369	27,054	59,228	-	-
Federal sources	-	-	354,823	-	-	-
Other	-	-	1,700	88	-	-
<b>Total receipts</b>	<u>1,988,940</u>	<u>75,201</u>	<u>1,574,198</u>	<u>772,057</u>	<u>270,526</u>	<u>38,838</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	33,259	-
Support services	2,463,555	-	1,700	736,596	65,707	33,526
Noninstructional services	-	-	1,547,094	-	-	-
Facilities acquisition and construction	-	-	-	-	66,000	-
Debt services	-	-	-	-	49,622	-
Nonprogrammed charges	5,744	75,201	-	-	-	-
<b>Total disbursements</b>	<u>2,469,299</u>	<u>75,201</u>	<u>1,548,794</u>	<u>736,596</u>	<u>214,588</u>	<u>33,526</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(480,359)</u>	<u>-</u>	<u>25,404</u>	<u>35,461</u>	<u>55,938</u>	<u>5,312</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	4,227	1,000	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>4,227</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(480,359)</u>	<u>-</u>	<u>29,631</u>	<u>36,461</u>	<u>55,938</u>	<u>5,312</u>
<b>Cash and investments - beginning</b>	<u>(925,360)</u>	<u>-</u>	<u>237,364</u>	<u>(27,674)</u>	<u>348,242</u>	<u>48,973</u>
<b>Cash and investments - ending</b>	<u>\$ (1,405,719)</u>	<u>\$ -</u>	<u>\$ 266,995</u>	<u>\$ 8,787</u>	<u>\$ 404,180</u>	<u>\$ 54,285</u>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<u>\$ (1,405,719)</u>	<u>\$ -</u>	<u>\$ 266,995</u>	<u>\$ 8,787</u>	<u>\$ 404,180</u>	<u>\$ 54,285</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<u>\$ (1,405,719)</u>	<u>\$ -</u>	<u>\$ 266,995</u>	<u>\$ 8,787</u>	<u>\$ 404,180</u>	<u>\$ 54,285</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	R-O-D Pre-School	Educational License Plates	Safe Haven	Donations	Summer Art	UCB Donation
<b>Receipts:</b>						
Local sources	\$ 491,549	\$ -	\$ -	\$ -	\$ 3,947	\$ -
Intermediate sources	-	1,126	-	-	-	-
State sources	-	-	6,731	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>491,549</b>	<b>1,126</b>	<b>6,731</b>	<b>-</b>	<b>3,947</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	271,089	-	81	-	(210)	-
Support services	-	-	1,228	-	-	-
Noninstructional services	-	-	2,276	-	-	-
Facilities acquisition and construction	-	-	-	-	-	768
Debt services	-	-	-	-	-	-
Nonprogrammed charges	238,817	-	-	-	-	-
<b>Total disbursements</b>	<b>509,906</b>	<b>-</b>	<b>3,585</b>	<b>-</b>	<b>(210)</b>	<b>768</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(18,357)</b>	<b>1,126</b>	<b>3,146</b>	<b>-</b>	<b>4,157</b>	<b>(768)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(18,357)</b>	<b>1,126</b>	<b>3,146</b>	<b>-</b>	<b>4,157</b>	<b>(768)</b>
<b>Cash and investments - beginning</b>	<b>(134,840)</b>	<b>8,637</b>	<b>(3,146)</b>	<b>263</b>	<b>(3,154)</b>	<b>10,000</b>
<b>Cash and investments - ending</b>	<b>\$ (153,197)</b>	<b>\$ 9,763</b>	<b>\$ -</b>	<b>\$ 263</b>	<b>\$ 1,003</b>	<b>\$ 9,232</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ (153,197)</b>	<b>\$ 9,763</b>	<b>\$ -</b>	<b>\$ 263</b>	<b>\$ 1,003</b>	<b>\$ 9,232</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ (153,197)</b>	<b>\$ 9,763</b>	<b>\$ -</b>	<b>\$ 263</b>	<b>\$ 1,003</b>	<b>\$ 9,232</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Rising Sun Regional Foundation	Rising Sun Bleacher Grant	Summer Recreation	Envoy Scholarship	City of Lawrenceburg Grant	CAPE Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ 41,500	\$ 15,405	\$ 10,000	\$ 149,362	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>41,500</b>	<b>15,405</b>	<b>10,000</b>	<b>149,362</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	1,400	105	-	-	4,590
Support services	-	-	30	-	-	86,153
Noninstructional services	-	-	17,101	-	-	-
Facilities acquisition and construction	47,317	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>47,317</b>	<b>1,400</b>	<b>17,236</b>	<b>-</b>	<b>-</b>	<b>90,743</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(47,317)</b>	<b>40,100</b>	<b>(1,831)</b>	<b>10,000</b>	<b>149,362</b>	<b>(90,743)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	75,449
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,449</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(47,317)</b>	<b>40,100</b>	<b>(1,831)</b>	<b>10,000</b>	<b>149,362</b>	<b>(15,294)</b>
<b>Cash and investments - beginning</b>	<b>47,317</b>	<b>-</b>	<b>8,152</b>	<b>-</b>	<b>-</b>	<b>(9,730)</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 40,100</b>	<b>\$ 6,321</b>	<b>\$ 10,000</b>	<b>\$ 149,362</b>	<b>\$ (25,024)</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 40,100</b>	<b>\$ 6,321</b>	<b>\$ 10,000</b>	<b>\$ 149,362</b>	<b>\$ (25,024)</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 40,100</b>	<b>\$ 6,321</b>	<b>\$ 10,000</b>	<b>\$ 149,362</b>	<b>\$ (25,024)</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2008  
 (Continued)

	CAPE Matching	AED Project	CASA Grant	Gifted/Talented 2006-07	Gifted/Talented 2007-08	R-O-D Medicaid State
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 750	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	44,835	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>-</b>	<b>44,835</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	639	42,351	-
Support services	8,639	5,511	4,068	-	-	-
Noninstructional services	-	-	468	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,639</b>	<b>5,511</b>	<b>4,536</b>	<b>639</b>	<b>42,351</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(8,639)</b>	<b>(5,511)</b>	<b>(3,786)</b>	<b>(639)</b>	<b>2,484</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(8,639)</b>	<b>(5,511)</b>	<b>(3,786)</b>	<b>(639)</b>	<b>2,484</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>94,158</b>	<b>5,511</b>	<b>6,692</b>	<b>639</b>	<b>-</b>	<b>5,028</b>
<b>Cash and investments - ending</b>	<b>\$ 85,519</b>	<b>\$ -</b>	<b>\$ 2,906</b>	<b>\$ -</b>	<b>\$ 2,484</b>	<b>\$ 5,028</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Cash and investments</b>	<b>\$ 85,519</b>	<b>\$ -</b>	<b>\$ 2,906</b>	<b>\$ -</b>	<b>\$ 2,484</b>	<b>\$ 5,028</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Unrestricted</b>	<b>\$ 85,519</b>	<b>\$ -</b>	<b>\$ 2,906</b>	<b>\$ -</b>	<b>\$ 2,484</b>	<b>\$ 5,028</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
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 (Continued)

	Non-English Speaking Grant	Technology Plan Grant	Title I 2006-07	Title I	Title V Part A 2007-08	R-O-D Carryover 2006-07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,595	144,296	-	-	-	-
Federal sources	-	-	-	314,139	5,746	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,595</b>	<b>144,296</b>	<b>-</b>	<b>314,139</b>	<b>5,746</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,810	-	15,919	184,474	5,539	117,243
Support services	-	-	-	68,432	2,978	43,116
Noninstructional services	-	-	250	1,918	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,810</b>	<b>-</b>	<b>16,169</b>	<b>254,824</b>	<b>8,517</b>	<b>160,359</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(215)</b>	<b>144,296</b>	<b>(16,169)</b>	<b>59,315</b>	<b>(2,771)</b>	<b>(160,359)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	22,999	-	-
Transfers out	-	-	(22,999)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(22,999)</b>	<b>22,999</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(215)</b>	<b>144,296</b>	<b>(39,168)</b>	<b>82,314</b>	<b>(2,771)</b>	<b>(160,359)</b>
<b>Cash and investments - beginning</b>	<b>215</b>	<b>-</b>	<b>39,168</b>	<b>-</b>	<b>2,823</b>	<b>160,359</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 144,296</b>	<b>\$ -</b>	<b>\$ 82,314</b>	<b>\$ 52</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 144,296</b>	<b>\$ -</b>	<b>\$ 82,314</b>	<b>\$ 52</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 144,296</b>	<b>\$ -</b>	<b>\$ 82,314</b>	<b>\$ 52</b>	<b>\$ -</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2008  
 (Continued)

	R-O-D Carryover	R-O-D Federal Grant	R-O-D Preschool	Drug Free 2006-07	Team Nutrition Grant	Title II Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	118,100	-	-	-
Federal sources	1,301,300	1,893,712	-	9,687	-	118,429
Other	-	-	-	-	-	-
<b>Total receipts</b>	<u>1,301,300</u>	<u>1,893,712</u>	<u>118,100</u>	<u>9,687</u>	<u>-</u>	<u>118,429</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	554,825	1,151,138	76,914	7,449	37	124,238
Support services	115,175	373,662	-	1,000	-	4,655
Noninstructional services	-	-	3,356	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	420,018	823,943	15,664	-	-	-
<b>Total disbursements</b>	<u>1,090,018</u>	<u>2,348,743</u>	<u>95,934</u>	<u>8,449</u>	<u>37</u>	<u>128,893</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>211,282</u>	<u>(455,031)</u>	<u>22,166</u>	<u>1,238</u>	<u>(37)</u>	<u>(10,464)</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>211,282</u>	<u>(455,031)</u>	<u>22,166</u>	<u>1,238</u>	<u>(37)</u>	<u>(10,464)</u>
<b>Cash and investments - beginning</b>	<u>(100,289)</u>	<u>-</u>	<u>-</u>	<u>1,591</u>	<u>37</u>	<u>10,464</u>
<b>Cash and investments - ending</b>	<u>\$ 110,993</u>	<u>\$ (455,031)</u>	<u>\$ 22,166</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 110,993</u>	<u>\$ (455,031)</u>	<u>\$ 22,166</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 110,993</u>	<u>\$ (455,031)</u>	<u>\$ 22,166</u>	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ -</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
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 (Continued)

	Title III English <u>Second Language</u>	Pension Debt	School Bus Replacement	Construction	Donation Education Foundation	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 828,128	\$ 466,885	\$ -	\$ 170,461	\$ 6,394,485
Intermediate sources	-	-	-	-	-	1,126
State sources	1,440	-	-	-	-	464,648
Federal sources	-	-	-	-	-	3,997,836
Other	-	-	-	3,561	-	5,349
<b>Total receipts</b>	<u>1,440</u>	<u>828,128</u>	<u>466,885</u>	<u>3,561</u>	<u>170,461</u>	<u>10,863,444</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	30,074	2,623,964
Support services	1,440	-	559,813	-	135,538	4,712,522
Noninstructional services	-	-	-	-	-	1,572,463
Facilities acquisition and construction	-	-	-	-	12,000	126,085
Debt services	-	1,151,408	-	-	-	1,201,030
Nonprogrammed charges	-	-	-	-	-	1,579,387
<b>Total disbursements</b>	<u>1,440</u>	<u>1,151,408</u>	<u>559,813</u>	<u>-</u>	<u>177,612</u>	<u>11,815,451</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(323,280)</u>	<u>(92,928)</u>	<u>3,561</u>	<u>(7,151)</u>	<u>(952,007)</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	80,676
Transfers in	-	-	-	-	-	22,999
Transfers out	-	-	-	-	-	(22,999)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,676</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(323,280)</u>	<u>(92,928)</u>	<u>3,561</u>	<u>(7,151)</u>	<u>(871,331)</u>
Cash and investments - beginning	<u>-</u>	<u>32,551</u>	<u>97,633</u>	<u>(3,561)</u>	<u>148,303</u>	<u>106,366</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (290,729)</u>	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 141,152</u>	<u>\$ (764,965)</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ -</u>	<u>\$ (290,729)</u>	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 141,152</u>	<u>\$ (764,965)</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ -</u>	<u>\$ (290,729)</u>	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 141,152</u>	<u>\$ (764,965)</u>

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	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	R-O-D Capital Projects	R-O-D Transportation	R-O-D Pre-school
<b>Receipts:</b>							
Local sources	\$ 3,829,550	\$ 21,453	\$ 1,202,000	\$ 187,706	\$ 237,669	\$ 41,630	\$ 444,973
Intermediate sources	-	-	-	-	-	-	-
State sources	-	82,262	28,062	67,386	-	-	-
Federal sources	-	-	352,496	-	-	-	-
<b>Total receipts</b>	<b>3,829,550</b>	<b>103,715</b>	<b>1,582,558</b>	<b>255,092</b>	<b>237,669</b>	<b>41,630</b>	<b>444,973</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	13,664	-	276,620
Support services	2,347,639	-	-	385,963	65,430	30,839	-
Noninstructional services	-	-	1,556,747	-	-	-	-
Facilities acquisition and construction	-	-	-	-	71,000	-	-
Debt services	-	-	-	-	73,474	-	-
Nonprogrammed charges	5,744	103,715	-	-	-	-	135,931
<b>Total disbursements</b>	<b>2,353,383</b>	<b>103,715</b>	<b>1,556,747</b>	<b>385,963</b>	<b>223,568</b>	<b>30,839</b>	<b>412,551</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>1,476,167</b>	<b>-</b>	<b>25,811</b>	<b>(130,871)</b>	<b>14,101</b>	<b>10,791</b>	<b>32,422</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	2,000	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,478,167</b>	<b>-</b>	<b>25,811</b>	<b>(130,871)</b>	<b>14,101</b>	<b>10,791</b>	<b>32,422</b>
<b>Cash and investments - beginning</b>	<b>(1,405,719)</b>	<b>-</b>	<b>266,995</b>	<b>8,787</b>	<b>404,180</b>	<b>54,285</b>	<b>(153,197)</b>
<b>Cash and investments - ending</b>	<b>\$ 72,448</b>	<b>\$ -</b>	<b>\$ 292,806</b>	<b>\$ (122,084)</b>	<b>\$ 418,281</b>	<b>\$ 65,076</b>	<b>\$ (120,775)</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 72,448	\$ -	\$ 292,806	\$ (122,084)	\$ 418,281	\$ 65,076	\$ (120,775)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 72,448</b>	<b>\$ -</b>	<b>\$ 292,806</b>	<b>\$ (122,084)</b>	<b>\$ 418,281</b>	<b>\$ 65,076</b>	<b>\$ (120,775)</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	72,448	-	292,806	(122,084)	418,281	65,076	(120,775)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 72,448</b>	<b>\$ -</b>	<b>\$ 292,806</b>	<b>\$ (122,084)</b>	<b>\$ 418,281</b>	<b>\$ 65,076</b>	<b>\$ (120,775)</b>

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	Educational License Plates	Safe Haven	Donation	Summer Art	UCB Donation	Rising Sun Bleacher Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 4,834	\$ -	\$ -
Intermediate sources	3,638	-	-	-	-	-
State sources	-	6,416	-	-	-	-
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>3,638</b>	<b>6,416</b>	<b>-</b>	<b>4,834</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	5,058	-	100
Support services	4,273	6,416	263	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	40,000
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,273</b>	<b>6,416</b>	<b>263</b>	<b>5,058</b>	<b>-</b>	<b>40,100</b>
Excess (deficiency) of receipts over disbursements	(635)	-	(263)	(224)	-	(40,100)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(635)	-	(263)	(224)	-	(40,100)
Cash and investments - beginning	9,763	-	263	1,003	9,232	40,100
Cash and investments - ending	\$ 9,128	\$ -	\$ -	\$ 779	\$ 9,232	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 9,128	\$ -	\$ -	\$ 779	\$ 9,232	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 9,128</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 779</b>	<b>\$ 9,232</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,128	-	-	779	9,232	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 9,128</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 779</b>	<b>\$ 9,232</b>	<b>\$ -</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Summer Recreation	Envoy Scholarship	City of Lawrenceburg Grant	CAPE Grant	CAPE Matching	CASA Grant
<b>Receipts:</b>						
Local sources	\$ 18,051	\$ -	\$ 502,140	\$ -	\$ -	\$ 2,000
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>18,051</b>	<b>-</b>	<b>502,140</b>	<b>-</b>	<b>-</b>	<b>2,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	21,234	-	-	-
Support services	-	-	325,817	65,478	19,437	230
Noninstructional services	23,897	-	15,000	-	-	-
Facilities acquisition and construction	-	-	149,362	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>23,897</b>	<b>-</b>	<b>511,413</b>	<b>65,478</b>	<b>19,437</b>	<b>230</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(5,846)</b>	<b>-</b>	<b>(9,273)</b>	<b>(65,478)</b>	<b>(19,437)</b>	<b>1,770</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	75,015	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,015</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(5,846)</b>	<b>-</b>	<b>(9,273)</b>	<b>9,537</b>	<b>(19,437)</b>	<b>1,770</b>
<b>Cash and investments - beginning</b>	<b>6,321</b>	<b>10,000</b>	<b>149,362</b>	<b>(25,024)</b>	<b>85,519</b>	<b>2,906</b>
<b>Cash and investments - ending</b>	<b>\$ 475</b>	<b>\$ 10,000</b>	<b>\$ 140,089</b>	<b>\$ (15,487)</b>	<b>\$ 66,082</b>	<b>\$ 4,676</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 475	\$ 10,000	\$ 140,089	\$ (15,487)	\$ 66,082	\$ 4,676
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 475</b>	<b>\$ 10,000</b>	<b>\$ 140,089</b>	<b>\$ (15,487)</b>	<b>\$ 66,082</b>	<b>\$ 4,676</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	475	10,000	140,089	(15,487)	66,082	4,676
<b>Total cash and investment fund balance - ending</b>	<b>\$ 475</b>	<b>\$ 10,000</b>	<b>\$ 140,089</b>	<b>\$ (15,487)</b>	<b>\$ 66,082</b>	<b>\$ 4,676</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Project Lead	Gifted/Talented 2007-08	R-O-D Medicaid State	Non-English Speaking Grant	Technology Plan Grant	Title I
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	3,074	-	-
Federal sources	-	-	-	-	-	297,181
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,074</b>	<b>-</b>	<b>297,181</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	852	-	1,799	-	247,199
Support services	7,144	-	-	-	144,296	75,926
Noninstructional services	-	-	-	-	-	836
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,144</b>	<b>852</b>	<b>-</b>	<b>1,799</b>	<b>144,296</b>	<b>323,961</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(7,144)</b>	<b>(852)</b>	<b>-</b>	<b>1,275</b>	<b>(144,296)</b>	<b>(26,780)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(7,144)</b>	<b>(852)</b>	<b>-</b>	<b>1,275</b>	<b>(144,296)</b>	<b>(26,780)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>2,484</b>	<b>5,028</b>	<b>-</b>	<b>144,296</b>	<b>82,314</b>
<b>Cash and investments - ending</b>	<b>\$ (7,144)</b>	<b>\$ 1,632</b>	<b>\$ 5,028</b>	<b>\$ 1,275</b>	<b>\$ -</b>	<b>\$ 55,534</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (7,144)	\$ 1,632	\$ 5,028	\$ 1,275	\$ -	\$ 55,534
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ (7,144)</b>	<b>\$ 1,632</b>	<b>\$ 5,028</b>	<b>\$ 1,275</b>	<b>\$ -</b>	<b>\$ 55,534</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(7,144)	1,632	5,028	1,275	-	55,534
<b>Total cash and investment fund balance - ending</b>	<b>\$ (7,144)</b>	<b>\$ 1,632</b>	<b>\$ 5,028</b>	<b>\$ 1,275</b>	<b>\$ -</b>	<b>\$ 55,534</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Title V Part A 2007-08	R-O-D Federal Grant 2006-2007	R-O-D Federal Grant	R-O-D Preschool	Drug Free 2006-2007	Title II Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	93,378	-	-
Federal sources	-	950,000	2,577,246	-	9,004	107,262
<b>Total receipts</b>	<b>-</b>	<b>950,000</b>	<b>2,577,246</b>	<b>93,378</b>	<b>9,004</b>	<b>107,262</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	319,371	1,301,447	88,132	6,370	98,486
Support services	52	23,117	622,082	-	5,241	3,688
Noninstructional services	-	-	-	570	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	8,753	943,963	19,065	-	-
<b>Total disbursements</b>	<b>52</b>	<b>351,241</b>	<b>2,867,492</b>	<b>107,767</b>	<b>11,611</b>	<b>102,174</b>
Excess (deficiency) of receipts over disbursements	(52)	598,759	(290,246)	(14,389)	(2,607)	5,088
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	645,033	-	-	-
Transfers out	-	(645,033)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(645,033)</b>	<b>645,033</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(52)	(46,274)	354,787	(14,389)	(2,607)	5,088
Cash and investments - beginning	52	110,993	(455,031)	22,166	2,829	-
Cash and investments - ending	\$ -	\$ 64,719	\$ (100,244)	\$ 7,777	\$ 222	\$ 5,088
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 64,719	\$ (100,244)	\$ 7,777	\$ 222	\$ 5,088
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 64,719</b>	<b>\$ (100,244)</b>	<b>\$ 7,777</b>	<b>\$ 222</b>	<b>\$ 5,088</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	64,719	(100,244)	7,777	222	5,088
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 64,719</b>	<b>\$ (100,244)</b>	<b>\$ 7,777</b>	<b>\$ 222</b>	<b>\$ 5,088</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Title II Part D	Title I Stimulus	Pension Debt	School Bus Replacement	Donation Education Foundation	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 1,519,860	\$ 1,143,407	\$ 262,731	\$ 9,418,004
Intermediate sources	-	-	-	-	-	3,638
State sources	-	-	-	-	-	280,578
Federal sources	160,440	30,174	-	-	-	4,483,803
<b>Total receipts</b>	<b>160,440</b>	<b>30,174</b>	<b>1,519,860</b>	<b>1,143,407</b>	<b>262,731</b>	<b>14,186,023</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	40,336	2,420,668
Support services	145,135	-	-	741,911	270,059	5,290,436
Noninstructional services	-	-	-	-	-	1,597,050
Facilities acquisition and construction	-	-	-	-	-	260,362
Debt services	-	-	1,147,966	-	-	1,221,440
Nonprogrammed charges	-	-	-	-	-	1,217,171
<b>Total disbursements</b>	<b>145,135</b>	<b>-</b>	<b>1,147,966</b>	<b>741,911</b>	<b>310,395</b>	<b>12,007,127</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>15,305</b>	<b>30,174</b>	<b>371,894</b>	<b>401,496</b>	<b>(47,664)</b>	<b>2,178,896</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	77,015
Transfers in	-	-	-	-	-	645,033
Transfers out	-	-	-	-	-	(645,033)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,015</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>15,305</b>	<b>30,174</b>	<b>371,894</b>	<b>401,496</b>	<b>(47,664)</b>	<b>2,255,911</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>-</b>	<b>(290,729)</b>	<b>4,705</b>	<b>141,152</b>	<b>(764,965)</b>
<b>Cash and investments - ending</b>	<b>\$ 15,305</b>	<b>\$ 30,174</b>	<b>\$ 81,165</b>	<b>\$ 406,201</b>	<b>\$ 93,488</b>	<b>\$ 1,490,946</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 15,305	\$ 30,174	\$ -	\$ 406,201	\$ 93,488	\$ 1,409,781
Restricted assets:						
Cash and investments	-	-	81,165	-	-	81,165
<b>Total cash and investment assets - ending</b>	<b>\$ 15,305</b>	<b>\$ 30,174</b>	<b>\$ 81,165</b>	<b>\$ 406,201</b>	<b>\$ 93,488</b>	<b>\$ 1,490,946</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 81,165	\$ -	\$ -	\$ 81,165
Unrestricted	15,305	30,174	-	406,201	93,488	1,409,781
<b>Total cash and investment fund balance - ending</b>	<b>\$ 15,305</b>	<b>\$ 30,174</b>	<b>\$ 81,165</b>	<b>\$ 406,201</b>	<b>\$ 93,488</b>	<b>\$ 1,490,946</b>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Sunman-Dearborn Intermediate School	\$ 26,805,000	\$ 2,945,000
North Dearborn Elementary	705,000	3,050,000
East Central High School	39,485,000	207,000
Common School Loans:		
Bright Elementary	4,568,275	483,059
Pension Bonds	<u>12,295,000</u>	<u>1,147,977</u>
Total governmental activities debt	<u>\$ 83,858,275</u>	<u>\$ 7,833,036</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information was not presented for audit to show that a complete inventory or record of capital assets was maintained as of June 30, 2009.

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

A similar comment was included in the prior Report B32062

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Records presented for audit showed expenditures exceeded budgeted appropriations during calendar years 2007 and 2008 for the following funds:

Fund	Years	Excess Amount Expended
General	2007	\$ 51,106
General	2008	1,777,749
Special Education Preschool	2007	14,760
Special Education Preschool	2008	22,185
Transportation Operating	2007	229,594
School Bus Replacement	2007	1,944

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

A similar comment was included in the prior Report B32062.

DEFICIT CASH BALANCES

Cash deficits were incurred for the following funds at June 30, 2008 and 2009:

Fund	2008	2009
General	\$ 4,152,448	\$ 2,895,797
Transportation	1,405,719	-
Textbook Rental	-	122,084
ROD-Preschool	153,197	120,775
Debt Service	2,347,034	-
Pension Debt	290,729	-

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

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)

A similar comment was included in prior Report B32062.

PROCESSING OF VENDOR CHECKS

The School Corporation's practice has been to process and print checks for payment of vendor claims that have not yet been approved by the officer or person receiving the good or service. The checks are then held until the Treasurer receives certification that the goods or services were received.

There were 25 checks on hand as of December 30, 2009, totaling \$50,699 that had been approved by the School Board for payment, but had not yet been certified by the officer or person receiving the goods or services.

IC 5-11-10-1.6 states in part:

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (2) the invoice or bill is approved by the officer or person receiving the goods and services; . . ."

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit showed enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2008, as shown below:

School Year	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2007-2008	Kindergarten	132.52	129.02	3.50

School Corporation 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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

Compliance

We have audited the compliance of the Sunman-DeARBORN Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. 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, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

February 8, 2010

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 08	\$ 50,048	\$ -
		FY 09	-	61,288
National School Lunch Program	10.555	FY 08	351,268	-
		FY 09	-	405,028
Total for federal grantor agency			<u>401,316</u>	<u>466,316</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		06-1560	16,169	-
		07-1560	254,824	2,688
		08-1560	-	292,795
		School Improvement	-	28,478
Total for program			<u>270,993</u>	<u>323,961</u>
Total for cluster			<u>270,993</u>	<u>323,961</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
		14206-052-PY02	160,359	-
		14207-052-PY02	382,915	110,993
		14207-052-PN01	707,103	-
		14208-052-PN01	2,348,743	590,002
		14208-052-PY02	-	240,248
		14209-052-PN01	-	2,277,490
Total for program			<u>3,599,120</u>	<u>3,218,733</u>
Special Education - Preschool Grants				
Special Education - Preschool Grants	84.173			
		45708-052-PN01	95,934	22,166
		45709-052-PN01	-	85,601
Total for program			<u>95,934</u>	<u>107,767</u>
Total for cluster			<u>3,695,054</u>	<u>3,326,500</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)				
- Education State Grants	84.394	FY09	-	1,229,503
Safe and Drug-Free Schools and Communities - State Grants				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		06-1560	1,591	-
		07-1560	6,858	2,829
		08-1560	-	8,782
Total for program			<u>8,449</u>	<u>11,611</u>
State Grants for Innovative Programs				
State Grants for Innovative Programs	84.298			
		06-1560	2,823	-
		07-1560	5,694	52
Total for program			<u>8,517</u>	<u>52</u>
Education Technology State Grants				
Education Technology State Grants	84.318			
		FY 09	-	145,135
Improving Teacher Quality State Grants				
Improving Teacher Quality State Grants	84.367			
		07-1560	-	102,174
Total for federal grantor agency			<u>3,983,013</u>	<u>5,138,936</u>
Total federal awards expended			<u>\$ 4,384,329</u>	<u>\$ 5,605,252</u>

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

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

Basis of Presentation

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

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

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

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	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:

Name of Federal Program or Cluster
Special Education Cluster
Title 1, Part A Cluster
ARRA - State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

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

No matters are reportable.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2010 with Dr. Jeffrey Hendrix, Superintendent of Schools, Charles Blake, Treasurer, and Mary Ann Baines, former Treasurer. The official response has been made a part of this report and may be found on page 49.

# SUNMAN-DEARBORN COMMUNITY SCHOOLS

26022 LAWRENCEVILLE ROAD  
SUNMAN, INDIANA 47041-0210  
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FAX: 812-623-3341

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DR. JEFFREY HENDRIX  
Superintendent

KRIS WILSON  
Director of Support Services

MARY ANN BAINES  
Director of Human Resources

CHARLES BLAKE  
Director of Financial Operations

February 12, 2010

State Board of Accounts  
302 W. Washington Street, Rm E418  
Indianapolis, IN 46204-2765

RE: Official Response to Audit ending June 30, 2009

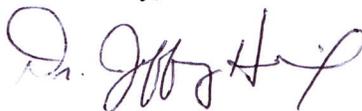
Sirs:

The financial situation at Sunman-Dearborn has been an issue for several years. We are currently working closely with the school board to correct this issue. We realize that we did not get into this situation overnight and it will take us time to completely fix this problem. We have had meetings with all staff and are currently holding public meetings regarding our financial situation. The road we face before us is not an easy one, but we must face. Some of the steps that we have taken or are considering are:

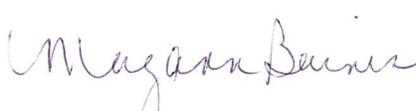
1) Closing our Administration Office and our Special Education Center and moving them into other buildings. 2) We have begun saving energy in our buildings and also are in the process of an energy audit. 3) Staff reductions are being discussed currently and cuts will be made over the next several months.

We realize this is a tough time for all Indiana schools, but we are determined to get Sunman-Dearborn back on sound financial ground.

Cordially,



Dr. Jeffery Hendrix



Mrs. Mary Ann Baines



Mr. Charles Blake