

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

AUDIT REPORT
OF
MARION COMMUNITY SCHOOLS
GRANT COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED

03/24/2010

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|----------------------|
| Treasurer | Mary Jane Bartrom | 07-01-07 to 10-19-07 |
| | Patricia J. Nauman (Interim) | 10-20-07 to 11-11-07 |
| | Charles A. Blake | 11-12-07 to 07-08-08 |
| | Patricia J. Nauman | 07-09-08 to 06-30-10 |
| Superintendent of Schools | Dr. Therese A. Howe (Interim) | 07-01-07 to 07-11-07 |
| | Dr. Jeffrey A. Hendrix | 07-12-07 to 06-30-09 |
| | Dr. Ginger L. Studebaker-Bolinger (Interim) | 07-01-09 to 08-09-09 |
| | Stephen L. Edwards | 08-10-09 to 06-30-10 |
| President of the School Board | Kyle C. Persinger | 01-01-07 to 12-31-07 |
| | Kristine A. Hess, M.D. | 01-01-08 to 12-31-08 |
| | Gregory S. Kitts | 01-01-09 to 12-31-09 |
| | F. Michael Luce | 01-01-10 to 12-31-10 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MARION COMMUNITY SCHOOLS, GRANT COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marion Community Schools (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 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 22, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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 22, 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 MARION COMMUNITY SCHOOLS, GRANT COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marion Community Schools (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 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2009-2 and 2009-3.

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

This report is intended solely for the information and use of the School Corporation's management, school board, 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 22, 2010

MARION COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

| <u>Functions/Programs</u> | <u>Disbursements</u> | Program Receipts | | <u>Net (Disbursements) Receipts and Changes in Net Assets</u> |
|--|----------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | <u>Totals</u> |
| Governmental activities: | | | | |
| Instruction | \$ 34,659,102 | \$ - | \$ 508,289 | \$ (34,150,813) |
| Support services | 11,466,674 | 764,171 | 2,092,149 | (8,610,354) |
| Noninstructional services | 2,558,749 | - | - | (2,558,749) |
| Facilities acquisition and construction | 3,663,308 | - | - | (3,663,308) |
| Debt service | 10,261,328 | - | - | (10,261,328) |
| Nonprogrammed charges | 303,724 | - | - | (303,724) |
| | <u>\$ 62,912,885</u> | <u>\$ 764,171</u> | <u>\$ 2,600,438</u> | <u>(59,548,276)</u> |
| Total governmental activities | | | | |
| | | | | |
| General receipts: | | | | |
| Property taxes | | | | 20,148,034 |
| Other local sources | | | | 3,447,136 |
| State aid | | | | 22,940,056 |
| Bonds and loans | | | | 10,923,258 |
| Grants and contributions not restricted to specific programs | | | | 6,068,609 |
| Sale of property | | | | 20,754 |
| Investment earnings | | | | 496,067 |
| Other | | | | 209,325 |
| | | | | <u>64,253,239</u> |
| Total general receipts | | | | <u>64,253,239</u> |
| | | | | |
| Change in net assets | | | | 4,704,963 |
| | | | | |
| Net assets - beginning | | | | <u>10,039,722</u> |
| | | | | |
| Net assets - ending | | | | <u>\$ 14,744,685</u> |
| | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 11,676,176 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>3,068,509</u> |
| Total assets | | | | <u>\$ 14,744,685</u> |
| | | | | |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 103,700 |
| Other purposes | | | | 2,964,809 |
| Unrestricted | | | | <u>11,676,176</u> |
| Total net assets | | | | <u>\$ 14,744,685</u> |

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

MARION COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Net (Disbursements) Receipts and Changes in Net Assets</u> |
|--|----------------------|---------------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Totals</u> |
| Governmental activities: | | | | |
| Instruction | \$ 16,060,353 | \$ - | \$ 654,623 | \$ (15,405,730) |
| Support services | 28,115,529 | 493,437 | 2,030,549 | (25,591,543) |
| Noninstructional services | 2,503,633 | - | - | (2,503,633) |
| Facilities acquisition and construction | 3,388,952 | - | - | (3,388,952) |
| Debt service | 10,740,210 | - | - | (10,740,210) |
| Nonprogrammed charges | 569,194 | - | - | (569,194) |
| | <u>\$ 61,377,871</u> | <u>\$ 493,437</u> | <u>\$ 2,685,172</u> | <u>(58,199,262)</u> |
| Total governmental activities | | | | |
| | | | | |
| General receipts: | | | | |
| Property taxes | | | | 18,424,912 |
| Other local sources | | | | 2,314,922 |
| State aid | | | | 26,968,762 |
| Bonds and loans | | | | 2,307,528 |
| Grants and contributions not restricted to specific programs | | | | 9,884,857 |
| Sale of property | | | | 246,229 |
| Investment earnings | | | | 170,104 |
| Other | | | | 197,025 |
| | | | | <u>60,514,339</u> |
| | | | | |
| Total general receipts | | | | <u>60,514,339</u> |
| | | | | |
| Change in net assets | | | | 2,315,077 |
| | | | | |
| Net assets - beginning | | | | <u>14,744,685</u> |
| | | | | |
| Net assets - ending | | | | <u>\$ 17,059,762</u> |
| | | | | |
| <u>Assets</u> | | | | |
| | | | | |
| Cash and investments | | | | \$ 16,214,727 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>845,035</u> |
| | | | | |
| Total assets | | | | <u>\$ 17,059,762</u> |
| | | | | |
| <u>Net Assets</u> | | | | |
| | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ (86,116) |
| Other purposes | | | | 931,151 |
| Unrestricted | | | | <u>16,214,727</u> |
| | | | | |
| Total net assets | | | | <u>\$ 17,059,762</u> |

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

MARION COMMUNITY SCHOOLS
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 | Capital Projects | Roof Bond 2008 | Other | Totals |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|
| Receipts: | | | | | |
| Local sources | \$ 15,013,169 | \$ 3,664,051 | \$ 16,657 | \$ 6,101,921 | \$ 24,795,798 |
| Intermediate sources | 302 | - | - | 13,920 | 14,222 |
| State sources | 24,296,146 | - | - | 579,153 | 24,875,299 |
| Federal sources | 35,085 | - | - | 6,995,520 | 7,030,605 |
| Temporary loans | 4,903,583 | 1,707,027 | - | 1,955,348 | 8,565,958 |
| Other | 5,037 | 163,533 | - | 40,755 | 209,325 |
| Total receipts | 44,253,322 | 5,534,611 | 16,657 | 15,686,617 | 65,491,207 |
| Disbursements: | | | | | |
| Current: | | | | | |
| Instruction | 29,932,526 | - | - | 4,726,576 | 34,659,102 |
| Support services | 9,071,856 | 1,015,716 | - | 4,176,362 | 14,263,934 |
| Noninstructional services | 500,737 | - | - | 2,058,012 | 2,558,749 |
| Facilities acquisition and construction | 1,966,310 | 1,452,362 | 4,000 | 240,636 | 3,663,308 |
| Debt services | 3,870,838 | 753,833 | - | 5,636,657 | 10,261,328 |
| Nonprogrammed charges | 131,791 | - | - | 171,933 | 303,724 |
| Total disbursements | 45,474,058 | 3,221,911 | 4,000 | 17,010,176 | 65,710,145 |
| Excess (deficiency) of receipts over disbursements | (1,220,736) | 2,312,700 | 12,657 | (1,323,559) | (218,938) |
| Other financing sources (uses): | | | | | |
| Proceeds of long-term debt | - | - | 1,877,200 | 480,100 | 2,357,300 |
| Sale of capital assets | 7,531 | 11,094 | - | 2,129 | 20,754 |
| Transfers in | 453,553 | 73,891 | - | 975,087 | 1,502,531 |
| Transfers out | (476,447) | - | - | (1,026,084) | (1,502,531) |
| Total other financing sources (uses) | (15,363) | 84,985 | 1,877,200 | 431,232 | 2,378,054 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (1,236,099) | 2,397,685 | 1,889,857 | (892,327) | 2,159,116 |
| Cash and investments - beginning | 5,715,447 | (207,866) | - | 4,113,179 | 9,620,760 |
| Cash and investments - ending | <u>\$ 4,479,348</u> | <u>\$ 2,189,819</u> | <u>\$ 1,889,857</u> | <u>\$ 3,220,852</u> | 11,779,876 |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: | | | | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | |
| | | | | | <u>2,964,809</u> |
| Net assets of governmental activities | | | | | <u>\$ 14,744,685</u> |
| Cash and Investment Assets - Ending | | | | | |
| Cash and investments | \$ 4,479,348 | \$ 2,189,819 | \$ 1,889,857 | \$ 3,117,152 | \$ 11,676,176 |
| Restricted assets: | | | | | |
| Cash and investments | - | - | - | 103,700 | 103,700 |
| Total cash and investment assets - ending | \$ 4,479,348 | \$ 2,189,819 | \$ 1,889,857 | \$ 3,220,852 | \$ 11,779,876 |
| Cash and Investment Fund Balance - Ending | | | | | |
| Restricted for: | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ 103,700 | \$ 103,700 |
| Unrestricted | 4,479,348 | 2,189,819 | 1,889,857 | 3,117,152 | 11,676,176 |
| Total cash and investment fund balance - ending | \$ 4,479,348 | \$ 2,189,819 | \$ 1,889,857 | \$ 3,220,852 | \$ 11,779,876 |

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

MARION COMMUNITY SCHOOLS
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 | Fiscal Stabilization - Education (Stimulus) | Capital Projects | Roof Bond 2008 | Other | Totals |
|--|---------------------|--|---------------------|-------------------|---------------------|----------------------|
| Receipts: | | | | | | |
| Local sources | \$ 12,024,134 | \$ - | \$ 3,490,575 | \$ 5,160 | \$ 5,832,619 | \$ 21,352,488 |
| Intermediate sources | 1,432 | - | - | - | - | 1,432 |
| State sources | 27,913,543 | - | - | - | 877,531 | 28,791,074 |
| Federal sources | - | 3,035,037 | - | - | 8,240,676 | 11,275,713 |
| Temporary loans | 1,103,069 | - | - | - | 1,204,459 | 2,307,528 |
| Other | 177,055 | - | 11,532 | - | 8,438 | 197,025 |
| Total receipts | 41,219,233 | 3,035,037 | 3,502,107 | 5,160 | 16,163,723 | 63,925,260 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 13,877,562 | - | - | - | 2,182,791 | 16,060,353 |
| Support services | 22,495,386 | 123,633 | 768,375 | - | 5,173,018 | 28,560,412 |
| Noninstructional services | 537,713 | - | - | - | 1,965,920 | 2,503,633 |
| Facilities acquisition and construction | 313,116 | 71,678 | 977,299 | 1,887,416 | 139,443 | 3,388,952 |
| Debt services | 5,111,012 | - | 972,527 | - | 4,656,671 | 10,740,210 |
| Nonprogrammed charges | 345,563 | - | - | - | 223,631 | 569,194 |
| Total disbursements | 42,680,352 | 195,311 | 2,718,201 | 1,887,416 | 14,341,474 | 61,822,754 |
| Excess (deficiency) of receipts over disbursements | (1,461,119) | 2,839,726 | 783,906 | (1,882,256) | 1,822,249 | 2,102,506 |
| Other financing sources (uses): | | | | | | |
| Sale of capital assets | - | - | 246,229 | - | - | 246,229 |
| Transfers - internal activities | 2,000,000 | - | - | - | - | 2,000,000 |
| Transfers in | - | - | - | - | 442,469 | 442,469 |
| Transfers out | (239,578) | - | - | - | (202,891) | (442,469) |
| Total other financing sources (uses) | 1,760,422 | - | 246,229 | - | 239,578 | 2,246,229 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 299,303 | 2,839,726 | 1,030,135 | (1,882,256) | 2,061,827 | 4,348,735 |
| Cash and investments - beginning | 4,479,348 | - | 2,189,819 | 1,889,857 | 3,220,852 | 11,779,876 |
| Cash and investments - ending | \$ 4,778,651 | \$ 2,839,726 | \$ 3,219,954 | \$ 7,601 | \$ 5,282,679 | 16,128,611 |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: | | | | | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | | |
| | | | | | | 931,151 |
| Net assets of governmental activities | | | | | | <u>\$ 17,059,762</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 4,778,651 | \$ 2,839,726 | \$ 3,219,954 | \$ 7,601 | \$ 5,368,795 | \$ 16,214,727 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | (86,116) | (86,116) |
| Total cash and investment assets - ending | \$ 4,778,651 | \$ 2,839,726 | \$ 3,219,954 | \$ 7,601 | \$ 5,282,679 | \$ 16,128,611 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ (86,116) | \$ (86,116) |
| Unrestricted | 4,778,651 | 2,839,726 | 3,219,954 | 7,601 | 5,368,795 | 16,214,727 |
| Total cash and investment fund balance - ending | \$ 4,778,651 | \$ 2,839,726 | \$ 3,219,954 | \$ 7,601 | \$ 5,282,679 | \$ 16,128,611 |

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

MARION COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2008

| | <u>Internal Service Fund</u> |
|--|--------------------------------------|
| Operating receipts: | |
| Charges for services | \$ 8,815,928 |
| Miscellaneous | <u>45,696</u> |
| Total operating receipts | <u>8,861,624</u> |
| Operating disbursements: | |
| Insurance claims and expense | <u>6,315,777</u> |
| Change in net assets | 2,545,847 |
| Cash and investment fund balance - beginning | <u>418,962</u> |
| Cash and investment fund balance - ending | <u>\$ 2,964,809</u> |
| <u>Cash and Investment Assets - Ending</u> | |
| Restricted assets: | |
| Cash and investments | <u>\$ 2,964,809</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | |
| Restricted for: | |
| Other purposes | <u>\$ 2,964,809</u> |

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

MARION COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

| | <u>Internal Service Fund</u> |
|---|--------------------------------------|
| Operating receipts: | |
| Charges for services | \$ 4,021,010 |
| Miscellaneous | <u>49,455</u> |
| Total operating receipts | <u>4,070,465</u> |
| Operating disbursements: | |
| Insurance claims and expense | <u>4,104,123</u> |
| Deficiency of operating receipts over operating disbursements | (33,658) |
| Transfers - internal activities | <u>(2,000,000)</u> |
| Change in net assets | (2,033,658) |
| Cash and investment fund balance - beginning | <u>2,964,809</u> |
| Cash and investment fund balance - ending | <u><u>\$ 931,151</u></u> |
| <u>Cash and Investment Assets - Ending</u> | |
| Restricted assets: | |
| Cash and investments | <u><u>\$ 931,151</u></u> |
| <u>Cash and Investment Fund Balance - Ending</u> | |
| Restricted for: | |
| Other purposes | <u><u>\$ 931,151</u></u> |

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

MARION COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

| | <u>Pension Trust Fund</u> | <u>Private-Purpose Trust Funds</u> |
|---|-------------------------------|--|
| Additions: | | |
| Contributions: | | |
| Other | \$ 6,001 | \$ 27,852 |
| Investment earnings: | | |
| Interest | - | 4,916 |
| Total additions | <u>6,001</u> | <u>32,768</u> |
| Deductions: | | |
| Benefits | 238,653 | - |
| Administrative and general | - | 29,126 |
| Total deductions | <u>238,653</u> | <u>29,126</u> |
| Excess (deficiency) of total additions over total deductions | (232,652) | 3,642 |
| Cash and investment fund balance - beginning | - | 87,597 |
| Cash and investment fund balance - ending | <u>\$ (232,652)</u> | <u>\$ 91,239</u> |
| Net assets: | | |
| Cash and investments | <u>\$ (232,652)</u> | <u>\$ 91,239</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ (232,652)</u> | <u>\$ 91,239</u> |

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

MARION COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

| | <u>Pension Trust Fund</u> | <u>Private-Purpose Trust Funds</u> |
|--|-------------------------------|--|
| Additions: | | |
| Contributions: | | |
| Other | \$ 1,042,740 | \$ 19,958 |
| Investment earnings: | | |
| Interest | <u>-</u> | <u>1,232</u> |
| Total additions | <u>1,042,740</u> | <u>21,190</u> |
| Deductions: | | |
| Benefits | 805,088 | - |
| Administrative and general | <u>-</u> | <u>12,553</u> |
| Total deductions | <u>805,088</u> | <u>12,553</u> |
| Excess of total additions over total deductions | 237,652 | 8,637 |
| Cash and investment fund balance - beginning | <u>(232,652)</u> | <u>91,239</u> |
| Cash and investment fund balance - ending | <u>\$ 5,000</u> | <u>\$ 99,876</u> |
| Net assets: | | |
| Cash and investments | <u>\$ 5,000</u> | <u>\$ 99,876</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 5,000</u> | <u>\$ 99,876</u> |

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

MARION COMMUNITY SCHOOLS
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 (primary government) is the financial reporting entity.

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

Joint Venture

The School Corporation is a participant with Eastbrook Community School Corporation, Madison-Grant United School Corporation, Mississinewa Community School Corporation, and Oak Hill United School Corporation in a joint venture to operate the Grant County Special Services Cooperative (Co-op) which was created to provide instruction for children with special needs. The Co-op's continued existence depends on continued funding by the member school corporations. Complete financial statements for the Grant County Special Services Cooperative can be obtained from Mississinewa Community School Corporation, 424 East South A Street, Gas City, IN 46933.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, 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.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation reports the following major governmental funds:

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

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

The roof bond 2008 fund accounts for debt from funds borrowed or advanced for the improvement of the high school building.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for financial resources of the School Corporation's self-insurance fund that provides medical benefits to certain employee groups.

The pension trust fund accounts for reimbursements from the general fund to pay retirees benefits.

The private-purpose trust funds report trust arrangements under which principal and income benefit eligible students.

C. Measurement Focus and Basis of Accounting

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

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

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

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

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

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:

- 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.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities,

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied 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. 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:

| Fund | June 30, 2008 | June 30, 2009 |
|---------------------------------------|---------------|---------------|
| Education Technology Advancement | \$ 59,198 | \$ - |
| Title I School Improvement 2007 Allen | 26,394 | 26,394 |
| Title I Delinquent 2008 | 47,176 | 181 |
| Title I Migrant FY00-07/RM22 | 12,600 | 12,600 |
| Title I Migrant FY07-08/RM-15 | - | 11,645 |
| IDEA 2006 C/O | 179,021 | - |
| IDEA 2007 | 128,921 | - |
| Special Education Preschool 2009 | - | 43,037 |
| Title III Adult Basic Education 2007 | 20,518 | 20,518 |
| IDEA Preschool 2007 | 59,255 | - |
| Moving Forward 2008 | 41,315 | - |
| Carl Perkins 2008 | 56,051 | - |

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Fund | June 30, 2008 | June 30, 2009 |
|---|---------------|---------------|
| Head Start 2008 | 356,356 | 92 |
| Head Start T and TA 2008 | 12,113 | - |
| Head Start 2006 | 116,924 | 116,924 |
| Head Start 2007 | 153,011 | 122,954 |
| Head Start T and TA 2007 | 13,098 | - |
| Head Start 2009 | - | 251,545 |
| Improving Teacher Quality 2006 | 71,652 | 71,652 |
| Debt Service | - | 144,498 |
| Post - Retirement/Severance Future Benefits | 232,652 | - |
| Non-English Speaking 2008 | 2,262 | 2,305 |
| Title I Delinquent 2007 | 9,468 | 9,468 |
| Title I School Improvement 2008 Allen | 6,389 | 154 |
| IDEA 2008 | 4,116 | 307 |
| Pell Grant | 3,925 | 365 |
| Title V Innovative 04-217 | - | 50 |
| Title III Adult Basic Education 2008 | - | 77 |
| Head Start T and TA 2009 | - | 4,925 |
| Title III Language Instruction 2008 | - | 500 |
| Special Education Grants to States Recovery Act | - | 502 |

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

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

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk of investments.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

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>For the Year Ended June 30, 2008</u> | <u>For the Year Ended June 30, 2009</u> |
|--------------------------|--------------------------|---|---|
| General Fund | Other governmental funds | \$ 476,447 | \$ 239,578 |
| Other governmental funds | General Fund | 453,553 | - |
| Other governmental funds | Capital Projects | 73,891 | - |
| Other governmental funds | Other governmental funds | <u>498,640</u> | <u>202,891</u> |
| Totals | | <u>\$ 1,502,531</u> | <u>\$ 442,469</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.

The risks of 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 are covered by commercial insurance from independent third parties. There were no significant reductions in insurance by major category of risk.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Certified Teaching Staff

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to certified teaching staff. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The self-insurance plan was discontinued as of June 30, 2009, and a commercial plan replaced it. The balance remaining in the Self-Insurance Fund is to be used to settle outstanding claims.

B. Holding Corporations

The School Corporation has entered into a capital lease with Marion High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ending June 30, 2009, totaled \$1,306,000.

The School Corporation has entered into a capital lease with Marion School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing, renovating, improving and equipping certain school facilities and leasing same to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ending June 30, 2009, totaled \$352,000.

C. Other Postemployment Benefits

Plan Description

The School Corporation provides postemployment health, dental, vision and life insurance benefits to eligible certified and administrative retirees and their spouses.

Funding Policy

The contribution requirements for retirees are established by the School Board. The required contribution is based on projected pay-as-you-go financing requirements. The School Corporation provides a fixed annual amount for each retiree. For the year ended June 30, 2009, the School Corporation contributed \$241,986, providing benefits to 44 retirees.

D. 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

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

| | | PERF |
|--|----|-----------|
| Annual required contribution | \$ | 303,861 |
| Interest on net pension obligation | | (57,426) |
| Adjustment to annual required contribution | | 65,442 |
| Annual pension cost | | 311,877 |
| Contributions made | | 393,865 |
| Decrease in net pension obligation | | (81,988) |
| Net pension obligation, beginning of year | | (792,085) |
| Net pension obligation, end of year | \$ | (874,073) |

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | PERF |
|---------------------------------|---|
| Contribution rates: | |
| School Corporation | 6% |
| 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% |

Three Year Trend Information

| | Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF | 06-30-06 | \$ 343,898 | 113% | \$ (717,488) |
| | 06-30-07 | 322,798 | 123% | (792,085) |
| | 06-30-08 | 311,877 | 126% | (874,073) |

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.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$532,532, \$616,806, and \$565,107, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

MARION COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------------|--|---|--|--------------------------|---------------------------|--|
| 07-01-06 | \$ 8,234,313 | \$ 7,805,201 | \$ 429,112 | 105% | \$ 5,576,472 | 8% |
| 07-01-07 | 8,780,410 | 7,846,544 | 933,866 | 112% | 5,888,438 | 16% |
| 07-01-08 | 9,314,513 | 8,473,666 | 840,847 | 110% | 5,997,298 | 14% |

MARION COMMUNITY SCHOOLS
 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 | Food Service | Textbook Rental | Levy Excess | Alternative Education | Early Intervention - Riverview |
|---|-----------------------------|-----------------------------------|---------------------|--------------------|------------------|--------------------------|--------------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 1,993,980 | \$ 30,266 | \$ 396,346 | \$ 185,508 | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 149,708 | 15,368 | 218,492 | - | 55,046 | 27,400 |
| Federal sources | - | - | 1,405,420 | - | - | - | - |
| Temporary loans | 552,247 | - | - | - | - | - | - |
| Other | 1,462 | - | 3,085 | - | 3,582 | - | - |
| Total receipts | 2,547,689 | 179,974 | 1,820,219 | 404,000 | 3,582 | 55,046 | 27,400 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 75,504 | 14,665 | - | - | - | 27,400 |
| Support services | 1,948,795 | 906 | 2,390 | 331,265 | - | - | - |
| Noninstructional services | - | - | 1,961,290 | - | - | - | - |
| Facilities acquisition and construction | 76 | - | - | - | - | - | - |
| Debt services | 635,690 | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 2,584,561 | 76,410 | 1,978,345 | 331,265 | - | - | 27,400 |
| Excess (deficiency) of receipts over disbursements | (36,872) | 103,564 | (158,126) | 72,735 | 3,582 | 55,046 | - |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | 60 | - | 2,069 | - | - | - | - |
| Transfers in | 54,217 | 1,088 | - | - | - | - | - |
| Transfers out | - | - | - | - | (674,583) | - | - |
| Total other financing sources (uses) | 54,277 | 1,088 | 2,069 | - | (674,583) | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 17,405 | 104,652 | (156,057) | 72,735 | (671,001) | 55,046 | - |
| Cash and investments - beginning | 296,790 | 137,024 | 1,215,801 | 138,893 | 734,540 | 125,030 | - |
| Cash and investments - ending | \$ 314,195 | \$ 241,676 | \$ 1,059,744 | \$ 211,628 | \$ 63,539 | \$ 180,076 | \$ - |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 314,195 | \$ 241,676 | \$ 1,059,744 | \$ 211,628 | \$ 63,539 | \$ 180,076 | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 314,195 | \$ 241,676 | \$ 1,059,744 | \$ 211,628 | \$ 63,539 | \$ 180,076 | \$ - |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 314,195 | 241,676 | 1,059,744 | 211,628 | 63,539 | 180,076 | - |
| Total cash and investment fund balance - ending | \$ 314,195 | \$ 241,676 | \$ 1,059,744 | \$ 211,628 | \$ 63,539 | \$ 180,076 | \$ - |

MARION COMMUNITY SCHOOLS
 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)

| | High Ability 2008 | High Ability 2007 | Education Technology Advancement | Medicaid Reimbursement | Non-English Speaking 2006 | Non-English Speaking 2007 | Non-English Speaking 2008 |
|---|----------------------|----------------------|--|---------------------------|---------------------------------|---------------------------------|---------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | 48,596 | - | - | - | - | - | 21,896 |
| Federal sources | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 48,596 | - | - | - | - | - | 21,896 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 50,756 | 2,650 | - | - | 180 | 2,611 | 23,094 |
| Support services | 467 | - | 225,032 | - | - | - | 1,064 |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 51,223 | 2,650 | 225,032 | - | 180 | 2,611 | 24,158 |
| Excess (deficiency) of receipts over disbursements | (2,627) | (2,650) | (225,032) | - | (180) | (2,611) | (2,262) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | 480,100 | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | 2,743 | - | - | - | - | - |
| Transfers out | (2,743) | - | - | - | - | - | - |
| Total other financing sources (uses) | (2,743) | 2,743 | 480,100 | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (5,370) | 93 | 255,068 | - | (180) | (2,611) | (2,262) |
| Cash and investments - beginning | 15,568 | - | (314,266) | 1,252 | 2,908 | 2,736 | - |
| Cash and investments - ending | \$ 10,198 | \$ 93 | \$ (59,198) | \$ 1,252 | \$ 2,728 | \$ 125 | \$ (2,262) |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 10,198 | \$ 93 | \$ (59,198) | \$ 1,252 | \$ 2,728 | \$ 125 | \$ (2,262) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 10,198 | \$ 93 | \$ (59,198) | \$ 1,252 | \$ 2,728 | \$ 125 | \$ (2,262) |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 10,198 | 93 | (59,198) | 1,252 | 2,728 | 125 | (2,262) |
| Total cash and investment fund balance - ending | \$ 10,198 | \$ 93 | \$ (59,198) | \$ 1,252 | \$ 2,728 | \$ 125 | \$ (2,262) |

MARION COMMUNITY SCHOOLS
 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)

| | Career Majors | Internet Access Technology | Vision Athena McCulloch | CAPE Grant Tucker | E-Rate Technology | CAPE Lift ESL | CAPE Lift Pow-wow |
|--|------------------|----------------------------------|-------------------------------|-------------------------|----------------------|---------------------|-------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | 17,847 | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 17,847 | - | - | - | - | - | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 154 | - | - | - | - | - | 303 |
| Support services | 6,663 | 4,140 | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 102,099 | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 6,817 | 4,140 | - | - | 102,099 | - | 303 |
| Excess (deficiency) of receipts over disbursements | 11,030 | (4,140) | - | - | (102,099) | - | (303) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 476,447 | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | 476,447 | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 11,030 | (4,140) | - | - | 374,348 | - | (303) |
| Cash and investments - beginning | (10,030) | 14,077 | 1,452 | 2,229 | - | 7 | 306 |
| Cash and investments - ending | \$ 1,000 | \$ 9,937 | \$ 1,452 | \$ 2,229 | \$ 374,348 | \$ 7 | \$ 3 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 1,000 | \$ 9,937 | \$ 1,452 | \$ 2,229 | \$ 374,348 | \$ 7 | \$ 3 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 1,000 | \$ 9,937 | \$ 1,452 | \$ 2,229 | \$ 374,348 | \$ 7 | \$ 3 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 1,000 | 9,937 | 1,452 | 2,229 | 374,348 | 7 | 3 |
| Total cash and investment fund balance - ending | \$ 1,000 | \$ 9,937 | \$ 1,452 | \$ 2,229 | \$ 374,348 | \$ 7 | \$ 3 |

MARION COMMUNITY SCHOOLS
 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)

| | Safe Haven Time Away 2006 | Safe Haven Time Away 2007 | Safe Haven Time Away 2005 | Title I School Improvement 2007 Slocum | Title I School Improvement 2007 Allen | Title I Delinquent 2008 | Title I Delinquent 2007 |
|---|---------------------------------|---------------------------------|---------------------------------|---|--|-------------------------------|-------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 3,553 | - | - | - | - | - |
| Federal sources | - | - | - | 20,040 | 13,966 | - | 64,797 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 3,553 | - | 20,040 | 13,966 | - | 64,797 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 55 | - | - | 1,983 | 18 | 47,176 | 38,471 |
| Support services | - | - | - | 23,869 | 43,292 | - | 2,899 |
| Noninstructional services | - | - | - | - | 724 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 55 | - | - | 25,852 | 44,034 | 47,176 | 41,370 |
| Excess (deficiency) of receipts over disbursements | (55) | 3,553 | - | (5,812) | (30,068) | (47,176) | 23,427 |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (55) | 3,553 | - | (5,812) | (30,068) | (47,176) | 23,427 |
| Cash and investments - beginning | 1,279 | (3,553) | 11,062 | 11,499 | 3,674 | - | (32,895) |
| Cash and investments - ending | \$ 1,224 | \$ - | \$ 11,062 | \$ 5,687 | \$ (26,394) | \$ (47,176) | \$ (9,468) |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 1,224 | \$ - | \$ 11,062 | \$ 5,687 | \$ (26,394) | \$ (47,176) | \$ (9,468) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 1,224 | \$ - | \$ 11,062 | \$ 5,687 | \$ (26,394) | \$ (47,176) | \$ (9,468) |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 1,224 | - | 11,062 | 5,687 | (26,394) | (47,176) | (9,468) |
| Total cash and investment fund balance - ending | \$ 1,224 | \$ - | \$ 11,062 | \$ 5,687 | \$ (26,394) | \$ (47,176) | \$ (9,468) |

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

| | Title I School Improvement 2007 Southeast | Title I 06-2865 | Title I 08-2865 | Title I 07-2865 | Title I School Improvement 2006 Slocum | Title I School Improvement 2008 Allen | Title I School Improvement 2008 Southeast |
|--|--|--------------------|--------------------|--------------------|---|--|--|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | 34,918 | 1,658,158 | 296,504 | 26,998 | 24,000 | 13,620 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | 32,318 | - | - | - | - |
| Total receipts | - | 34,918 | 1,690,476 | 296,504 | 26,998 | 24,000 | 13,620 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 8,966 | - | 1,038,933 | 397,113 | 20,835 | 23,436 | 597 |
| Support services | - | - | 262,323 | 22,764 | 148 | 2,214 | 8,533 |
| Noninstructional services | - | - | 48,206 | 10,700 | 198 | 4,739 | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 35,085 | - | - | - |
| Total disbursements | 8,966 | - | 1,349,462 | 465,662 | 21,181 | 30,389 | 9,130 |
| Excess (deficiency) of receipts over disbursements | (8,966) | 34,918 | 341,014 | (169,158) | 5,817 | (6,389) | 4,490 |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 348,705 | - | - | - |
| Transfers out | - | (348,705) | - | - | (53) | - | - |
| Total other financing sources (uses) | - | (348,705) | - | 348,705 | (53) | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (8,966) | (313,787) | 341,014 | 179,547 | 5,764 | (6,389) | 4,490 |
| Cash and investments - beginning | 29,673 | 313,787 | - | 60,856 | 54 | - | - |
| Cash and investments - ending | \$ 20,707 | \$ - | \$ 341,014 | \$ 240,403 | \$ 5,818 | \$ (6,389) | \$ 4,490 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 20,707 | \$ - | \$ 341,014 | \$ 240,403 | \$ 5,818 | \$ (6,389) | \$ 4,490 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 20,707 | \$ - | \$ 341,014 | \$ 240,403 | \$ 5,818 | \$ (6,389) | \$ 4,490 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 20,707 | - | 341,014 | 240,403 | 5,818 | (6,389) | 4,490 |
| Total cash and investment fund balance - ending | \$ 20,707 | \$ - | \$ 341,014 | \$ 240,403 | \$ 5,818 | \$ (6,389) | \$ 4,490 |

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

| | Title V Innovative 06-2865 | Title V Innovative 02-085 | Title V Innovative 04-217 | Title I Migrant FY07-08/RM-15 | Title I Migrant FY00-07/RM22 | Stewart McKinney 2008 | Stewart McKinney 2007 |
|--|----------------------------------|---------------------------------|---------------------------------|-------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 6,480 | 1,027 | 1,027 | 85,001 | - | 54,281 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 6,480 | 1,027 | 1,027 | 85,001 | - | 54,281 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | 77,262 | 7,305 | - | - |
| Support services | 4,586 | 1,083 | - | - | - | 11,216 | 32,609 |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 2,372 | - | - | - |
| Total disbursements | 4,586 | 1,083 | - | 79,634 | 7,305 | 11,216 | 32,609 |
| Excess (deficiency) of receipts over disbursements | 1,894 | (56) | 1,027 | 5,367 | (7,305) | 43,065 | (32,609) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,894 | (56) | 1,027 | 5,367 | (7,305) | 43,065 | (32,609) |
| Cash and investments - beginning | - | 22,435 | 2,061 | - | (5,295) | - | 35,632 |
| Cash and investments - ending | \$ 1,894 | \$ 22,379 | \$ 3,088 | \$ 5,367 | \$ (12,600) | \$ 43,065 | \$ 3,023 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 1,894 | \$ 22,379 | \$ 3,088 | \$ 5,367 | \$ (12,600) | \$ 43,065 | \$ 3,023 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 1,894 | \$ 22,379 | \$ 3,088 | \$ 5,367 | \$ (12,600) | \$ 43,065 | \$ 3,023 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 1,894 | 22,379 | 3,088 | 5,367 | (12,600) | 43,065 | 3,023 |
| Total cash and investment fund balance - ending | \$ 1,894 | \$ 22,379 | \$ 3,088 | \$ 5,367 | \$ (12,600) | \$ 43,065 | \$ 3,023 |

MARION COMMUNITY SCHOOLS
 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)

| | IDEA 2008 | IDEA 2006 | IDEA 2006 C/O | IDEA 2007 | Co-op Preschool Grant | Title III Adult Basic Education 2008 | Title III Adult Basic Education 2007 |
|--|-------------------|-------------------|---------------------|---------------------|-----------------------------|---|---|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | 21,247 | - | - |
| Federal sources | 992,733 | 184,430 | - | 243,475 | - | 85,538 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 992,733 | 184,430 | - | 243,475 | 21,247 | 85,538 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 732,312 | - | 72,600 | 350,091 | - | 62,109 | 16,804 |
| Support services | 264,537 | - | 106,421 | 91,257 | - | 9,709 | 1,862 |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 996,849 | - | 179,021 | 441,348 | - | 71,818 | 18,666 |
| Excess (deficiency) of receipts over disbursements | (4,116) | 184,430 | (179,021) | (197,873) | 21,247 | 13,720 | (18,666) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (4,116) | 184,430 | (179,021) | (197,873) | 21,247 | 13,720 | (18,666) |
| Cash and investments - beginning | - | 18,461 | - | 68,952 | - | - | (1,852) |
| Cash and investments - ending | \$ (4,116) | \$ 202,891 | \$ (179,021) | \$ (128,921) | \$ 21,247 | \$ 13,720 | \$ (20,518) |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ (4,116) | \$ 202,891 | \$ (179,021) | \$ (128,921) | \$ 21,247 | \$ 13,720 | \$ (20,518) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ (4,116) | \$ 202,891 | \$ (179,021) | \$ (128,921) | \$ 21,247 | \$ 13,720 | \$ (20,518) |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (4,116) | 202,891 | (179,021) | (128,921) | 21,247 | 13,720 | (20,518) |
| Total cash and investment fund balance - ending | \$ (4,116) | \$ 202,891 | \$ (179,021) | \$ (128,921) | \$ 21,247 | \$ 13,720 | \$ (20,518) |

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

| | Drug-Free Schools 2008 | Drug-Free Schools 2007 | Drug-Free Schools 2006 | Drug-Free Schools 2005 | IDEA Preschool 2007 | Moving Forward 2008 | Carl Perkins 2008 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------|---------------------------|----------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 5,664 | 52,057 | 45,072 | - | - | - | 141,187 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 5,664 | 52,057 | 45,072 | - | - | - | 141,187 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 58 | 11,734 | - | 9,911 | 41,294 | 116,673 |
| Support services | - | 300 | 2,461 | - | 25,243 | 21 | 70,106 |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | 10,459 |
| Total disbursements | - | 358 | 14,195 | - | 35,154 | 41,315 | 197,238 |
| Excess (deficiency) of receipts over disbursements | 5,664 | 51,699 | 30,877 | - | (35,154) | (41,315) | (56,051) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 5,664 | 51,699 | 30,877 | - | (35,154) | (41,315) | (56,051) |
| Cash and investments - beginning | - | - | (9,828) | 11,069 | (24,101) | - | - |
| Cash and investments - ending | 5,664 | 51,699 | 21,049 | 11,069 | (59,255) | (41,315) | (56,051) |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 5,664 | \$ 51,699 | \$ 21,049 | \$ 11,069 | \$ (59,255) | \$ (41,315) | \$ (56,051) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | 5,664 | 51,699 | 21,049 | 11,069 | (59,255) | (41,315) | (56,051) |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 5,664 | 51,699 | 21,049 | 11,069 | (59,255) | (41,315) | (56,051) |
| Total cash and investment fund balance - ending | 5,664 | 51,699 | 21,049 | 11,069 | (59,255) | (41,315) | (56,051) |

MARION COMMUNITY SCHOOLS
 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)

| | Carl Perkins 2007 | Head Start 2008 | Head Start T and TA 2008 | Head Start 2006 | Head Start T and TA 2006 | Head Start 2007 | Head Start T and TA 2007 |
|--|----------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 50,925 | 141,375 | - | 54,412 | - | 788,627 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | 308 | - | - | - | - | - | - |
| Total receipts | 51,233 | 141,375 | - | 54,412 | - | 788,627 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 26,140 | 314,919 | 12,113 | - | - | 389,998 | 8,936 |
| Support services | - | 164,720 | - | 79 | - | 134,146 | - |
| Noninstructional services | - | 18,092 | - | 893 | - | 13,170 | - |
| Facilities acquisition and construction | - | - | - | - | - | 138,461 | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | 6,747 | - | - | - | - | - | - |
| Total disbursements | 32,887 | 497,731 | 12,113 | 972 | - | 675,775 | 8,936 |
| Excess (deficiency) of receipts over disbursements | 18,346 | (356,356) | (12,113) | 53,440 | - | 112,852 | (8,936) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 18,346 | (356,356) | (12,113) | 53,440 | - | 112,852 | (8,936) |
| Cash and investments - beginning | (18,346) | - | - | (170,364) | 4,234 | (265,863) | (4,162) |
| Cash and investments - ending | \$ - | \$ (356,356) | \$ (12,113) | \$ (116,924) | \$ 4,234 | \$ (153,011) | \$ (13,098) |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ - | \$ (356,356) | \$ (12,113) | \$ (116,924) | \$ 4,234 | \$ (153,011) | \$ (13,098) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ - | \$ (356,356) | \$ (12,113) | \$ (116,924) | \$ 4,234 | \$ (153,011) | \$ (13,098) |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | - | (356,356) | (12,113) | (116,924) | 4,234 | (153,011) | (13,098) |
| Total cash and investment fund balance - ending | \$ - | \$ (356,356) | \$ (12,113) | \$ (116,924) | \$ 4,234 | \$ (153,011) | \$ (13,098) |

MARION COMMUNITY SCHOOLS
 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)

| | Medicaid Reimbursement Federal | Pell Grant | Hurricane Displaced Students | Improving Teacher Quality 2006 | Enhancing Education Through Technology 2006 | Improving Teacher Quality 2007 |
|---|--------------------------------------|-------------------|------------------------------------|--------------------------------------|--|--------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | 1,646 | 103,065 | - | - | - | 98,338 |
| Temporary loans | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total receipts | 1,646 | 103,065 | - | - | - | 98,338 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | 64,125 | - | - | 254,565 |
| Support services | 1,472 | - | - | 338 | - | 23,957 |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Nonprogrammed charges | - | 104,390 | - | - | - | 12,880 |
| Total disbursements | 1,472 | 104,390 | 64,125 | 338 | - | 291,402 |
| Excess (deficiency) of receipts over disbursements | 174 | (1,325) | (64,125) | (338) | - | (193,064) |
| Other financing sources (uses): | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 174 | (1,325) | (64,125) | (338) | - | (193,064) |
| Cash and investments - beginning | 178,030 | (2,600) | 64,125 | (71,314) | 277 | 389,864 |
| Cash and investments - ending | \$ 178,204 | \$ (3,925) | \$ - | \$ (71,652) | \$ 277 | \$ 196,800 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 178,204 | \$ (3,925) | \$ - | \$ (71,652) | \$ 277 | \$ 196,800 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 178,204 | \$ (3,925) | \$ - | \$ (71,652) | \$ 277 | \$ 196,800 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 178,204 | (3,925) | - | (71,652) | 277 | 196,800 |
| Total cash and investment fund balance - ending | \$ 178,204 | \$ (3,925) | \$ - | \$ (71,652) | \$ 277 | \$ 196,800 |

MARION COMMUNITY SCHOOLS
 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)

| | Enhancing Education Through Technology 2007 | Improving Teacher Quality 2005 | Title III Language Instruction 2007 | Title III Language Instruction 2008 | STAR 2008 | Local Retirement |
|--|--|--------------------------------------|--|--|-----------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32,358 |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | 9,734 | 265,125 | - | 23,380 | 2,500 | - |
| Temporary loans | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total receipts | 9,734 | 265,125 | - | 23,380 | 2,500 | 32,358 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 111,932 | 16,964 | 23,205 | - | 215,803 |
| Support services | 18,741 | 67,000 | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Total disbursements | 18,741 | 178,932 | 16,964 | 23,205 | - | 215,803 |
| Excess (deficiency) of receipts over disbursements | (9,007) | 86,193 | (16,964) | 175 | 2,500 | (183,445) |
| Other financing sources (uses): | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (9,007) | 86,193 | (16,964) | 175 | 2,500 | (183,445) |
| Cash and investments - beginning | 9,847 | (5,400) | 16,964 | - | - | 554,118 |
| Cash and investments - ending | <u>\$ 840</u> | <u>\$ 80,793</u> | <u>\$ -</u> | <u>\$ 175</u> | <u>\$ 2,500</u> | <u>\$ 370,673</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 840 | \$ 80,793 | \$ - | \$ 175 | \$ 2,500 | \$ 370,673 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 840</u> | <u>\$ 80,793</u> | <u>\$ -</u> | <u>\$ 175</u> | <u>\$ 2,500</u> | <u>\$ 370,673</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 840 | 80,793 | - | 175 | 2,500 | 370,673 |
| Total cash and investment fund balance - ending | <u>\$ 840</u> | <u>\$ 80,793</u> | <u>\$ -</u> | <u>\$ 175</u> | <u>\$ 2,500</u> | <u>\$ 370,673</u> |

MARION COMMUNITY SCHOOLS
 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)

| | In and Out Account | Dollar General Reading is Fundamental | Debt Service | Retirement/ Severance Bond Debt Service | School Bus Replacement | Totals |
|---|-----------------------|---|------------------|--|---------------------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ 27,218 | \$ - | \$ 1,919,803 | \$ 1,227,020 | \$ 289,422 | \$ 6,101,921 |
| Intermediate sources | - | 13,920 | - | - | - | 13,920 |
| State sources | - | - | - | - | - | 579,153 |
| Federal sources | - | - | - | - | - | 6,995,520 |
| Temporary loans | - | - | 241,547 | 1,161,554 | - | 1,955,348 |
| Other | - | - | - | - | - | 40,755 |
| Total receipts | 27,218 | 13,920 | 2,161,350 | 2,388,574 | 289,422 | 15,686,617 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 14,823 | - | - | - | 4,726,576 |
| Support services | 2,487 | - | - | - | 255,247 | 4,176,362 |
| Noninstructional services | - | - | - | - | - | 2,058,012 |
| Facilities acquisition and construction | - | - | - | - | - | 240,636 |
| Debt services | - | - | 2,544,924 | 2,456,043 | - | 5,636,657 |
| Nonprogrammed charges | - | - | - | - | - | 171,933 |
| Total disbursements | 2,487 | 14,823 | 2,544,924 | 2,456,043 | 255,247 | 17,010,176 |
| Excess (deficiency) of receipts over disbursements | 24,731 | (903) | (383,574) | (67,469) | 34,175 | (1,323,559) |
| Other financing sources (uses): | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | 480,100 |
| Sale of capital assets | - | - | - | - | - | 2,129 |
| Transfers in | - | - | 39,393 | 42,340 | 10,154 | 975,087 |
| Transfers out | - | - | - | - | - | (1,026,084) |
| Total other financing sources (uses) | - | - | 39,393 | 42,340 | 10,154 | 431,232 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 24,731 | (903) | (344,181) | (25,129) | 44,329 | (892,327) |
| Cash and investments - beginning | (56) | 1,271 | 361,178 | 111,832 | 82,257 | 4,113,179 |
| Cash and investments - ending | \$ 24,675 | \$ 368 | \$ 16,997 | \$ 86,703 | \$ 126,586 | \$ 3,220,852 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 24,675 | \$ 368 | \$ - | \$ - | \$ 126,586 | \$ 3,117,152 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | 16,997 | 86,703 | - | 103,700 |
| Total cash and investment assets - ending | \$ 24,675 | \$ 368 | \$ 16,997 | \$ 86,703 | \$ 126,586 | \$ 3,220,852 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ 16,997 | \$ 86,703 | \$ - | \$ 103,700 |
| Unrestricted | 24,675 | 368 | - | - | 126,586 | 3,117,152 |
| Total cash and investment fund balance - ending | \$ 24,675 | \$ 368 | \$ 16,997 | \$ 86,703 | \$ 126,586 | \$ 3,220,852 |

MARION COMMUNITY SCHOOLS
 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

| | Transportation Operating | Special Education Preschool | Food Service | Textbook Rental | Levy Excess | Alternative Education | High Ability 2009 |
|---|-----------------------------|-----------------------------------|---------------------|--------------------|------------------|--------------------------|----------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 1,974,047 | \$ 24,879 | \$ 379,848 | \$ 115,237 | \$ - | \$ - | \$ - |
| State sources | 7,887 | 188,695 | 13,330 | 196,248 | - | 18,411 | 48,596 |
| Federal sources | - | - | 1,413,238 | - | - | - | - |
| Temporary loans | 533,182 | - | - | - | - | - | - |
| Other | 1,396 | - | 6,365 | - | - | - | - |
| Total receipts | 2,516,512 | 213,574 | 1,812,781 | 311,485 | - | 18,411 | 48,596 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 110,596 | 2,040 | - | - | - | 1,193 |
| Support services | 1,977,652 | 38,008 | 2,273 | 188,219 | - | - | 44,313 |
| Noninstructional services | - | - | 1,889,724 | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | 563,497 | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 2,541,149 | 148,604 | 1,894,037 | 188,219 | - | - | 45,506 |
| Excess (deficiency) of receipts over disbursements | (24,637) | 64,970 | (81,256) | 123,266 | - | 18,411 | 3,090 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | 21,578 | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 21,578 | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (24,637) | 64,970 | (59,678) | 123,266 | - | 18,411 | 3,090 |
| Cash and investments - beginning | 314,195 | 241,676 | 1,059,744 | 211,628 | 63,539 | 180,076 | - |
| Cash and investments - ending | \$ 289,558 | \$ 306,646 | \$ 1,000,066 | \$ 334,894 | \$ 63,539 | \$ 198,487 | \$ 3,090 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 289,558 | \$ 306,646 | \$ 1,000,066 | \$ 334,894 | \$ 63,539 | \$ 198,487 | \$ 3,090 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 289,558 | \$ 306,646 | \$ 1,000,066 | \$ 334,894 | \$ 63,539 | \$ 198,487 | \$ 3,090 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 289,558 | 306,646 | 1,000,066 | 334,894 | 63,539 | 198,487 | 3,090 |
| Total cash and investment fund balance - ending | \$ 289,558 | \$ 306,646 | \$ 1,000,066 | \$ 334,894 | \$ 63,539 | \$ 198,487 | \$ 3,090 |

MARION COMMUNITY SCHOOLS
 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)

| | High Ability 2008 | High Ability 2007 | Education Technology Advancement | Medicaid Reimbursement | Non-English Speaking 2006 | Non-English Speaking 2007 | Non-English Speaking 2008 |
|--|------------------------|----------------------|--|---------------------------|---------------------------------|---------------------------------|---------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 59,198 | - | - | 21,287 | - |
| Federal sources | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | - | 59,198 | - | - | 21,287 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 8,527 | - | - | - | - | - | - |
| Support services | 135 | - | - | - | - | 17,587 | 43 |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 8,662 | - | - | - | - | 17,587 | 43 |
| Excess (deficiency) of receipts over disbursements | (8,662) | - | 59,198 | - | - | 3,700 | (43) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (8,662) | - | 59,198 | - | - | 3,700 | (43) |
| Cash and investments - beginning | 10,198 | 93 | (59,198) | 1,252 | 2,728 | 125 | (2,262) |
| Cash and investments - ending | <u>\$ 1,536</u> | <u>\$ 93</u> | <u>\$ -</u> | <u>\$ 1,252</u> | <u>\$ 2,728</u> | <u>\$ 3,825</u> | <u>\$ (2,305)</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 1,536 | \$ 93 | \$ - | \$ 1,252 | \$ 2,728 | \$ 3,825 | \$ (2,305) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 1,536</u> | <u>\$ 93</u> | <u>\$ -</u> | <u>\$ 1,252</u> | <u>\$ 2,728</u> | <u>\$ 3,825</u> | <u>\$ (2,305)</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 1,536 | 93 | - | 1,252 | 2,728 | 3,825 | (2,305) |
| Total cash and investment fund balance - ending | <u>\$ 1,536</u> | <u>\$ 93</u> | <u>\$ -</u> | <u>\$ 1,252</u> | <u>\$ 2,728</u> | <u>\$ 3,825</u> | <u>\$ (2,305)</u> |

MARION COMMUNITY SCHOOLS
 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)

| | Career Majors | Internet Access Technology | Vision Athena McCulloch | CAPE Grant Tucker | E-Rate Technology | Response to Intervention 2009 | CAPE Lift ESL |
|---|-------------------|----------------------------------|-------------------------------|-------------------------|----------------------|-------------------------------------|---------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,000 | \$ - |
| State sources | 156,234 | - | - | - | - | - | - |
| Federal sources | - | - | - | - | 500 | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 156,234 | - | - | - | 500 | 6,000 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | 5,219 | - |
| Support services | - | 4,380 | - | - | 4,092 | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 134,143 | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | - | 4,380 | - | - | 138,235 | 5,219 | - |
| Excess (deficiency) of receipts over disbursements | 156,234 | (4,380) | - | - | (137,735) | 781 | - |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 156,234 | (4,380) | - | - | (137,735) | 781 | - |
| Cash and investments - beginning | 1,000 | 9,937 | 1,452 | 2,229 | 374,348 | - | 7 |
| Cash and investments - ending | <u>\$ 157,234</u> | <u>\$ 5,557</u> | <u>\$ 1,452</u> | <u>\$ 2,229</u> | <u>\$ 236,613</u> | <u>\$ 781</u> | <u>\$ 7</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 157,234 | \$ 5,557 | \$ 1,452 | \$ 2,229 | \$ 236,613 | \$ 781 | \$ 7 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 157,234 | \$ 5,557 | \$ 1,452 | \$ 2,229 | \$ 236,613 | \$ 781 | \$ 7 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 157,234 | 5,557 | 1,452 | 2,229 | 236,613 | 781 | 7 |
| Total cash and investment fund balance - ending | \$ 157,234 | \$ 5,557 | \$ 1,452 | \$ 2,229 | \$ 236,613 | \$ 781 | \$ 7 |

MARION COMMUNITY SCHOOLS
 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)

| | CAPE Lift Pow-wow | Safe Haven Time Away 2006 | Safe Haven Time Away 2005 | Title I School Improvement 2007 Slocum | Title I School Improvement 2008 Allen | Title I School Improvement 2007 Allen | Title I Delinquent 2008 |
|--|-------------------------|---------------------------------|---------------------------------|---|--|--|-------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | 364,000 | - | 46,995 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | - | - | - | 364,000 | - | 46,995 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | - | - |
| Support services | - | - | - | - | 52,984 | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | - | - | - | - | 52,984 | - | - |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | 311,016 | - | 46,995 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | - | - | 311,016 | - | 46,995 |
| Cash and investments - beginning | 3 | 1,224 | 11,062 | 5,687 | - | (26,394) | (47,176) |
| Cash and investments - ending | <u>\$ 3</u> | <u>\$ 1,224</u> | <u>\$ 11,062</u> | <u>\$ 5,687</u> | <u>\$ 311,016</u> | <u>\$ (26,394)</u> | <u>\$ (181)</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 3 | \$ 1,224 | \$ 11,062 | \$ 5,687 | \$ 311,016 | \$ (26,394) | \$ (181) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 3</u> | <u>\$ 1,224</u> | <u>\$ 11,062</u> | <u>\$ 5,687</u> | <u>\$ 311,016</u> | <u>\$ (26,394)</u> | <u>\$ (181)</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 3 | 1,224 | 11,062 | 5,687 | 311,016 | (26,394) | (181) |
| Total cash and investment fund balance - ending | <u>\$ 3</u> | <u>\$ 1,224</u> | <u>\$ 11,062</u> | <u>\$ 5,687</u> | <u>\$ 311,016</u> | <u>\$ (26,394)</u> | <u>\$ (181)</u> |

MARION COMMUNITY SCHOOLS
 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 I Delinquent 2009 | Title I Delinquent 2007 | Title I School Improvement 2007 Southeast | Title I 09-2865 | Title I 08-2865 | Title I 07-2865 | Title I School Improvement 2006 Slocum |
|--|-------------------------------|-------------------------------|--|--------------------|--------------------|--------------------|---|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 57,088 | - | - | 2,094,152 | 170,000 | - | 23,000 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 57,088 | - | - | 2,094,152 | 170,000 | - | 23,000 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 14,403 | - | - | 235,870 | 307,353 | - | 5,689 |
| Support services | 9,277 | - | - | 967,563 | 116,217 | - | 21,499 |
| Noninstructional services | - | - | - | 42,894 | 6,193 | - | 1,630 |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 7,036 | 56,055 | - | - |
| Total disbursements | 23,680 | - | - | 1,253,363 | 485,818 | - | 28,818 |
| Excess (deficiency) of receipts over disbursements | 33,408 | - | - | 840,789 | (315,818) | - | (5,818) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 33,408 | - | - | 840,789 | (315,818) | - | (5,818) |
| Cash and investments - beginning | - | (9,468) | 20,707 | - | 341,014 | 240,403 | 5,818 |
| Cash and investments - ending | <u>\$ 33,408</u> | <u>\$ (9,468)</u> | <u>\$ 20,707</u> | <u>\$ 840,789</u> | <u>\$ 25,196</u> | <u>\$ 240,403</u> | <u>\$ -</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 33,408 | \$ (9,468) | \$ 20,707 | \$ 840,789 | \$ 25,196 | \$ 240,403 | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 33,408</u> | <u>\$ (9,468)</u> | <u>\$ 20,707</u> | <u>\$ 840,789</u> | <u>\$ 25,196</u> | <u>\$ 240,403</u> | <u>\$ -</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 33,408 | (9,468) | 20,707 | 840,789 | 25,196 | 240,403 | - |
| Total cash and investment fund balance - ending | <u>\$ 33,408</u> | <u>\$ (9,468)</u> | <u>\$ 20,707</u> | <u>\$ 840,789</u> | <u>\$ 25,196</u> | <u>\$ 240,403</u> | <u>\$ -</u> |

MARION COMMUNITY SCHOOLS
 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 I School Improvement 2008 Allen | Title V Innovative 07-2865 | Title I School Improvement 2008 Southeast | Title V Innovative 06-2865 | Title V Innovative 02-085 | Title V Innovative 04-217 | Title I Migrant FY07-08/RM-15 |
|--|--|----------------------------------|--|----------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 16,000 | 9,491 | 14,858 | 3,797 | - | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 16,000 | 9,491 | 14,858 | 3,797 | - | - | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 133 | - | - | - | 3,081 | 3,088 | 17,012 |
| Support services | 8,149 | - | 19,348 | 5,177 | - | 50 | - |
| Noninstructional services | 1,483 | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 514 | - | - | - |
| Total disbursements | 9,765 | - | 19,348 | 5,691 | 3,081 | 3,138 | 17,012 |
| Excess (deficiency) of receipts over disbursements | 6,235 | 9,491 | (4,490) | (1,894) | (3,081) | (3,138) | (17,012) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 6,235 | 9,491 | (4,490) | (1,894) | (3,081) | (3,138) | (17,012) |
| Cash and investments - beginning | (6,389) | - | 4,490 | 1,894 | 22,379 | 3,088 | 5,367 |
| Cash and investments - ending | <u>\$ (154)</u> | <u>\$ 9,491</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,298</u> | <u>\$ (50)</u> | <u>\$ (11,645)</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ (154) | \$ 9,491 | \$ - | \$ - | \$ 19,298 | \$ (50) | \$ (11,645) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ (154)</u> | <u>\$ 9,491</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,298</u> | <u>\$ (50)</u> | <u>\$ (11,645)</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (154) | 9,491 | - | - | 19,298 | (50) | (11,645) |
| Total cash and investment fund balance - ending | <u>\$ (154)</u> | <u>\$ 9,491</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,298</u> | <u>\$ (50)</u> | <u>\$ (11,645)</u> |

MARION COMMUNITY SCHOOLS
 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 I Migrant FY00-07/RM22 | Title I Migrant FY08-09/RM-9 | Stewart McKinney 2008 | Stewart McKinney 2009 | Stewart McKinney 2007 | IDEA 2008 | IDEA 2006 |
|--|------------------------------------|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | 80,000 | - | 43,000 | - | 190,634 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 80,000 | - | 43,000 | - | 190,634 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 76,676 | - | - | - | 25,569 | - |
| Support services | - | - | 42,027 | - | 238 | 161,256 | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | 1,522 | - | - | - | - | - |
| Total disbursements | - | 78,198 | 42,027 | - | 238 | 186,825 | - |
| Excess (deficiency) of receipts over disbursements | - | 1,802 | (42,027) | 43,000 | (238) | 3,809 | - |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (202,891) |
| Total other financing sources (uses) | - | - | - | - | - | - | (202,891) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 1,802 | (42,027) | 43,000 | (238) | 3,809 | (202,891) |
| Cash and investments - beginning | (12,600) | - | 43,065 | - | 3,023 | (4,116) | 202,891 |
| Cash and investments - ending | \$ (12,600) | \$ 1,802 | \$ 1,038 | \$ 43,000 | \$ 2,785 | \$ (307) | \$ - |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ (12,600) | \$ 1,802 | \$ 1,038 | \$ 43,000 | \$ 2,785 | \$ (307) | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ (12,600) | \$ 1,802 | \$ 1,038 | \$ 43,000 | \$ 2,785 | \$ (307) | \$ - |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (12,600) | 1,802 | 1,038 | 43,000 | 2,785 | (307) | - |
| Total cash and investment fund balance - ending | \$ (12,600) | \$ 1,802 | \$ 1,038 | \$ 43,000 | \$ 2,785 | \$ (307) | \$ - |

MARION COMMUNITY SCHOOLS
 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)

| | IDEA 2006 C/O | IDEA 2009 | IDEA 2007 | Co-op Preschool Grant | Special Education Preschool 2009 | Adult Education Outreach 09-8128 | Title III Adult Basic Education 2008 |
|--|------------------|-------------------|------------------|-----------------------------|---|---|---|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | 34,890 | - | - | - |
| Federal sources | - | 1,152,815 | 128,921 | - | - | 26,022 | 6,337 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 1,152,815 | 128,921 | 34,890 | - | 26,022 | 6,337 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 583,354 | - | - | - | 1,492 | 18,630 |
| Support services | 2,769 | 199,262 | - | - | - | 18,012 | 1,504 |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | 2,800 | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | 43,037 | - | - |
| Total disbursements | 2,769 | 782,616 | - | - | 43,037 | 22,304 | 20,134 |
| Excess (deficiency) of receipts over disbursements | (2,769) | 370,199 | 128,921 | 34,890 | (43,037) | 3,718 | (13,797) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 202,891 | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 202,891 | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 200,122 | 370,199 | 128,921 | 34,890 | (43,037) | 3,718 | (13,797) |
| Cash and investments - beginning | (179,021) | - | (128,921) | 21,247 | - | - | 13,720 |
| Cash and investments - ending | \$ 21,101 | \$ 370,199 | \$ - | \$ 56,137 | \$ (43,037) | \$ 3,718 | \$ (77) |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 21,101 | \$ 370,199 | \$ - | \$ 56,137 | \$ (43,037) | \$ 3,718 | \$ (77) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 21,101 | \$ 370,199 | \$ - | \$ 56,137 | \$ (43,037) | \$ 3,718 | \$ (77) |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 21,101 | 370,199 | - | 56,137 | (43,037) | 3,718 | (77) |
| Total cash and investment fund balance - ending | \$ 21,101 | \$ 370,199 | \$ - | \$ 56,137 | \$ (43,037) | \$ 3,718 | \$ (77) |

MARION COMMUNITY SCHOOLS
 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)

| | Adult Education 09-8021 | Title III Adult Basic Education 2007 | Drug-Free Schools 2009 | Drug-Free Schools 2008 | Drug-Free Schools 2007 | Drug-Free Schools 2006 | Drug-Free Schools 2005 |
|--|-------------------------------|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 93,566 | - | 15,316 | 27,199 | - | - | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | 93,566 | - | 15,316 | 27,199 | - | - | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 73,942 | - | - | - | 12,182 | 2,090 | - |
| Support services | 11,450 | - | - | 17,830 | 1,381 | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | 85,392 | - | - | 17,830 | 13,563 | 2,090 | - |
| Excess (deficiency) of receipts over disbursements | 8,174 | - | 15,316 | 9,369 | (13,563) | (2,090) | - |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 8,174 | - | 15,316 | 9,369 | (13,563) | (2,090) | - |
| Cash and investments - beginning | - | (20,518) | - | 5,664 | 51,699 | 21,049 | 11,069 |
| Cash and investments - ending | \$ 8,174 | \$ (20,518) | \$ 15,316 | \$ 15,033 | \$ 38,136 | \$ 18,959 | \$ 11,069 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 8,174 | \$ (20,518) | \$ 15,316 | \$ 15,033 | \$ 38,136 | \$ 18,959 | \$ 11,069 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 8,174 | \$ (20,518) | \$ 15,316 | \$ 15,033 | \$ 38,136 | \$ 18,959 | \$ 11,069 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 8,174 | (20,518) | 15,316 | 15,033 | 38,136 | 18,959 | 11,069 |
| Total cash and investment fund balance - ending | \$ 8,174 | \$ (20,518) | \$ 15,316 | \$ 15,033 | \$ 38,136 | \$ 18,959 | \$ 11,069 |

MARION COMMUNITY SCHOOLS
 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)

| | IDEA Preschool 2007 | Moving Forward 2008 | Carl Perkins 2008 | Carl Perkins 2009 | Head Start 2008 | Head Start T and TA 2008 | Head Start 2006 |
|--|---------------------------|---------------------------|----------------------|----------------------|--------------------|--------------------------------|---------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 59,255 | 73,500 | - | - | - | - | - |
| Federal sources | - | - | 56,257 | 254,801 | 821,697 | 15,602 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | 102 | - |
| Total receipts | 59,255 | 73,500 | 56,257 | 254,801 | 821,697 | 15,704 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 12,950 | 206 | 53,137 | 303,096 | 3,591 | - |
| Support services | - | 15,735 | - | 145,220 | 148,363 | - | - |
| Noninstructional services | - | - | - | - | 13,974 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | 3,500 | - | - | - | - | - |
| Total disbursements | - | 32,185 | 206 | 198,357 | 465,433 | 3,591 | - |
| Excess (deficiency) of receipts over disbursements | 59,255 | 41,315 | 56,051 | 56,444 | 356,264 | 12,113 | - |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 59,255 | 41,315 | 56,051 | 56,444 | 356,264 | 12,113 | - |
| Cash and investments - beginning | (59,255) | (41,315) | (56,051) | - | (356,356) | (12,113) | (116,924) |
| Cash and investments - ending | \$ - | \$ - | \$ - | \$ 56,444 | \$ (92) | \$ - | \$ (116,924) |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ 56,444 | \$ (92) | \$ - | \$ (116,924) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ - | \$ - | \$ - | \$ 56,444 | \$ (92) | \$ - | \$ (116,924) |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | - | - | - | 56,444 | (92) | - | (116,924) |
| Total cash and investment fund balance - ending | \$ - | \$ - | \$ - | \$ 56,444 | \$ (92) | \$ - | \$ (116,924) |

MARION COMMUNITY SCHOOLS
 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)

| | Head Start T and TA 2006 | Head Start 2007 | Head Start T and TA 2007 | Medicaid Reimbursement Federal | Pell Grant | Head Start 2009 | Head Start T and TA 2009 |
|--|--------------------------------|---------------------|--------------------------------|--------------------------------------|-----------------|---------------------|--------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | 30,126 | 13,098 | - | 113,707 | 270,182 | 3,940 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 30,126 | 13,098 | - | 113,707 | 270,182 | 3,940 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | 10,510 | - | 31,894 | - |
| Support services | - | 56 | - | 2,515 | - | 479,824 | 8,865 |
| Noninstructional services | - | 13 | - | - | - | 10,009 | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | 110,147 | - | - |
| Total disbursements | - | 69 | - | 13,025 | 110,147 | 521,727 | 8,865 |
| Excess (deficiency) of receipts over disbursements | - | 30,057 | 13,098 | (13,025) | 3,560 | (251,545) | (4,925) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 30,057 | 13,098 | (13,025) | 3,560 | (251,545) | (4,925) |
| Cash and investments - beginning | 4,234 | (153,011) | (13,098) | 178,204 | (3,925) | - | - |
| Cash and investments - ending | <u>\$ 4,234</u> | <u>\$ (122,954)</u> | <u>\$ -</u> | <u>\$ 165,179</u> | <u>\$ (365)</u> | <u>\$ (251,545)</u> | <u>\$ (4,925)</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 4,234 | \$ (122,954) | \$ - | \$ 165,179 | \$ (365) | \$ (251,545) | \$ (4,925) |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 4,234</u> | <u>\$ (122,954)</u> | <u>\$ -</u> | <u>\$ 165,179</u> | <u>\$ (365)</u> | <u>\$ (251,545)</u> | <u>\$ (4,925)</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 4,234 | (122,954) | - | 165,179 | (365) | (251,545) | (4,925) |
| Total cash and investment fund balance - ending | <u>\$ 4,234</u> | <u>\$ (122,954)</u> | <u>\$ -</u> | <u>\$ 165,179</u> | <u>\$ (365)</u> | <u>\$ (251,545)</u> | <u>\$ (4,925)</u> |

MARION COMMUNITY SCHOOLS
 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)

| | Improving Teacher Quality 2006 | Enhancing Education Through Technology 2006 | Improving Teacher Quality 2007 | Improving Teacher Quality 2008 | Enhancing Education Through Technology 2007 | Improving Teacher Quality 2009 |
|--|--------------------------------------|--|--------------------------------------|--------------------------------------|--|--------------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | - | 75,136 | - | 427,927 |
| Temporary loans | - | - | - | - | - | - |
| Other | - | - | - | - | 575 | - |
| Total receipts | - | - | - | 75,136 | 575 | 427,927 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | 196,800 | - | - | 60,428 |
| Support services | - | - | - | - | - | 125,799 |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | 1,415 | - |
| Total disbursements | - | - | 196,800 | - | 1,415 | 186,227 |
| Excess (deficiency) of receipts over disbursements | - | - | (196,800) | 75,136 | (840) | 241,700 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | (196,800) | 75,136 | (840) | 241,700 |
| Cash and investments - beginning | (71,652) | 277 | 196,800 | - | 840 | - |
| Cash and investments - ending | <u>\$ (71,652)</u> | <u>\$ 277</u> | <u>\$ -</u> | <u>\$ 75,136</u> | <u>\$ -</u> | <u>\$ 241,700</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ (71,652) | \$ 277 | \$ - | \$ 75,136 | \$ - | \$ 241,700 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ (71,652)</u> | <u>\$ 277</u> | <u>\$ -</u> | <u>\$ 75,136</u> | <u>\$ -</u> | <u>\$ 241,700</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (71,652) | 277 | - | 75,136 | - | 241,700 |
| Total cash and investment fund balance - ending | <u>\$ (71,652)</u> | <u>\$ 277</u> | <u>\$ -</u> | <u>\$ 75,136</u> | <u>\$ -</u> | <u>\$ 241,700</u> |

MARION COMMUNITY SCHOOLS
 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)

| | Improving Teacher Quality 2005 | Title III Language Instruction | Title III Language Instruction 2008 | STAR 2008 | Special Education Grants to States Recovery Act | Local Retirement |
|--|--------------------------------------|--------------------------------------|--|----------------|---|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,099 |
| State sources | - | - | - | - | - | - |
| Federal sources | 161,024 | 20,250 | - | - | - | - |
| Temporary loans | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total receipts | 161,024 | 20,250 | - | - | - | 7,099 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 495 | - | 675 | - | 502 | - |
| Support services | 31,907 | 10,987 | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 2,500 | - | - |
| Debt services | - | - | - | - | - | - |
| Nonprogrammed charges | - | 405 | - | - | - | - |
| Total disbursements | 32,402 | 11,392 | 675 | 2,500 | 502 | - |
| Excess (deficiency) of receipts over disbursements | 128,622 | 8,858 | (675) | (2,500) | (502) | 7,099 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 128,622 | 8,858 | (675) | (2,500) | (502) | 7,099 |
| Cash and investments - beginning | 80,793 | - | 175 | 2,500 | - | 370,673 |
| Cash and investments - ending | <u>\$ 209,415</u> | <u>\$ 8,858</u> | <u>\$ (500)</u> | <u>\$ -</u> | <u>\$ (502)</u> | <u>\$ 377,772</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 209,415 | \$ 8,858 | \$ (500) | \$ - | \$ (502) | \$ 377,772 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 209,415</u> | <u>\$ 8,858</u> | <u>\$ (500)</u> | <u>\$ -</u> | <u>\$ (502)</u> | <u>\$ 377,772</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 209,415 | 8,858 | (500) | - | (502) | 377,772 |
| Total cash and investment fund balance - ending | <u>\$ 209,415</u> | <u>\$ 8,858</u> | <u>\$ (500)</u> | <u>\$ -</u> | <u>\$ (502)</u> | <u>\$ 377,772</u> |

MARION COMMUNITY SCHOOLS
 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)

| | In and Out Account | Dollar General Reading is Fundamental | Debt Service | Retirement/ Severance Bond Debt Service | School Bus Replacement | Totals |
|---|-----------------------|---|---------------------|--|---------------------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ 33,876 | \$ - | \$ 1,711,957 | \$ 1,302,124 | \$ 277,552 | \$ 5,832,619 |
| State sources | - | - | - | - | - | 877,531 |
| Federal sources | - | - | - | - | - | 8,240,676 |
| Temporary loans | - | - | - | 671,277 | - | 1,204,459 |
| Other | - | - | - | - | - | 8,438 |
| Total receipts | 33,876 | - | 1,711,957 | 1,973,401 | 277,552 | 16,163,723 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 368 | - | - | - | 2,182,791 |
| Support services | 28,591 | - | - | - | 242,461 | 5,173,018 |
| Noninstructional services | - | - | - | - | - | 1,965,920 |
| Facilities acquisition and construction | - | - | - | - | - | 139,443 |
| Debt services | - | - | 2,091,452 | 2,001,722 | - | 4,656,671 |
| Nonprogrammed charges | - | - | - | - | - | 223,631 |
| Total disbursements | 28,591 | 368 | 2,091,452 | 2,001,722 | 242,461 | 14,341,474 |
| Excess (deficiency) of receipts over disbursements | 5,285 | (368) | (379,495) | (28,321) | 35,091 | 1,822,249 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | 218,000 | - | - | 442,469 |
| Transfers out | - | - | - | - | - | (202,891) |
| Total other financing sources (uses) | - | - | 218,000 | - | - | 239,578 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 5,285 | (368) | (161,495) | (28,321) | 35,091 | 2,061,827 |
| Cash and investments - beginning | 24,675 | 368 | 16,997 | 86,703 | 126,586 | 3,220,852 |
| Cash and investments - ending | \$ 29,960 | \$ - | \$ (144,498) | \$ 58,382 | \$ 161,677 | \$ 5,282,679 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 29,960 | \$ - | \$ - | \$ - | \$ 161,677 | \$ 5,368,795 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | (144,498) | 58,382 | - | (86,116) |
| Total cash and investment assets - ending | \$ 29,960 | \$ - | \$ (144,498) | \$ 58,382 | \$ 161,677 | \$ 5,282,679 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ (144,498) | \$ 58,382 | \$ - | \$ (86,116) |
| Unrestricted | 29,960 | - | - | - | 161,677 | 5,368,795 |
| Total cash and investment fund balance - ending | \$ 29,960 | \$ - | \$ (144,498) | \$ 58,382 | \$ 161,677 | \$ 5,282,679 |

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

| | MJ Lowe Bequest | Maurice Andrea - McCulloch | Attendance | Mary Clark Hanley Awards | Dee Fagar Memorial | Anthony Swain Grant |
|---|--------------------|----------------------------------|-----------------|--------------------------------|-----------------------|---------------------------|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ - | \$ - | \$ 101 | \$ 3,180 | \$ - | \$ - |
| Investment earnings: | | | | | | |
| Interest | - | - | - | - | 51 | - |
| Total additions | <u>-</u> | <u>-</u> | <u>101</u> | <u>3,180</u> | <u>51</u> | <u>-</u> |
| Deductions: | | | | | | |
| Administrative and general | <u>1,793</u> | <u>-</u> | <u>-</u> | <u>3,180</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of total additions over total deductions | (1,793) | - | 101 | - | 51 | - |
| Cash and investment fund balance - beginning | <u>4,179</u> | <u>766</u> | <u>2,010</u> | <u>252</u> | <u>627</u> | <u>105</u> |
| Cash and investments - June 30 | <u>\$ 2,386</u> | <u>\$ 766</u> | <u>\$ 2,111</u> | <u>\$ 252</u> | <u>\$ 678</u> | <u>\$ 105</u> |
| Net assets: | | | | | | |
| Cash and investments | <u>\$ 2,386</u> | <u>\$ 766</u> | <u>\$ 2,111</u> | <u>\$ 252</u> | <u>\$ 678</u> | <u>\$ 105</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 2,386</u> | <u>\$ 766</u> | <u>\$ 2,111</u> | <u>\$ 252</u> | <u>\$ 678</u> | <u>\$ 105</u> |

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

| | <u>Charles Math Scholar</u> | <u>Glen Allen Memorial</u> | <u>Dick Looten Scholarship</u> | <u>Seybold Scholarship</u> | <u>Mark Longenecker Scholarship</u> | <u>26th Street Singers Scholarship</u> |
|---|-------------------------------------|--------------------------------|------------------------------------|--------------------------------|---|--|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment earnings: | | | | | | |
| Interest | <u>3,244</u> | <u>42</u> | <u>595</u> | <u>102</u> | <u>401</u> | <u>36</u> |
| Total additions | <u>3,244</u> | <u>42</u> | <u>595</u> | <u>102</u> | <u>401</u> | <u>36</u> |
| Deductions: | | | | | | |
| Administrative and general | <u>-</u> | <u>300</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of total additions over total deductions | 3,244 | (258) | 595 | 102 | 401 | 36 |
| Cash and investment fund balance - beginning | <u>40,067</u> | <u>768</u> | <u>7,341</u> | <u>1,261</u> | <u>5,441</u> | <u>-</u> |
| Cash and investments - June 30 | <u>\$ 43,311</u> | <u>\$ 510</u> | <u>\$ 7,936</u> | <u>\$ 1,363</u> | <u>\$ 5,842</u> | <u>\$ 36</u> |
| Net assets: | | | | | | |
| Cash and investments | <u>\$ 43,311</u> | <u>\$ 510</u> | <u>\$ 7,936</u> | <u>\$ 1,363</u> | <u>\$ 5,842</u> | <u>\$ 36</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 43,311</u> | <u>\$ 510</u> | <u>\$ 7,936</u> | <u>\$ 1,363</u> | <u>\$ 5,842</u> | <u>\$ 36</u> |

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

| | <u>Friends of Asherwood Project</u> | <u>Insurance Claim Payments - McCulloch</u> | <u>Miscellaneous Mini Grants</u> | <u>Kids in Need - McCulloch</u> | <u>Indiana State License Practical Nurses</u> |
|---|---|---|--------------------------------------|-------------------------------------|---|
| Additions: | | | | | |
| Contributions: | | | | | |
| Other | \$ 1,750 | \$ 16,100 | \$ 6,060 | \$ 500 | \$ - |
| Investment earnings: | | | | | |
| Interest | <u>445</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total additions | <u>2,195</u> | <u>16,100</u> | <u>6,060</u> | <u>500</u> | <u>-</u> |
| Deductions: | | | | | |
| Administrative and general | <u>-</u> | <u>12,569</u> | <u>7,253</u> | <u>500</u> | <u>500</u> |
| Excess (deficiency) of total additions over total deductions | 2,195 | 3,531 | (1,193) | - | (500) |
| Cash and investment fund balance - beginning | <u>4,066</u> | <u>-</u> | <u>12,035</u> | <u>-</u> | <u>3,238</u> |
| Cash and investments - June 30 | <u>\$ 6,261</u> | <u>\$ 3,531</u> | <u>\$ 10,842</u> | <u>\$ -</u> | <u>\$ 2,738</u> |
| Net assets: | | | | | |
| Cash and investments | <u>\$ 6,261</u> | <u>\$ 3,531</u> | <u>\$ 10,842</u> | <u>\$ -</u> | <u>\$ 2,738</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 6,261</u> | <u>\$ 3,531</u> | <u>\$ 10,842</u> | <u>\$ -</u> | <u>\$ 2,738</u> |

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

| | Early Childhood Education | Wal-Mart Grant | Recycle Grant | Dolgencorp Gray Construction Tucker | Totals |
|---|---------------------------------|-------------------|------------------|--|------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Other | \$ - | \$ - | \$ 161 | \$ - | \$ 27,852 |
| Investment earnings: | | | | | |
| Interest | - | - | - | - | 4,916 |
| Total additions | - | - | 161 | - | 32,768 |
| Deductions: | | | | | |
| Administrative and general | 175 | 1,000 | - | 1,856 | 29,126 |
| Excess (deficiency) of total additions over total deductions | (175) | (1,000) | 161 | (1,856) | 3,642 |
| Cash and investment fund balance - beginning | 474 | 1,306 | (161) | 3,822 | 87,597 |
| Cash and investments - June 30 | <u>\$ 299</u> | <u>\$ 306</u> | <u>\$ -</u> | <u>\$ 1,966</u> | <u>\$ 91,239</u> |
| Net assets: | | | | | |
| Cash and investments | \$ 299 | \$ 306 | \$ - | \$ 1,966 | \$ 91,239 |
| Total net assets - cash and investment basis held in trust | <u>\$ 299</u> | <u>\$ 306</u> | <u>\$ -</u> | <u>\$ 1,966</u> | <u>\$ 91,239</u> |

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

| | <u>Grant County Food Service Donation</u> | <u>Henrietta Hart Bequest</u> | <u>MJ Lowe Bequest</u> | <u>Maurice Andrea - McCulloch</u> | <u>Attendance</u> | <u>Mary Clark Hanley Awards</u> |
|---|---|-----------------------------------|----------------------------|---|-------------------|---|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ 709 | \$ 6,300 | \$ 100 | \$ - | \$ - | \$ 3,258 |
| Investment earnings: | | | | | | |
| Interest | - | - | - | - | - | - |
| Total additions | <u>709</u> | <u>6,300</u> | <u>100</u> | <u>-</u> | <u>-</u> | <u>3,258</u> |
| Deductions: | | | | | | |
| Administrative and general | - | - | - | - | - | 3,000 |
| Excess (deficiency) of total additions over total deductions | 709 | 6,300 | 100 | - | - | 258 |
| Cash and investment fund balance - beginning | - | - | 2,386 | 766 | 2,111 | 252 |
| Cash and investments - June 30 | <u>\$ 709</u> | <u>\$ 6,300</u> | <u>\$ 2,486</u> | <u>\$ 766</u> | <u>\$ 2,111</u> | <u>\$ 510</u> |
| Net assets: | | | | | | |
| Cash and investments | <u>\$ 709</u> | <u>\$ 6,300</u> | <u>\$ 2,486</u> | <u>\$ 766</u> | <u>\$ 2,111</u> | <u>\$ 510</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 709</u> | <u>\$ 6,300</u> | <u>\$ 2,486</u> | <u>\$ 766</u> | <u>\$ 2,111</u> | <u>\$ 510</u> |

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

| | <u>Dee Fagar Memorial</u> | <u>Anthony Swain Grant</u> | <u>Charles Math Scholar</u> | <u>Glen Allen Memorial</u> | <u>Dick Looten Scholarship</u> | <u>Seybold Scholarship</u> |
|---|-------------------------------|------------------------------------|-------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment earnings: | | | | | | |
| Interest | <u>12</u> | <u>-</u> | <u>813</u> | <u>8</u> | <u>152</u> | <u>18</u> |
| Total additions | <u>12</u> | <u>-</u> | <u>813</u> | <u>8</u> | <u>152</u> | <u>18</u> |
| Deductions: | | | | | | |
| Administrative and general | <u>250</u> | <u>-</u> | <u>2,000</u> | <u>500</u> | <u>200</u> | <u>925</u> |
| Excess (deficiency) of total additions over total deductions | (238) | - | (1,187) | (492) | (48) | (907) |
| Cash and investment fund balance - beginning | <u>678</u> | <u>105</u> | <u>43,311</u> | <u>510</u> | <u>7,936</u> | <u>1,363</u> |
| Cash and investments - June 30 | <u>\$ 440</u> | <u>\$ 105</u> | <u>\$ 42,124</u> | <u>\$ 18</u> | <u>\$ 7,888</u> | <u>\$ 456</u> |
| Net assets: | | | | | | |
| Cash and investments | <u>\$ 440</u> | <u>\$ 105</u> | <u>\$ 42,124</u> | <u>\$ 18</u> | <u>\$ 7,888</u> | <u>\$ 456</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 440</u> | <u>\$ 105</u> | <u>\$ 42,124</u> | <u>\$ 18</u> | <u>\$ 7,888</u> | <u>\$ 456</u> |

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

| | <u>Mark Longenecker Scholarship</u> | <u>26th Street Singers Scholarship</u> | <u>Friends of Asherwood Project</u> | <u>Insurance Claim Payments - McCulloch</u> | <u>Miscellaneous Mini Grants</u> |
|---|---|--|---|---|--------------------------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Other | \$ - | \$ - | \$ 40 | \$ - | \$ 9,551 |
| Investment earnings: | | | | | |
| Interest | <u>108</u> | <u>-</u> | <u>121</u> | <u>-</u> | <u>-</u> |
| Total additions | <u>108</u> | <u>-</u> | <u>161</u> | <u>-</u> | <u>9,551</u> |
| Deductions: | | | | | |
| Administrative and general | <u>500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,507</u> |
| Excess (deficiency) of total additions over total deductions | (392) | - | 161 | - | 5,044 |
| Cash and investment fund balance - beginning | <u>5,842</u> | <u>36</u> | <u>6,261</u> | <u>3,531</u> | <u>10,842</u> |
| Cash and investments - June 30 | <u>\$ 5,450</u> | <u>\$ 36</u> | <u>\$ 6,422</u> | <u>\$ 3,531</u> | <u>\$ 15,886</u> |
| Net assets: | | | | | |
| Cash and investments | <u>\$ 5,450</u> | <u>\$ 36</u> | <u>\$ 6,422</u> | <u>\$ 3,531</u> | <u>\$ 15,886</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 5,450</u> | <u>\$ 36</u> | <u>\$ 6,422</u> | <u>\$ 3,531</u> | <u>\$ 15,886</u> |

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

| | Indiana State License Practical Nurses | Early Childhood Education | Wal-Mart Grant | Dolgencorp Gray Construction Tucker | Totals |
|---|---|---------------------------------|-------------------|--|------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ 19,958 |
| Investment earnings: | | | | | |
| Interest | - | - | - | - | 1,232 |
| Total additions | - | - | - | - | 21,190 |
| Deductions: | | | | | |
| Administrative and general | 500 | - | - | 171 | 12,553 |
| Excess (deficiency) of total additions over total deductions | (500) | - | - | (171) | 8,637 |
| Cash and investment fund balance - beginning | 2,738 | 299 | 306 | 1,966 | 91,239 |
| Cash and investments - June 30 | <u>\$ 2,238</u> | <u>\$ 299</u> | <u>\$ 306</u> | <u>\$ 1,795</u> | <u>\$ 99,876</u> |
| Net assets: | | | | | |
| Cash and investments | <u>\$ 2,238</u> | <u>\$ 299</u> | <u>\$ 306</u> | <u>\$ 1,795</u> | <u>\$ 99,876</u> |
| Total net assets - cash and investment basis held in trust | <u>\$ 2,238</u> | <u>\$ 299</u> | <u>\$ 306</u> | <u>\$ 1,795</u> | <u>\$ 99,876</u> |

MARION COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|------------------------------------|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| Marion High School (2003) | \$ 15,725,000 | \$ 1,306,000 |
| Marion High School (2007) | 1,725,000 | 355,000 |
| Computer Equipment | 237,023 | 248,416 |
| Notes and loans payable: | | |
| Energy Savings | 280,500 | 93,500 |
| Common School Fund | 412,519 | 128,522 |
| Bonds payable: | | |
| General obligation bonds: | | |
| 2004 Pension Retirement | <u>13,230,000</u> | <u>639,648</u> |
| Total governmental activities debt | <u>\$ 31,610,042</u> | <u>\$ 2,771,086</u> |

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The depository reconciliation of the fund balances to the bank account balances at June 30, 2009, was incorrect. The outstanding check list included two checks totaling \$3,716 that were voided in June 2009 and therefore were not outstanding at June 30, 2009. The reconciliation also includes a cash necessary to balance of \$504. A similar comment appeared in prior Report B31729.

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of various funds were overdrawn during the audit period. As of June 30, 2008, there were 22 funds overdrawn ranging from \$2,262 to \$356,356. As of June 30, 2009, there were 22 funds overdrawn ranging from \$50 to \$251,545. A similar comment appeared in prior Report B31729.

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

CONDITION OF RECORDS - NEGATIVE TRANSACTIONS

Correcting transactions were recorded as "negative" receipts and disbursements.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM)

Records presented to support Average Daily Membership (ADM) claimed for the 2007-2008 and 2008-2009 school years were not adequate. The count dates were September 14, 2007 and September 12, 2008. The documentation presented (ADM reports and detail listing of students by school) was generated from the Indiana Department of Education (IDOE) website after submission of ADM in October of the corresponding year. Principals for each school signed and dated the ADM reports printed after submission. Certifications were dated for various dates in October and November.

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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

ACADEMIC HONORS DIPLOMA - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates the amounts reported for Academic Honors Diplomas were incorrect for the school years ending June 30, 2008 and 2009. The amount reported for the school year ending June 30, 2008, was 82. The actual amount was 59, a difference of 23. The amount reported for the school year ending June 30, 2009, was 81. The actual amount was 78, a difference of 3. A similar comment appeared in prior Report B31729.

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

TEXTBOOK REIMBURSEMENT CLAIM

The Financial Assistance for Students, Textbook Reimbursement Claim for the 2008-2009 school year was not accurate. The number of eligible students is based on the number of students approved for free or reduced lunch. According to the Verification Summary Report for school lunch dated October 31, 2008, the total number of students eligible for free and reduced meals was 3,419. The amount reported on the Textbook Reimbursement claim dated November 3, 2008, was 2,956. The claim was understated by 452 students.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

PENALTIES, INTEREST, AND OTHER CHARGES

A penalty of \$5,377 was paid to the Internal Revenue Service on March 3, 2009, for late payment of payroll taxes for the tax period ending December 31, 2008. A similar comment appeared in prior Report B31729.

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

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

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

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

MEAL REIMBURSEMENT POLICY

Six administrators attended a three day conference in November 2007, in French Lick, Indiana. The cost of one meal on November 16, 2007, for those administrators totaled \$330, which is an average cost of \$55 per person. Per Board Policy 3242, meal reimbursements were limited to \$25 per day for in state travel.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TEMPORARY LOAN

A temporary loan of \$100,000 was made in December 2008 from the General Fund to the Retirement/Severance Bond Debt Service Fund. A resolution was not approved for the temporary loan and repayment was not made by December 31, 2008. The loan was repaid in November 2009.

IC 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

An appraisal firm inventoried and prepared complete capital asset records for the School Corporation as of June 30, 2007. A physical inventory of capital assets has not been performed since that date. The School Corporation maintained a log of capital asset transactions from June 30, 2007 to June 30, 2009. However, the capital asset records have not been updated to reflect those transactions. A similar comment appeared in prior Report B31729.

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

CERTIFIED REPORT NOT FILED

The School Corporation did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or equivalent) with the State Board of Accounts for the years 2007 or 2008.

IC 5-11-13-1 states in part:

"Every . . . school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

OFFICIAL BOND

The official bonds for the treasurer and business manager were not for one year terms. Instead, the terms were "until a successor is duly qualified." The official bonds for extra-curricular account treasurers were not filed in the office of the county recorder.

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

The treasurer of the school corporation, and the deputy treasurer if one is appointed, for each school year commencing July 1, shall each give a bond for the faithful performance of duty, written by an insurance company licensed to do business in the State of Indiana, in an amount determined by the governing body. The treasurer of each extra-curricular account shall provide a faithful performance of duty bond for one year, the term of the office. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS (Applies to Justice Middle School)

The Extra-Curricular Treasurer did not complete bank reconciliations during the 2008-2009 school year. At the time of the audit, staff from the School Corporation Business Office completed these reconciliations through November, 2009 and correcting entries were made.

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FUND SOURCES AND USES (Applies to Justice Middle School)

The Investment Fund balance was transferred to the Staff Fund at the beginning of the 2007-2008 school year. All interest from the extra-curricular checking account is now receipted to the Staff Fund.

After a decision has been made to purchase an investment from the bank account balance (and not credit the interest to individual funds), a necessity exists for accounting purposes, to establish an investment income fund in the extra-curricular account records to which any earnings (the aforementioned procedure) are receipted and from which expenditures are made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 5)

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PUBLIC RECORDS RETENTION (Applies to Justice Middle School)

Ticket Sale Reports (SA-4) records were not retained for audit for the 2008-2009 school year. The Extra-Curricular Treasurer stated ticket sale reports and stubs were only retained for one year and then destroyed.

IC 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ACCOUNTABLE ITEMS - COLLECTIONS (Applies to Marion High School)

Records presented for audit indicated that collections were made by club sponsors, but were not posted to the records.

The M-Club sponsor provided a list of preordered t-shirt sales that were collected in November, 2007 totaling \$2,139. One receipt for \$706 was posted to the M-Club Fund on November 29, 2007, for t-shirt sales. Collections unaccounted for in the M-Club Fund totaled \$1,433. A transfer was made to the M-Club Fund from the ID's Fund in the amount of \$2,016 on November 30, 2007. A review of the ID's Fund disclosed no M-Club monies receipted. Total receipts posted equaled total bank deposits for November.

The Black History Club performed a play on February 23, 2008, for which tickets were sold. A report of collections was provided that indicated that \$1,106 was collected by the auditorium box office for ticket sales and concessions. No receipts for the play were posted to the records. Collections unaccounted for in the Black History Fund totaled \$1,106. Transfers were made on March 10, 2008, to the Black History Fund from the Band Fund for \$1,000, the ID's Fund for \$200, and the Parking Fund for \$300. A review of these funds disclosed no Black History Fund monies were receipted to these funds. Total receipts posted equaled total bank deposits for February and March.

Cash count forms were prepared by the club sponsors and remitted to the Extra-Curricular Treasurer with the monies collected. Four cash count forms were presented for audit that were not receipted to the records. Two were dated March 7, 2008, for the Cactus Fund (\$45) and the Survey Fund (\$50); one was dated March 14, 2008, for the NCC Fund (\$197); and one was dated March 21, 2008, for the Transcripts Fund (\$96). Collections unaccounted for in March 2008 totaled \$388. Transfers were made on March 14, 2008, to the NCC Fund from the Band Fund for \$125 and the Academic Giants Fund for \$80. A review of these funds did not indicate any receipts incorrectly posted.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

ACCOUNTABLE ITEMS - FUNDRAISER (Applies to Marion High School)

Records presented for audit indicated that fundraisers were conducted in which some items were not accounted for by School Corporation Officials.

The boys baseball team conducted a fundraiser in the spring of 2008. The invoice for the fundraiser indicated 930 items were ordered. The Athletic Director stated that funds were collected before the order was placed by the team sponsor. Based on the fundraiser invoice, total revenues were estimated to be \$13,020. Collections totaling \$11,544 were reported in the records. Revenues of \$1,476 (approximately 148 items) were not accounted for. The team sponsor did not prepare a Summary Collection Form, SA-8, for amounts collected and supporting documentation, such as fundraiser order forms, were not presented for audit.

The Black History Club conducted a fundraiser in the winter of 2007. The invoice for the fundraiser indicated 268 items were ordered. The club sponsor also stated that funds were collected before the order was placed. Based on the fundraiser invoice, total revenues were estimated to be \$2,953. Collections totaling \$2,163 were reported in the records. Revenues of \$790 (approximately 79 items) were not accounted for. The club sponsor did not prepare a Summary Collection Form, SA-8, for amounts collected. Other supporting documentation (fundraiser order forms) was not presented for audit.

The Black History Club also conducted a play on February 23, 2008, for which tickets were sold. According to an auditorium report, 800 tickets for the play were made available for presale. An additional 175 tickets were for sale at the auditorium. All tickets were for sale at \$7.00 each. A report of collections was provided by the auditorium staff indicating that \$1,106 was collected by the auditorium box office the night of the play from 137 tickets sold and concessions. Presale tickets were sold by club members in addition to tickets sold at the auditorium the night of the play. The club sponsor could not provide any supporting documentation (sales reports, unsold tickets) to determine the number of presale tickets sold. No receipts were reported in the extra-curricular records for this event.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

DEPOSITS (Applies to Marion High School)

Some receipts were written for amounts which could not be verified to bank deposits. Further examination disclosed that these may have been the result of checks being substituted for cash.

IC 5-13-6-1(c) states in part:

"Public funds deposited . . . shall be deposited in the same form in which they were received."

CACTUS FUND (Applies to Marion High School)

Yearbook fees at the beginning of the 2007-2008 school year, were included on the student fee statements, which also included textbook rental fees. As a result, some of the students that were approved for free textbooks did not pay for a yearbook, but still received a yearbook. \$1,035 was still uncollected as of December 9, 2009, for the 2007-2008 yearbooks. The yearbook fees that were collected during the 2007-2008 school year were comingled with textbook fees and receipted into the Clearing Fund, which was subsequently transferred to the School Corporation.

Additionally, the incorrect posting of yearbook receipts and not collecting amounts due caused the cost of the yearbooks to exceed the amounts charged by 19%. The Cactus Fund (used to account for yearbook transactions) had a negative cash balance of \$2,067 at June 30, 2008. The Cactus Fund owed \$8,648 for the 2006-2007 yearbook and \$22,840 for the 2007-2008 yearbook at that time. Sufficient funds were not available in the Cactus Fund, therefore the School Corporation paid the outstanding amounts due during 2008.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

ACCOUNTING FOR DONATIONS (Applies to Marion High School)

Marion High School received donations during the audit period for the purpose of granting scholarships. The receipts and disbursements related to the scholarships were recorded in the extra-curricular accounts. The donations for scholarships were not considered extra-curricular in nature.

Cash donations that are extra-curricular in nature may be accounted for in an extra-curricular account. Any school corporation donations shall be accounted for in the school corporation records. The acceptance of these donations shall have prior approval by the Board of School Trustees. Either the School Corporation Treasurer or Extra-Curricular Treasurer will be responsible for the accounting of these funds as applicable. (The School Administrator and Uniform Compliance Guidelines, Volume 180)

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS (Applies to Marion High School)

The following deficiencies were noted in the financial records presented for the 2007-2008 school year:

1. The High School upgraded their accounting software effective September 30, 2007. The financial transactions for the period July 1, 2007 to September 30, 2007, were recorded under the old software system. The July through September transactions were posted to the new system as a "net" amount at September 30, 2007. The old system was deleted and therefore details of receipts and disbursements were not available for audit.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

IC 5-15-6-36(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

2. Some transactions were recorded as "negative" receipts and disbursements.

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

3. Numerous transfers were made between funds without adequate documentation supporting the purpose of the transfer.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS (Applies to Marion High School)

The Summary Collection Form, SA-8, was not always prepared by individuals remitting collections to the extra-curricular treasurer.

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

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MARION COMMUNITY SCHOOLS, GRANT COUNTY, INDIANA

Compliance

We have audited the compliance of the Marion Community Schools (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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2009-2 and 2009-3.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of

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

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

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in item 2009-2 and 2009-3 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-2 and 2009-3 to be a material weakness.

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

This report is intended solely for the information and use of the School Corporation's management, school board, 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 22, 2010

MARION COMMUNITY SCHOOLS
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 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | | \$ 292,141 | \$ 321,703 |
| National School Lunch Program | 10.555 | | <u>1,201,902</u> | <u>1,268,659</u> |
| Total for federal grantor agency | | | <u>1,494,043</u> | <u>1,590,362</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Title I, Part A Cluster | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | | | |
| | | 06-2865 | 53 | - |
| | | 07-2865 | 25,851 | - |
| | | 07-2865 | 44,034 | - |
| | | 07-2865 | 17,365 | - |
| | | 07-2865 | 41,369 | - |
| | | 07-2865 | 465,661 | - |
| | | 08-2865 | 60,701 | 57,930 |
| | | 08-2865 | 1,349,462 | 453,501 |
| | | 08-2865 | - | 52,983 |
| | | 09-2865 | - | 23,679 |
| | | 09-2865 | <u>-</u> | <u>1,253,363</u> |
| Total for program | | | <u>2,004,496</u> | <u>1,841,456</u> |
| Pass-Through Mississinewa Community School Corporation | | | | |
| Special Education Cluster | | | | |
| Special Education - Grants to States | 84.027 | | | |
| | | 14206-021-PY02 | 179,021 | 2,770 |
| | | 14207-021-PN01 | 441,346 | - |
| | | 14208-021-PN01 | 996,846 | 186,826 |
| | | 14209-021-PN01 | <u>-</u> | <u>782,613</u> |
| Total for program | | | <u>1,617,213</u> | <u>972,209</u> |
| Special Education - Preschool Grants | 84.173 | | | |
| | | 45707-021-PN01 | 35,154 | - |
| | | 45708-021-PN01 | <u>-</u> | <u>43,037</u> |
| Total for program | | | <u>35,154</u> | <u>43,037</u> |
| ARRA - Special Education Grants to States, Recovery Act | 84.391 | | | |
| | | 33310-021-SN01 | <u>-</u> | <u>502</u> |
| Total for cluster | | | <u>1,652,367</u> | <u>1,015,748</u> |
| Pass-Through Indiana Department of Education | | | | |
| State Fiscal Stabilization Fund Cluster | | | | |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act | 84.394 | | <u>-</u> | <u>195,311</u> |
| Direct Grant | | | | |
| Student Financial Assistance Cluster | | | | |
| Federal Pell Grant Program | 84.063 | | | |
| | | FY 2007 | 104,390 | - |
| | | FY 2008 | <u>-</u> | <u>110,147</u> |
| Total for cluster | | | <u>104,390</u> | <u>110,147</u> |

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

MARION COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009
(Continued)

| 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 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF EDUCATION (continued) | | | | |
| Pass-Through Indiana Department of Education Adult Education - Basic Grants to States | 84.002 | | | |
| | | FY 2007-8021 | 18,665 | - |
| | | FY 2008-8021 | 71,818 | 20,134 |
| | | FY 2009-8021 | - | 85,391 |
| | | FY 09-8128 | - | 22,304 |
| Total for program | | | <u>90,483</u> | <u>127,829</u> |
| Migrant Education - State Grant Program | 84.011 | | | |
| | | FY06-07/RM-14 | 7,305 | - |
| | | FY07-08/RM-15 | 79,633 | 17,012 |
| | | FY08-09/RM-9 | - | 78,198 |
| Total for program | | | <u>86,938</u> | <u>95,210</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | | | |
| | | 07-4700-2865 | 32,580 | - |
| | | 08-4700-2865 | 197,239 | - |
| | | 09-4700-2865 | - | 198,358 |
| Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States | 84.048 | | | |
| | | CPS-6-43 | 41,315 | 32,185 |
| Total for program | | | <u>271,134</u> | <u>230,543</u> |
| Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants | 84.186 | | | |
| | | 05-303 | 14,195 | 2,090 |
| | | 2865-06 | 358 | 19,226 |
| | | 07-2865 | - | 17,830 |
| Total for program | | | <u>14,553</u> | <u>39,146</u> |
| Education for Homeless Children and Youth | 84.196 | | | |
| | | FY 05 | 3,582 | - |
| | | FY 07 | 29,027 | 238 |
| | | FY 08 | 11,215 | 42,028 |
| Total for program | | | <u>43,824</u> | <u>42,266</u> |
| State Grants for Innovative Programs | 84.298 | | | |
| | | 05-268 | 1,083 | 3,081 |
| | | 06-2865 | 4,586 | 5,691 |
| Total for program | | | <u>5,669</u> | <u>8,772</u> |
| Education Technology State Grants | 84.318 | | | |
| | | FY 2005 | 9,007 | 840 |
| English Language Acquisition Grants | 84.365 | | | |
| | | FY 06-07 | 16,964 | - |
| | | FY 07-08 | 23,205 | 674 |
| | | FY 08-09 | - | 11,392 |
| Total for program | | | <u>40,169</u> | <u>12,066</u> |

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

MARION COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009
(Continued)

| 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 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF EDUCATION (continued)</u> | | | | |
| Pass-Through Indiana Department of Education (continued) | | | | |
| Improving Teacher Quality State Grants | 84.367 | | | |
| | | 04-136 | 338 | - |
| | | 05-283 | 291,403 | 196,800 |
| | | 06-2865 | 178,931 | 32,401 |
| | | 07-2865 | - | 186,227 |
| | | FY 07-08 | - | <u>2,500</u> |
| Total for program | | | <u>470,672</u> | <u>417,928</u> |
| Hurricane Education Recovery | 84.938 | | | |
| | | FY 07-08 | <u>64,125</u> | - |
| Total for federal grantor agency | | | <u>4,857,827</u> | <u>4,137,262</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Direct Grant | | | | |
| Head Start | 93.600 | | | |
| | | 05CH-4199-42 | 675,774 | 68 |
| | | 05CH-4199-42-T&TA | 8,935 | - |
| | | 05CH-4199-43 | 497,731 | 465,430 |
| | | 05CH-4199-43-T&TA | 12,113 | 3,489 |
| | | 05CH-4199-44 | - | 521,727 |
| | | 05CH-4199-44-T&TA | - | <u>8,865</u> |
| Total for federal grantor agency | | | <u>1,194,553</u> | <u>999,579</u> |
| Total federal awards expended | | | <u>\$ 7,546,423</u> | <u>\$ 6,727,203</u> |

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

MARION COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title | Federal CFDA Number | Year Ended June 30, 2008 | Year Ended June 30, 2009 |
|-------------------------------|---------------------------|-----------------------------|-----------------------------|
| Child nutrition cluster: | | | |
| Food commodities: | | | |
| School Breakfast Program | 10.553 | \$ 22,480 | \$ 28,899 |
| National School Lunch Program | 10.555 | 92,535 | 115,442 |
| Totals for cluster | | \$ 115,015 | \$ 144,341 |

MARION COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|--|---------------|
| Material weaknesses identified? | yes |
| 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? | yes |
| 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? yes

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|--|
| 84.367 | Special Education Cluster |
| 93.600 | Improving Teacher Quality State Grants Head Start |

Dollar threshold used to distinguish between Type A and Type B programs: \$428,209

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

FEDERAL FINDING 2009-1, INTERNAL CONTROLS
OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should

MARION COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements. Specifically, (Biannual Form 9) financial reports submitted to the Indiana Department of Education contained amounts reported as "negative" receipts and disbursements. These negative amounts represented corrections of previous posting errors. Had effective internal controls been in place, oversight of financial recording would have corrected these negative amounts prior to financial report issuance.

2. Monitoring of Controls: Effective internal control over financial reporting requires administration to monitor and assess the quality of the School Corporation's system of internal control. Specifically, miscommunication among human resources, program directors, payroll and accounting, and failure to properly authorize transactions, has resulted in new employees having their wages and compensation incorrectly coded and incorrectly posted to funds. Failure to detect and correct these errors contributed to overdrawn funds and dormant funds because available funds were not being used. The failure to exercise oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

Section III – Federal Award Findings and Questioned Costs

FEDERAL FINDING 2009-2, MATERIAL WEAKNESS OVER REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Special Education - Grants to States
CFDA Number: 84.027
Federal Award Number: 14208-021-PN01
Pass-Through Entity: Mississinewa Community School Corporation

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 06-2865
Pass-Through Entity: Indiana Department of Education

MARION COMMUNITY SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

The final grant expenditure reports submitted for these grants were not in agreement with supporting records. Grant 14208-021-PN01 reported final expenditures of \$1,149,077. The "Budget History Report" for the grant (Fund 5210) reported total expenditures of \$1,183,672. Grant 06-2865 reported final expenditures of \$426,148. The "Budget History Report" for the grant (Fund 6860) reported total expenditures of \$216,732.

Education Department General Administrative Regulations (EDGAR) 80.20 Subpart C – Post-Award (b) (1) states:

"Financial Reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

School Corporation Officials prepared the reports based upon known program expenditures. Specific grant funds had expenditures incorrectly posted. Worksheets specifically identifying grant expenditures and linking them to the financial reports were not available for audit.

Failure to accurately record transactions in support of financial reports restricts the reliability and usefulness of the report.

We recommended School Corporation Officials review the method of recording grant transactions, preparing financial reports, and retaining supporting documents.

FEDERAL FINDING 2009-3, MATERIAL WEAKNESS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education
 Federal Program: Improving Teacher Quality State Grants
 CFDA Number: 84.367
 Federal Award Number: 04-136
 Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Health and Human Services
 Federal Program: Head Start
 CFDA Number: 93.600
 Federal Award Number: 05CH-4199-41 and 05CH-4199-41-T&TA
 Direct Grant

The following grant funds are dormant funds and/or have overdrawn cash balances.

| <u>CFDA Number</u> | <u>Grant Number</u> | <u>Fund Balance June 30, 2009</u> |
|--------------------|---------------------|---------------------------------------|
| 84.367 | 04-136 | (71,652) |
| 93.600 | 05CH-4199-41 | (116,924) |
| 93.600 | 05CH-4199-41-T&TA | 4,234 |

School Corporation Officials incorrectly posted grant transactions and did not monitor grant fund balances.

MARION COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Education Department General Administrative Regulations (EDGAR) 80.20 Subpart C – Post-Award (b) (2) states:

"Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

Failure to monitor grant fund balances may result in overspending grants, charging unallowable costs and jeopardizing the unit's ability to obtain future federal awards.

We recommended School Corporation Officials review procedures to record and monitor grant funds to ensure grant funding is managed in accordance with applicable requirements.

MARION COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



February 22, 2010

Corrective Action Plan for Marion Community Schools

State Board of Accounts
3302 Washington St., Room E418
Indianapolis, IN 46204-2765

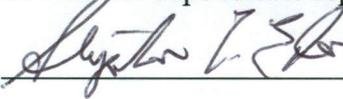
In response to your audit of the financial records of Marion Community Schools as of June 30, 2009:

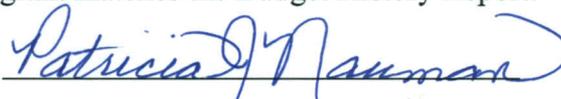
- Finding Number 2009-1, Internal Controls over Financial Transactions and Reporting
- Finding Number 2009-2, Reporting
- Finding Number 2009-3, Cash Management

Corrective Action Planned:

School officials will design internal controls to monitor the preparation of the financial statements and implement effective internal communication strategies between human resources, program directors, payroll, benefits, and accounting to ensure accurate authorization of transactions and posting of employees' wages to the proper fund accounts. These controls will ensure valid transactions, accurate records and financial statements, and informed decision making.

School officials will develop and implement a protocol to monitor grant fund balances, accurately record grant transactions, retain the supporting documentation, and prepare financial reports to ensure that the final expenditure report for each grant matches the Budget History Report.

Signed: 

Signed: 

Name: Mr. Stephen L. Edwards
Title: Superintendent of Schools
Date: 2-22-10

Name: Mrs. Patricia Nauman
Title: Corporation Treasurer
Date: Feb. 22, 2010

MARION COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2010, with Patricia J. Nauman, Treasurer; Stephen L. Edwards, Superintendent of Schools; and F. Michael Luce, President of the School Board.

The contents of this report were discussed on February 22, 2010, with Mary Jane Bartrom, former Treasurer.