

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

AUDIT REPORT
OF
OREGON-DAVIS SCHOOL CORPORATION
STARKE COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
01/24/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Susan G. Rowles	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Steven C. Disney, Jr.	07-01-08 to 06-30-11
President of the School Board	Michael C. Keiper Christopher Lawrence	07-01-08 to 06-30-10 07-01-10 to 06-30-11



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

TO: THE OFFICIALS OF THE OREGON-DAVIS SCHOOL
CORPORATION, STARKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon-Davis School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 December 6, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Budgetary Comparison Schedules or the Schedule of Funding Progress 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 and Schedule of Long-Term Debt listed in the Table of Contents 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

December 6, 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 OREGON-DAVIS SCHOOL
CORPORATION, STARKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon-Davis School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 6, 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 items 2010-1 and 2010-2 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 2010-2 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled 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, the School Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 6, 2010

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 2,887,026	\$ -	\$ 114,703	\$ (2,772,323)
Support services	2,337,751	170,782	216,441	(1,950,528)
Noninstructional services	426,115	-	-	(426,115)
Facilities acquisition and construction	394,804	-	-	(394,804)
Debt service	1,566,954	-	-	(1,566,954)
Nonprogrammed charges	699,958	-	-	(699,958)
 Total governmental activities	 <u>\$ 8,312,608</u>	 <u>\$ 170,782</u>	 <u>\$ 331,144</u>	 <u>(7,810,682)</u>
 General receipts:				
Property taxes				2,617,491
Other local sources				484,289
State aid				3,436,522
Bonds and loans				700,000
Grants and contributions not restricted to specific programs				633,160
Sale of property				1,905
Investment earnings				87,066
Other				24,681
 Total general receipts				 <u>7,985,114</u>
 Change in net assets				 174,432
 Net assets - beginning				 <u>2,822,216</u>
 Net assets - ending				 <u>\$ 2,996,648</u>
 <u>Assets</u>				
Cash and investments				\$ 2,594,461
Restricted assets:				
Cash and investments				<u>402,187</u>
 Total assets				 <u>\$ 2,996,648</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 107,113
Other purposes				295,074
Unrestricted				<u>2,594,461</u>
 Total net assets				 <u>\$ 2,996,648</u>

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

OREGON-DAVIS SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,286,419	\$ -	\$ 74,657	\$ (3,211,762)
Support services	2,718,357	132,847	243,308	(2,342,202)
Noninstructional services	400,164	-	-	(400,164)
Facilities acquisition and construction	3,583,422	-	-	(3,583,422)
Debt service	1,707,821	-	-	(1,707,821)
Nonprogrammed charges	<u>259,338</u>	<u>-</u>	<u>-</u>	<u>(259,338)</u>
Total governmental activities	<u>\$ 11,955,521</u>	<u>\$ 132,847</u>	<u>\$ 317,965</u>	<u>(11,504,709)</u>
General receipts:				
Property taxes				2,411,192
Other local sources				501,786
State aid				4,319,668
Bonds and loans				700,000
Grants and contributions not restricted to specific programs				651,093
Sale of property				2,528
Investment earnings				39,005
Other				<u>4,819,437</u>
Total general receipts				<u>13,444,709</u>
Change in net assets				1,940,000
Net assets - beginning				<u>2,996,648</u>
Net assets - ending				<u>\$ 4,936,648</u>
<u>Assets</u>				
Cash and investments				\$ 2,300,284
Cash with fiscal agent				1,608,739
Restricted assets:				
Cash and investments				<u>1,027,625</u>
Total assets				<u>\$ 4,936,648</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 608,885
Other purposes				418,740
Unrestricted				<u>3,909,023</u>
Total net assets				<u>\$ 4,936,648</u>

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

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

	General	Transportation Operating	Local Rainy Day	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 1,212,615	\$ 413,587	\$ -	\$ -	\$ 851,547	\$ 458,554	\$ 403,514	\$ 3,339,817
Intermediate sources	339	-	-	-	-	-	12,838	13,177
State sources	3,523,447	-	-	-	-	-	145,285	3,668,732
Federal sources	-	-	-	374,953	-	-	357,141	732,094
Temporary loans	700,000	-	-	-	-	-	-	700,000
Other	12,180	11,562	-	-	-	-	939	24,681
Total receipts	5,448,581	425,149	-	374,953	851,547	458,554	919,717	8,478,501
Disbursements:								
Current:								
Instruction	2,682,359	-	-	-	-	-	204,667	2,887,026
Support services	1,697,334	345,236	-	-	-	43,059	252,122	2,337,751
Noninstructional services	95,181	-	-	-	-	-	330,934	426,115
Facilities acquisition and construction	3,055	-	-	-	-	391,749	-	394,804
Debt services	700,000	-	-	-	758,903	-	108,051	1,566,954
Nonprogrammed charges	391,116	-	-	-	-	-	15,538	406,654
Total disbursements	5,569,045	345,236	-	-	758,903	434,808	911,312	8,019,304
Excess (deficiency) of receipts over disbursements	(120,464)	79,913	-	374,953	92,644	23,746	8,405	459,197
Other financing sources (uses):								
Sale of capital assets	1,905	-	-	-	-	-	-	1,905
Transfers in	167,177	-	-	-	-	-	176,332	343,509
Transfers out	(68,399)	(23,142)	-	-	(46,266)	(24,476)	(181,226)	(343,509)
Total other financing sources (uses)	100,683	(23,142)	-	-	(46,266)	(24,476)	(4,894)	1,905
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,781)	56,771	-	374,953	46,378	(730)	3,511	461,102
Cash and investments - beginning	912,570	300,454	402,960	-	59,072	401,562	163,854	2,240,472
Cash and investments - ending	<u>\$ 892,789</u>	<u>\$ 357,225</u>	<u>\$ 402,960</u>	<u>\$ 374,953</u>	<u>\$ 105,450</u>	<u>\$ 400,832</u>	<u>\$ 167,365</u>	2,701,574
Amounts reported for governmental activities in the Statement of Cash 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 receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								<u>295,074</u>
Net assets of governmental activities								<u>\$ 2,996,648</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 892,789	\$ 357,225	\$ 402,960	\$ 374,953	\$ -	\$ 400,832	\$ 165,702	\$ 2,594,461
Restricted assets:								
Cash and investments	-	-	-	-	105,450	-	1,663	107,113
Total cash and investment assets - ending	\$ 892,789	\$ 357,225	\$ 402,960	\$ 374,953	\$ 105,450	\$ 400,832	\$ 167,365	\$ 2,701,574
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 105,450	\$ -	\$ 1,663	\$ 107,113
Unrestricted	892,789	357,225	402,960	374,953	-	400,832	165,702	2,594,461
Total cash and investment fund balance - ending	\$ 892,789	\$ 357,225	\$ 402,960	\$ 374,953	\$ 105,450	\$ 400,832	\$ 167,365	\$ 2,701,574

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

OREGON-DAVIS SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Transportation Operating	Local Rainy Day	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 49,052	\$ 447,546	\$ -	\$ -	\$ 1,387,118	\$ 654,480	\$ 420,308	\$ 2,958,504
Intermediate sources	-	-	-	-	-	-	125,150	125,150
State sources	4,365,578	-	-	-	-	-	100,072	4,465,650
Federal sources	-	-	-	146,342	-	-	676,733	823,075
Temporary loans	350,000	-	-	-	215,000	100,000	35,000	700,000
Other	6,143	198	-	-	-	50,656	4,762,441	4,819,438
Total receipts	4,770,773	447,744	-	146,342	1,602,118	805,136	6,119,704	13,891,817
Disbursements:								
Current:								
Instruction	2,632,949	-	-	369,996	-	-	283,474	3,286,419
Support services	1,776,433	389,116	-	146,710	-	59,996	346,102	2,718,357
Noninstructional services	91,442	-	-	4,589	-	-	304,133	400,164
Facilities acquisition and construction	5,355	-	-	-	-	449,237	3,128,830	3,583,422
Debt services	350,000	-	-	-	1,109,748	100,000	148,073	1,707,821
Nonprogrammed charges	351,351	-	-	-	-	-	30,477	381,828
Total disbursements	5,207,530	389,116	-	521,295	1,109,748	609,233	4,241,089	12,078,011
Excess (deficiency) of receipts over disbursements	(436,757)	58,628	-	(374,953)	492,370	195,903	1,878,615	1,813,806
Other financing sources (uses):								
Sale of capital assets	2,528	-	-	-	-	-	-	2,528
Transfers in	64	-	100,000	-	-	-	313,140	413,204
Transfers out	-	(100,000)	-	-	-	-	(313,204)	(413,204)
Total other financing sources (uses)	2,592	(100,000)	100,000	-	-	-	(64)	2,528
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(434,165)	(41,372)	100,000	(374,953)	492,370	195,903	1,878,551	1,816,334
Cash and investments - beginning	892,789	357,225	402,960	374,953	105,450	400,832	167,365	2,701,574
Cash and investments - ending	\$ 458,624	\$ 315,853	\$ 502,960	\$ -	\$ 597,820	\$ 596,735	\$ 2,045,916	4,517,908
Amounts reported for governmental activities in the Statement of Cash 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 receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								418,740
Net assets of governmental activities								<u>\$ 4,936,648</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 458,624	\$ 315,853	\$ 502,960	\$ -	\$ -	\$ 596,735	\$ 426,112	\$ 2,300,284
Cash with fiscal agent	-	-	-	-	-	-	1,608,739	1,608,739
Restricted assets:								
Cash and investments	-	-	-	-	597,820	-	11,065	608,885
Total cash and investment assets - ending	\$ 458,624	\$ 315,853	\$ 502,960	\$ -	\$ 597,820	\$ 596,735	\$ 2,045,916	\$ 4,517,908
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 597,820	\$ -	\$ 11,065	\$ 608,885
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	458,624	315,853	502,960	-	-	596,735	2,034,851	3,909,023
Total cash and investment fund balance - ending	\$ 458,624	\$ 315,853	\$ 502,960	\$ -	\$ 597,820	\$ 596,735	\$ 2,045,916	\$ 4,517,908

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

OREGON-DAVIS SCHOOL CORPORATION
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 910,127
Miscellaneous	6,634
Total operating receipts	916,761
Operating disbursements:	
Insurance claims and expense	1,203,431
Total operating disbursements	1,203,431
Deficiency of operating receipts over operating disbursements	(286,670)
Change in net assets	(286,670)
Cash and investment fund balance - beginning	581,744
Cash and investment fund balance - ending	\$ 295,074
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 295,074
Total cash and investment assets - ending	\$ 295,074
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 295,074
Total cash and investment fund balance - ending	\$ 295,074

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

OREGON-DAVIS SCHOOL CORPORATION
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2010

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 172,324
Miscellaneous	1,176
Total operating receipts	173,500
Operating disbursements:	
Insurance claims and expense	49,834
Total operating disbursements	49,834
Excess of operating receipts over operating disbursements	123,666
Cash and investment fund balance - beginning	295,074
Cash and investment fund balance - ending	\$ 418,740
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 418,740
Total cash and investment assets - ending	\$ 418,740
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 418,740
Total cash and investment fund balance - ending	\$ 418,740

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 300	
Total contributions	-	300	
Investment earnings:			
Deductions:			
Administrative and general	-	10,200	
Total deductions	-	10,200	
Excess (deficiency) of total additions over total deductions	-	(9,900)	
Cash and investment fund balance - beginning	186,030	12,896	
Cash and investment fund balance - ending	\$ 186,030	\$ 2,996	\$ 2,462
Net assets:			
Cash and investments	\$ 186,030	\$ 2,996	\$ 2,462
Total net assets - cash and investment basis held in trust	\$ 186,030	\$ 2,996	\$ 2,462

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

OREGON-DAVIS SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 2,328	
Total contributions	-	2,328	
Deductions:			
Benefits	7,453	-	
Administrative and general	-	300	
Total deductions	7,453	300	
Excess (deficiency) of total additions over total deductions	(7,453)	2,028	
Cash and investment fund balance - beginning	186,030	2,996	
Cash and investment fund balance - ending	\$ 178,577	\$ 5,024	\$ 12,979
Net assets:			
Cash and investments	\$ 178,577	\$ 5,024	\$ 12,979
Total net assets - cash and investment basis held in trust	\$ 178,577	\$ 5,024	\$ 12,979

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Oregon-Davis School Corporation

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 nine other school corporations in a joint venture to operate Joint Educational Service in Special Education Cooperative (JESSE) which was created to operate a comprehensive program of special education for children with special health care needs. The School Corporation is obligated by contract to remit its proportional share annually to supplement the JESSE budget. JESSE's continued existence depends on continued funding by the member school corporations. Complete financial statements for the JESSE can be obtained from JESSE's administrative office located at the PO Box 418, Plymouth, Indiana, 46563.

The School Corporation is a participant with nine other school corporations in a joint venture to operate the North Central Area Vocational Cooperative (NCAVC) which was created for joint planning for future needs, operating programs and service for vocational education. The School Corporation is obligated by contract to remit its proportional share annually to supplement the NCAVC budget. NCAVC's continued existence depends on continued funding by the member school corporations. Complete financial statements for the NCAVC can be obtained from NCAVC's administrative office located at the Culver Community School Corporation, PO Box 31, 222 North Ohio Street, Culver, Indiana, 46511.

The School Corporation is a participant with forty-one other school corporations in a joint venture to operate the Northern Indiana Education Services Center (NIESC) which was created to assist member school corporations in providing educational programs and services. The School Corporation is obligated by contract to remit approximately \$5,000 annually to supplement the NIESC budget. Complete financial statements for NIESC can be obtained from its administrative office located at 56535 Magnetic Drive, Mishawaka, Indiana, 46545.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. 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, liability, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The local rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The fiscal stabilization education fund accounts for federal monies received and disbursed under the American Recovery and Reinvestment Act of 2009.

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

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

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for group health insurance benefits provided to other departments.

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Agency funds account for assets held by the School Corporation as an agent for employees and other governmental agencies.

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. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the general fund and various joint venture funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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.

Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

Normally, 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. 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

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

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Cash and Investment Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by State statute:

Fund	2008-2009	2009-2010
School Bus Replacement	\$ (34,657)	\$ (2,758)
School Library Printed Material	(1,105)	(1,105)

Cash and investment deficits arose primarily from disbursements exceeding receipts. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. 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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2008-2009	2009-2010
Transportation Operating Fund	Local Rainy Day Fund	\$ -	\$ 100,000
General Fund	Other Governmental Funds	68,399	-
Debt Service Fund	Other Governmental Funds	46,266	-
Capital Projects Fund	Other Governmental Funds	24,476	-
Transportation Operating Fund	Other Governmental Funds	23,142	-
Other Governmental Funds	General Fund	167,177	-
Other Governmental Funds	General Fund	-	64
Other Governmental Funds	Other Governmental Funds	11,619	-
Other Governmental Funds	Other Governmental Funds	529	-
Other Governmental Funds	Other Governmental Funds	190	-
Other Governmental Funds	Other Governmental Funds	1,711	-
Other Governmental Funds	Other Governmental Funds	-	270,789
Other Governmental Funds	Other Governmental Funds	-	22,650
Other Governmental Funds	Other Governmental Funds	-	2
Other Governmental Funds	Other Governmental Funds	-	4,200
Other Governmental Funds	Other Governmental Funds	-	4,200
Other Governmental Funds	Other Governmental Funds	-	11,299
Totals		<u>\$ 343,509</u>	<u>\$ 413,204</u>

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions. The School Corporation also transfers funds to carryover unused grant funds to the next year where allowable.

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, and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Group Health Insurance

As of January 1, 2010, the School Corporation joined with other governmental entities into the Porter County Schools Employees' Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 10 member governmental entities. This risk pool was formed April 25, 2006. The purpose of the risk pool is to provide a medium for the funding and administration of group insurance plans for the benefit of members' employees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the aggregate \$5,000,000 limit and the \$100,000 specific limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Oregon-Davis Building Corporation Phase III (the lessor). The lessor was organized as a for not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments during the years 2009 and 2010 totaled \$747,871, and \$880,268, respectively.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health care benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least a combined total of eighty-five years between age and years of service. Currently, two retirees meet these eligibility requirements. The School Corporation and retirees provide 25% and 75%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the years ended June 30, 2009 and 2010, disbursements of \$9,052 and \$7,973 respectively were recognized for postemployment benefits.

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

These funds are held in reserve to pay health insurance premiums of qualified retirees for a limited time, in accordance with various governmental regulations.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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. The total contributions made to PERF by the School Corporation during the period June 30, 2009 and 2010, were \$53,631 and \$61,316 respectively.

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.0% of covered wages. The School Corporation's required contribution to the plan for the fiscal years ended June 30, 2009 and 2010, were \$80,559 and \$89,186, respectively. The School Corporation actually contributed 100% of the required contributions for each of the fiscal years, respectively.

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Alternative Education
Receipts:						
Local sources	\$ 3,057	\$ 143,854	\$ 49,884	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	338	-
State sources	12,776	3,847	47,555	-	-	601
Federal sources	-	165,039	-	-	-	-
Other	-	815	124	-	-	-
Total receipts	15,833	313,555	97,563	-	338	601
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	45,307	-	-	-
Noninstructional services	-	330,601	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	15,538	-	-	-	-	-
Total disbursements	15,538	330,601	45,307	-	-	-
Excess (deficiency) of receipts over disbursements	295	(17,046)	52,256	-	338	601
Other financing sources (uses):						
Transfers in	-	-	-	174,621	-	-
Transfers out	(190)	-	-	(167,177)	-	-
Total other financing sources (uses)	(190)	-	-	7,444	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	105	(17,046)	52,256	7,444	338	601
Cash and investments - beginning	23,471	63,210	43,087	-	2,507	-
Cash and investments - ending	<u>\$ 23,576</u>	<u>\$ 46,164</u>	<u>\$ 95,343</u>	<u>\$ 7,444</u>	<u>\$ 2,845</u>	<u>\$ 601</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 23,576	\$ 46,164	\$ 95,343	\$ 7,444	\$ 2,845	\$ 601
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 23,576</u>	<u>\$ 46,164</u>	<u>\$ 95,343</u>	<u>\$ 7,444</u>	<u>\$ 2,845</u>	<u>\$ 601</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	23,576	46,164	95,343	7,444	2,845	601
Total cash and investment fund balance - ending	<u>\$ 23,576</u>	<u>\$ 46,164</u>	<u>\$ 95,343</u>	<u>\$ 7,444</u>	<u>\$ 2,845</u>	<u>\$ 601</u>

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

	School Library Printed Material	Early Intervention Grant	High Ability Grant FY 2008	Medicaid Reimbursement State	Non English Speaking Program
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	6,200	28,246	-	600
Federal sources	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	-	6,200	28,246	-	600
Disbursements:					
Current:					
Instruction	-	6,200	24,852	-	449
Support services	-	-	-	-	-
Noninstructional services	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	-	6,200	24,852	-	449
Excess (deficiency) of receipts over disbursements	-	-	3,394	-	151
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	-	-	3,394	-	151
Cash and investments - beginning	(1,105)	-	-	64	449
Cash and investments - ending	<u><u>\$ (1,105)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 64</u></u>	<u><u>\$ 600</u></u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (1,105)	\$ -	\$ 3,394	\$ 64	\$ 600
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u><u>\$ (1,105)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 64</u></u>	<u><u>\$ 600</u></u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(1,105)	-	3,394	64	600
Total cash and investment fund balance - ending	<u><u>\$ (1,105)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 64</u></u>	<u><u>\$ 600</u></u>

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

	Technology Grants Equipment	Technology Grant New Tech	School Consolidation Study Grant	Title I FY 2009	Title V Part A Innovative Programs 2007-2008
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	12,500	-	-	-
State sources	-	-	45,460	-	-
Federal sources	-	-	-	153,539	1,127
Other	-	-	-	-	-
Total receipts	-	12,500	45,460	153,539	1,127
Disbursements:					
Current:					
Instruction	-	-	-	136,721	-
Support services	532	-	43,065	12,962	1,127
Noninstructional services	-	-	-	333	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	532	-	43,065	150,016	1,127
Excess (deficiency) of receipts over disbursements	(532)	12,500	2,395	3,523	-
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	(532)	12,500	2,395	3,523	-
Cash and investments - beginning	532	-	-	-	-
Cash and investments - ending	\$ -	\$ 12,500	\$ 2,395	\$ 3,523	\$ -
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 12,500	\$ 2,395	\$ 3,523	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 12,500	\$ 2,395	\$ 3,523	\$ -
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	12,500	2,395	3,523	-
Total cash and investment fund balance - ending	\$ -	\$ 12,500	\$ 2,395	\$ 3,523	\$ -

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

	Title IV Part A Safe and Drug Free Schools	Title IV Part A Safe and Drug Free Schools 2006-2007	Title IV Part A Safe and Drug Free Schools 2007-2008	Vocational Carl Perkins Grant	Medicaid Reimbursement Federal
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	2,702	2,846	-
Other	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,702</u>	<u>2,846</u>	<u>-</u>
Total receipts	<u>-</u>	<u>-</u>	<u>2,702</u>	<u>2,846</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	1,711	-	2,846	-
Support services	-	-	-	-	-
Noninstructional services	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>-</u>	<u>1,711</u>	<u>-</u>	<u>2,846</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,711)</u>	<u>2,702</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	1,711	-	-	-
Transfers out	(1,711)	-	-	-	-
	<u>(1,711)</u>	<u>1,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,711)</u>	<u>1,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,711)	-	2,702	-	-
Cash and investments - beginning	<u>1,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,702</u>	<u>\$ -</u>	<u>\$ 22</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ 2,702	\$ -	\$ 22
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,702</u>	<u>\$ -</u>	<u>\$ 22</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	2,702	-	22
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,702</u>	<u>\$ -</u>	<u>\$ 22</u>

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

	Title II, A Class-Size Professional Development	Title III English Proficiency	Retirement/ Severance Bond Debt Service	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 130,296	\$ 76,423	\$ 403,514
Intermediate sources	-	-	-	-	12,838
State sources	-	-	-	-	145,285
Federal sources	31,888	-	-	-	357,141
Other	-	-	-	-	939
Total receipts	31,888	-	130,296	76,423	919,717
Disbursements:					
Current:					
Instruction	31,888	-	-	-	204,667
Support services	-	-	-	149,129	252,122
Noninstructional services	-	-	-	-	330,934
Debt services	-	-	108,051	-	108,051
Nonprogrammed charges	-	-	-	-	15,538
Total disbursements	31,888	-	108,051	149,129	911,312
Excess (deficiency) of receipts over disbursements	-	-	22,245	(72,706)	8,405
Other financing sources (uses):					
Transfers in	-	-	-	-	176,332
Transfers out	-	-	(11,619)	(529)	(181,226)
Total other financing sources (uses)	-	-	(11,619)	(529)	(4,894)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	10,626	(73,235)	3,511
Cash and investments - beginning	-	291	(8,963)	38,578	163,854
Cash and investments - ending	\$ -	\$ 291	\$ 1,663	\$ (34,657)	\$ 167,365
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 291	\$ -	\$ (34,657)	\$ 165,702
Restricted assets:					
Cash and investments	-	-	1,663	-	1,663
Total cash and investment assets - ending	\$ -	\$ 291	\$ 1,663	\$ (34,657)	\$ 167,365
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 1,663	\$ -	\$ 1,663
Unrestricted	-	291	-	(34,657)	165,702
Total cash and investment fund balance - ending	\$ -	\$ 291	\$ 1,663	\$ (34,657)	\$ 167,365

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Special Education Preschool	Elementary 2009 BAN Construction Fund	Elementary 09A Construction Fund	High School 09A Bond Issuance Expense Account	High School 09 Construction Fund	High School 09 Bond Issuance Expense Account
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	6,875	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	1,300,000	1,491,566	97,251	1,835,602	12,549
Total receipts	6,875	1,300,000	1,491,566	97,251	1,835,602	12,549
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	1,051,861	1,602,245	35,292	437,581	1,250
Debt services	-	-	-	-	-	-
Nonprogrammed charges	30,441	-	-	-	-	-
Total disbursements	30,441	1,051,861	1,602,245	35,292	437,581	1,250
Excess (deficiency) of receipts over disbursements	(23,566)	248,139	(110,679)	61,959	1,398,021	11,299
Other financing sources (uses):						
Transfers in	-	22,650	270,791	-	15,499	4,200
Transfers out	-	(270,789)	-	(26,852)	-	(15,499)
Total other financing sources (uses)	-	(248,139)	270,791	(26,852)	15,499	(11,299)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,566)	-	160,112	35,107	1,413,520	-
Cash and investments - beginning	23,576	-	-	-	-	-
Cash and investments - ending	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 160,112</u>	<u>\$ 35,107</u>	<u>\$ 1,413,520</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	160,112	35,107	1,413,520	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 160,112</u>	<u>\$ 35,107</u>	<u>\$ 1,413,520</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	10	-	160,112	35,107	1,413,520	-
Total cash and investment fund balance - ending	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 160,112</u>	<u>\$ 35,107</u>	<u>\$ 1,413,520</u>	<u>\$ -</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Alternative Education	School Library Printed Material
Receipts:						
Local sources	\$ 130,753	\$ 48,995	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	150	-	-
State sources	3,638	46,281	-	-	1,915	-
Federal sources	193,128	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	473	-	-	-	-
Total receipts	327,519	95,749	-	150	1,915	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	72,462	-	-	-	-
Noninstructional services	304,133	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	601	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	304,133	72,462	-	-	601	-
Excess (deficiency) of receipts over disbursements	23,386	23,287	-	150	1,314	-
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	23,386	23,287	-	150	1,314	-
Cash and investments - beginning	46,164	95,343	7,444	2,845	601	(1,105)
Cash and investments - ending	<u>\$ 69,550</u>	<u>\$ 118,630</u>	<u>\$ 7,444</u>	<u>\$ 2,995</u>	<u>\$ 1,915</u>	<u>\$ (1,105)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 69,550	\$ 118,630	\$ 7,444	\$ 2,995	\$ 1,915	\$ (1,105)
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 69,550</u>	<u>\$ 118,630</u>	<u>\$ 7,444</u>	<u>\$ 2,995</u>	<u>\$ 1,915</u>	<u>\$ (1,105)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	69,550	118,630	7,444	2,995	1,915	(1,105)
Total cash and investment fund balance - ending	<u>\$ 69,550</u>	<u>\$ 118,630</u>	<u>\$ 7,444</u>	<u>\$ 2,995</u>	<u>\$ 1,915</u>	<u>\$ (1,105)</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Early Literacy Intervention	High Ability Grant FY 2008	High Ability Grant FY 2009	Medicaid Reimbursement State	Non English Speaking Program	Technology Grant New Tech
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	125,000
State sources	3,270	-	28,134	126	613	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	25,000
Total receipts	3,270	-	28,134	126	613	150,000
Disbursements:						
Current:						
Instruction	3,270	3,394	8,178	-	600	12,500
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,270	3,394	8,178	-	600	12,500
Excess (deficiency) of receipts over disbursements	-	(3,394)	19,956	126	13	137,500
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(64)	-	-
Total other financing sources (uses)	-	-	-	(64)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,394)	19,956	62	13	137,500
Cash and investments - beginning	-	3,394	-	64	600	12,500
Cash and investments - ending	\$ -	\$ -	\$ 19,956	\$ 126	\$ 613	\$ 150,000
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 19,956	\$ 126	\$ 613	\$ 150,000
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 19,956	\$ 126	\$ 613	\$ 150,000
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	19,956	126	613	150,000
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 19,956	\$ 126	\$ 613	\$ 150,000

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	School Consolidation Study Grant	Excess PTRC Distribution	Title I FY 2009	Title I FY 2010	Title V Part A Innovative Programs 2007-2008	Title IV Part A Safe and Drug Free Schools 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	9,220	-	-	-	-
Federal sources	-	-	-	153,121	440	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	9,220	-	153,121	440	-
Disbursements:						
Current:						
Instruction	-	-	842	126,986	-	2,702
Support services	271	-	2,681	10,554	440	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	271	-	3,523	137,540	440	2,702
Excess (deficiency) of receipts over disbursements	(271)	9,220	(3,523)	15,581	-	(2,702)
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	(271)	9,220	(3,523)	15,581	-	(2,702)
Cash and investments - beginning	2,395	-	3,523	-	-	2,702
Cash and investments - ending	<u>\$ 2,124</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 15,581</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 2,124	\$ 9,220	\$ -	\$ 15,581	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,124</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 15,581</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	2,124	9,220	-	15,581	-	-
Total cash and investment fund balance - ending	<u>\$ 2,124</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 15,581</u>	<u>\$ -</u>	<u>\$ -</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title IV Part A Safe and Drug Free Schools 2008-2009	Vocational Carl Perkins Grant	Medicaid Reimbursement Federal	Title II, A Class-Size Professional Development	Title III English Proficiency	Title I - A Grant to Lease Stimulus 2009-2010
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	2,157	2,846	135	67,442	-	76,953
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	2,157	2,846	135	67,442	-	76,953
Disbursements:						
Current:						
Instruction	-	2,846	-	50,193	-	71,963
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	36	-	-	-
Total disbursements	-	2,846	36	50,193	-	71,963
Excess (deficiency) of receipts over disbursements	2,157	-	99	17,249	-	4,990
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	2,157	-	99	17,249	-	4,990
Cash and investments - beginning	-	-	22	-	291	-
Cash and investments - ending	<u>\$ 2,157</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 17,249</u>	<u>\$ 291</u>	<u>\$ 4,990</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 2,157	\$ -	\$ 121	\$ 17,249	\$ 291	\$ 4,990
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,157</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 17,249</u>	<u>\$ 291</u>	<u>\$ 4,990</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	2,157	-	121	17,249	291	4,990
Total cash and investment fund balance - ending	<u>\$ 2,157</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 17,249</u>	<u>\$ 291</u>	<u>\$ 4,990</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Special Education Part B Stimulus	Title II-D Education Tech Stimulus 2009-2010	Qualified School Construction Bond	Retirement/ Severance Bond Debt Service	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 4,615	\$ 122,377	\$ 113,568	\$ 420,308
Intermediate sources	-	-	-	-	-	125,150
State sources	-	-	-	-	-	100,072
Federal sources	26,161	154,350	-	-	-	676,733
Temporary loans	-	-	-	-	35,000	35,000
Other	-	-	-	-	-	4,762,441
Total receipts	26,161	154,350	4,615	122,377	148,568	6,119,704
Disbursements:						
Current:						
Instruction	-	-	-	-	-	283,474
Support services	26,161	151,864	-	-	81,669	346,102
Noninstructional services	-	-	-	-	-	304,133
Facilities acquisition and construction	-	-	-	-	-	3,128,830
Debt services	-	-	98	112,975	35,000	148,073
Nonprogrammed charges	-	-	-	-	-	30,477
Total disbursements	26,161	151,864	98	112,975	116,669	4,241,089
Excess (deficiency) of receipts over disbursements	-	2,486	4,517	9,402	31,899	1,878,615
Other financing sources (uses):						
Transfers in	-	-	-	-	-	313,140
Transfers out	-	-	-	-	-	(313,204)
Total other financing sources (uses)	-	-	-	-	-	(64)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,486	4,517	9,402	31,899	1,878,551
Cash and investments - beginning	-	-	-	1,663	(34,657)	167,365
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,486</u>	<u>\$ 4,517</u>	<u>\$ 11,065</u>	<u>\$ (2,758)</u>	<u>\$ 2,045,916</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,486	\$ 4,517	\$ -	\$ (2,758)	\$ 426,112
Cash with fiscal agent	-	-	-	-	-	1,608,739
Restricted assets:						
Cash and investments	-	-	-	11,065	-	11,065
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 2,486</u>	<u>\$ 4,517</u>	<u>\$ 11,065</u>	<u>\$ (2,758)</u>	<u>\$ 2,045,916</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 11,065	\$ -	\$ 11,065
Other purposes	-	-	-	-	-	-
Unrestricted	-	2,486	4,517	-	(2,758)	2,034,851
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 2,486</u>	<u>\$ 4,517</u>	<u>\$ 11,065</u>	<u>\$ (2,758)</u>	<u>\$ 2,045,916</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Excess (deficiency) of total additions over total deductions	\$ -	\$ -	\$ -
Cash and investment fund balance - beginning	<u>19,733</u>	<u>166,297</u>	<u>186,030</u>
Cash and investment fund balance - ending	<u>\$ 19,733</u>	<u>\$ 166,297</u>	<u>\$ 186,030</u>
Net assets:			
Cash and investments	<u>\$ 19,733</u>	<u>\$ 166,297</u>	<u>\$ 186,030</u>
Total net assets - cash and investment basis held in trust	<u>\$ 19,733</u>	<u>\$ 166,297</u>	<u>\$ 186,030</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Deductions:			
Benefits	\$ -	\$ 7,453	\$ 7,453
Total deductions	-	7,453	7,453
(Deficiency) of total additions over total deductions	-	(7,453)	(7,453)
Cash and investment fund balance - beginning	19,733	166,297	186,030
Cash and investment fund balance - ending	\$ 19,733	\$ 158,844	\$ 178,577
Net assets:			
Cash and investments	\$ 19,733	\$ 158,844	\$ 178,577
Total net assets - cash and investment basis held in trust	\$ 19,733	\$ 158,844	\$ 178,577

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Scholarships	Award Elementary Instruction Enhancement	Totals
Additions:			
Contributions:			
Other	\$ 300	\$ -	\$ 300
Total additions	300	-	300
Deductions:			
Administrative and general	10,200	-	10,200
Excess (deficiency) of total additions over total deductions	(9,900)	-	(9,900)
Cash and investment fund balance - beginning	12,069	827	12,896
Cash and investments - June 30	<u>2,169</u>	<u>827</u>	<u>2,996</u>
Net assets:			
Cash and investments	\$ 2,169	\$ 827	\$ 2,996
Total net assets - cash and investment basis held in trust	<u>\$ 2,169</u>	<u>\$ 827</u>	<u>\$ 2,996</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	<u>Scholarships</u>	<u>Pledges Starke United, Inc.</u>	<u>Award Elementary Instruction Enhancement</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 300	\$ 228	\$ 1,800	\$ 2,328
Total additions	<u>300</u>	<u>228</u>	<u>1,800</u>	<u>2,328</u>
Deductions:				
Administrative and general	<u>300</u>	-	-	<u>300</u>
Excess (deficiency) of total additions over total deductions	-	228	1,800	2,028
Cash and investment fund balance - beginning	<u>2,169</u>	-	<u>827</u>	<u>2,996</u>
Cash and investments - June 30	<u>\$ 2,169</u>	<u>\$ 228</u>	<u>\$ 2,627</u>	<u>\$ 5,024</u>
Net assets:				
Cash and investments	<u>\$ 2,169</u>	<u>\$ 228</u>	<u>\$ 2,627</u>	<u>\$ 5,024</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,169</u>	<u>\$ 228</u>	<u>\$ 2,627</u>	<u>\$ 5,024</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Social Security Certified	Federal Tax	Social Security Non-Certified	State Tax	County Tax	Voluntary Teacher Retire*Post Tax	Life Insurance H.M. Life
Additions:							
Agency fund additions	\$ 191,348	\$ 286,530	\$ 58,418	\$ 105,394	\$ 33,891	\$ 2,792	\$ 422
Deductions:							
Agency fund deductions	191,348	286,530	58,418	105,394	33,891	2,792	422
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	-	-
Cash and investment fund balance - beginning	-	-	-	-	-	-	37
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Life Insurance Occidental Life	Life Insurance Supplemental	Group Medical Sec125	Group Dental Sec125	Group Vision Sec125	Group Cancer Sec125*AFLAC	Group Cancer Sec125*PALIC
Additions: Agency fund additions	\$ 360	\$ 2,772	\$ 119,955	\$ 23,269	\$ 4,618	\$ 6,198	\$ 2,108
Deductions: Agency fund deductions	360	2,762	119,955	23,269	4,618	6,094	2,157
Excess (deficiency) of total additions over total deductions	-	10	-	-	-	104	(49)
Cash and investment fund balance - beginning	15	412	-	-	-	915	91
Cash and investment fund balance - ending	<u>\$ 15</u>	<u>\$ 422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 42</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Flex Medical Sec125°C.P.N.	Annuity Metropolitan Life	Annuity ING/Reliastar Life	Annuity American Financial	Annuity Pacific Life	Annuity Variable - VALIC	Garnishment of Wages
Additions:							
Agency fund additions	\$ -	\$ 9,600	\$ 21,980	\$ 35,000	\$ -	\$ 5,400	\$ 11,067
Deductions:							
Agency fund deductions	-	7,600	19,895	29,500	-	5,400	10,195
Excess (deficiency) of total additions over total deductions	-	2,000	2,085	5,500	-	-	872
Cash and investment fund balance - beginning	-	-	315	-	-	-	328
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,400</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Group Medical	Starke United	Administration Fee Sec125	Professional Dues - C.T.A.	Prepaid Legal Insurance	Fringe Benefit Clearing Fund	Totals
Additions:							
Agency fund additions	\$ 6	\$ 500	\$ 866	\$ 15,266	\$ 596	\$ 60	\$ 938,416
Deductions:							
Agency fund deductions	6	500	871	15,266	596	60	927,899
Excess (deficiency) of total additions over total deductions	-	-	(5)	-	-	-	10,517
Cash and investment fund balance - beginning	-	-	134	-	155	60	2,462
Cash and investment fund balance - ending	\$ -	\$ -	\$ 129	\$ -	\$ 155	\$ 60	\$ 12,979

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Social Security Certified	Federal Tax	Social Security Non-Certified	State Tax	County Tax	Voluntary Teacher Retire*Post Tax	Life Insurance H.M. Life
Additions:							
Agency fund additions	\$ 176,517	\$ 272,438	\$ 50,223	\$ 95,229	\$ 31,002	\$ 2,792	\$ 421
Deductions:							
Agency fund deductions	176,517	272,438	50,223	95,229	31,002	2,792	384
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	-	37
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Life Insurance Occidental Life	Life Insurance Supplemental	Group Medical Sec125	Group Dental Sec125	Group Vision Sec125	Group Cancer Sec125*AFLAC	Group Cancer Sec125*PALIC
Additions:							
Agency fund additions	\$ 360	\$ 2,673	\$ 173,001	\$ 15,066	\$ 4,941	\$ 5,593	\$ 2,740
Deductions:							
Agency fund deductions	345	2,261	173,001	15,066	4,941	4,678	2,649
Excess (deficiency) of total additions over total deductions	15	412	-	-	-	915	91
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 15</u>	<u>\$ 412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 915</u>	<u>\$ 91</u>

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Flex Medical Sec125*C.P.N.	Annuity Metropolitan Life	Annuity ING/Reliastar Life	Annuity American Financial	Annuity Pacific Life	Annuity Variable - VALIC	Garnishment of Wages
Additions: Agency fund additions	\$ 500	\$ 8,400	\$ 19,780	\$ 31,200	\$ 10,263	\$ 8,550	\$ 11,060
Deductions: Agency fund deductions	500	8,400	19,465	31,200	10,263	8,550	10,732
Excess (deficiency) of total additions over total deductions	-	-	315	-	-	-	328
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ 315	\$ -	\$ -	\$ -	\$ 328

OREGON-DAVIS SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	<u>Group Medical</u>	<u>Starke United</u>	<u>Administration Fee Sec125</u>	<u>Professional Dues - C.T.A.</u>	<u>Prepaid Legal Insurance</u>	<u>Fringe Benefit Clearing Fund</u>	<u>Totals</u>
Additions:							
Agency fund additions	\$ 5	\$ 704	\$ 893	\$ 13,101	\$ 760	\$ 120	\$ 938,332
Deductions:							
Agency fund deductions	5	704	759	13,101	605	60	935,870
Excess (deficiency) of total additions over total deductions	-	-	134	-	155	60	2,462
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 60</u>	<u>\$ 2,462</u>

OREGON-DAVIS SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Building Lease	\$ 7,930,000	\$ 768,196
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bond	160,000	112,482
2009 A Series Bond	1,515,000	113,719
2009 B Series Bond	<u>1,873,000</u>	<u>15,770</u>
Total governmental activities debt	<u>\$ 11,478,000</u>	<u>\$ 1,010,167</u>

OREGON-DAVIS SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The following funds were overdrawn during the audit period:

<u>Fund</u>	<u>2008-2009</u>	<u>2009-2010</u>
School Bus Replacement Fund	\$ 34,657	\$ 2,758
School Library Printed Material Fund	1,105	1,105

A similar comment was in prior Report B33676.

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

ADVANCE PAYMENTS

Payments for special education services were made in advance. Checks dated December 30, 2009, for \$201,611 and December 29, 2008, for \$181,312 were for special education services to be provided during the 2010 and 2009 budget (calendar) years. The School Corporation's contract with the special education provider calls for 10 equal monthly payments for the months of January through May and August through December. A similar comment was issued in prior Reports B24613, B29237 and B33676.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

The capital asset records presented for audit were dated as of June 30, 2008, and did not reflect asset additions or disposals made during the audit period.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital 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)

OREGON-DAVIS SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

DEFICIENCY IN INTERNAL CONTROL

We noted the following deficiency in the internal control system of the Oregon-Davis School Corporation related to financial transactions and reporting:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

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

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)

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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

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

TO: THE OFFICIALS OF THE OREGON-DAVIS SCHOOL
CORPORATION, STARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Oregon-Davis School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. 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 other major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

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

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

(Continued)

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 deficiencies in internal control over compliance described in items 2010-3, 2010-4 and 2010-5 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

December 6, 2010

OREGON-DAVIS SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 33,820	\$ 42,505
National School Lunch Program	10.555		147,573	164,920
Summer Food Service Program For Children	10.559		-	3,676
Total for Cluster			<u>181,393</u>	<u>211,101</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		SY 2008-2009	150,015	3,524
		SY 2009-2010	-	137,539
Total for program			<u>150,015</u>	<u>141,063</u>
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389			
		FY 2009-2010	-	71,963
Total for cluster			<u>150,015</u>	<u>213,026</u>
ARRA Education Technology State Grants, Recovery Act	84.386			
		FY 2009-2010	-	151,864
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394			
		FY 2009-2010	-	521,295
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		SY 2006-2007	1,711	-
		SY 2007-2008	-	2,702
Total for program			<u>1,711</u>	<u>2,702</u>
State Grants for Innovative Programs	84.298			
		SY 2007-2008	1,127	440
Improving Teacher Quality State Grants	84.367			
		SY 2007-2008	31,888	-
		SY 2008-2009	-	33,219
		SY 2009-2010	-	16,974
Total for program			<u>31,888</u>	<u>50,193</u>
Special Education Cluster				
ARRA - Special Education - Grants to States, Recovery Act	84.391			
		FY 2009-2010	-	26,161
Total for federal grantor agency			<u>184,741</u>	<u>965,681</u>
Total federal awards expended			<u>\$ 366,134</u>	<u>\$ 1,176,782</u>

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

OREGON-DAVIS SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oregon-Davis School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 with populations under 5,000 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2009</u>	<u>2010</u>
School Breakfast Program	10.553	\$ 3,069	\$ 3,577
National School Lunch Program	10.555	13,285	14,397

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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
	Child Nutrition Cluster
	Title I, Part A Cluster
	State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1, CAPITAL ASSET RECORDS

The capital asset record presented for audit had not been maintained since June 30, 2008. Asset acquisitions and disposals had not been recorded for fiscal years 2008-2009 or 2009-2010.

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 Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended the School Corporation design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records.

FINDING 2010-2, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Control activities were not selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The School Corporation has not separated incompatible activities related to the areas of cash receipts, cash disbursements and payroll that flow into the financial statements. Failure to establish these controls could enable material misstatements or fraud to go undetected.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-3, INTERNAL CONTROL

Federal Agency: U.S. Department of Agriculture
Pass-Through: Indiana Department of Education
Federal Program: Child Nutrition Cluster – National School Lunch Program
CFDA Number: 10.555

Federal funds received as a part of the Child Nutrition Cluster are used to subsidize the cost of the school lunch program ran by the School Corporation. Financial accounting records for the lunch program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Business Corporation Office the School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section .300 states in part: "The auditee shall . . . (b) . . . Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

OREGON-DAVIS SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2010-4, INTERNAL CONTROL

Federal agency: U.S. Department of Education
Pass-through: Indiana Department of Education
Federal Program: Title 1, Part A Cluster
CFDA Number: 84.010

Federal funds received as a part of the Title 1, Part A Cluster program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office the School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section .300 states in part: "The auditee shall . . . (b) . . . Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

FINDING 2010-5, INTERNAL CONTROLS

Federal Agency: U.S. Department of Education
Pass-through: Indiana Department of Education
Federal Program: State Fiscal Stabilization Fund Cluster – Education State Grants, Recovery Act
CFDA Number: 84.394

The financial records for federal funds received as a part of the State Fiscal Stabilization Fund – Education State Grants Recovery Act program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office the School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section .300(b) states the auditee shall: "Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the business office.

OREGON-DAVIS SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

OREGON-DAVIS SCHOOL CORPORATION

ADMINISTRATIVE OFFICE

DR. STEVEN C. DISNEY, JR., SUPT.
SUSAN G. ROWLES, TREASURER
NICOLE L. GIBSON, ASST. TREASURER
JULIE A. MC LIVER, SECRETARY.

5998 North 750 East • Hamlet, IN 46532-9524
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SCHOOL BOARD

CHRISTOPHER LAWRENCE, PRESIDENT
SETH HUITT, VICE PRESIDENT
SHIRLEY BUDKA, SECRETARY
JERRY PEARISH, MEMBER
MIKE KEIPER, MEMBER

December 6, 2010

Section II – Financial Statement Findings

FEDERAL FINDING 2010-1. CAPITAL ASSET RECORDS

Oregon-Davis Response and Corrective Plan: In 2009, The Oregon-Davis School Corporation began a construction and remodeling project. At the time of the 2010 Audit, the Corporation was in the final phase of the project. The project involved remodeling, improved energy savings, and technology upgrades. The last part of the final phase was the hiring of the services of Asset Works to complete a fixed assets inventory of all new equipment purchased during the construction project. On, October 6-7, 2010, Asset Works completed an inventory audit for the Oregon-Davis School Corporation. The Oregon-Davis School Corporation will continue to complete an independent fixed asset works inventory in June of every other school year.

FEDERAL FINDING 2010-2. INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Oregon-Davis Response and Corrective Plan:

Control activities will be selected and developed at various levels to reduce risks and/or fraud of the financial statements. The Corporation will work to separate incompatible activities related to all areas of the financial statements.

The Corporation will implement procedures that will safeguard controls over cash and other assets and segregate duties by function. For example, receipts will be written by someone other than the person depositing the money; vendor checks will be processed by someone other than the person reconciling the bank statements; and payroll will be processed by someone other than the person who prepares the contracts.

Section III – Federal Award Findings and Questioned Costs

Finding No. 2010-3 INTERNAL CONTROL

Federal Agency: U.S. Department of Agriculture
Pass-Through: Indiana Department of Education
Federal Program: Child Nutrition Cluster – National School Lunch Program
CFDA Number: 10.555

Oregon-Davis Response and Corrective Plan:

Control activities will be selected and developed at various levels to reduce risks and/or fraud of the financial statements. The Corporation will work to separate incompatible activities related to all areas of the financial statements.



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The Corporation will implement procedures that will safeguard controls over cash and other assets and segregate duties by function. For example, receipts will be written by someone other than the person depositing the money; vendor checks will be processed by someone other than the person reconciling the bank statements; and payroll will be processed by someone other than the person who prepares the contracts.

Finding No. 2010-4 INTERNAL CONTROL

Federal Agency: U.S. Department of Agriculture
Pass-Through: Indiana Department of Education
Federal Program: Title I Part A Cluster
CFDA Number: 84.010

Oregon-Davis Response and Corrective Plan:

Control activities will be selected and developed at various levels to reduce risks and/or fraud of the financial statements. The Corporation will work to separate incompatible activities related to all areas of the financial statements.

The Corporation will implement procedures that will safeguard controls over cash and other assets and segregate duties by function. For example, receipts will be written by someone other than the person depositing the money; vendor checks will be processed by someone other than the person reconciling the bank statements; and payroll will be processed by someone other than the person who prepares the contracts.

Finding No. 2010-5 INTERNAL CONTROLS

Federal Agency: U.S. Department of Education
Pass-through: Indiana Department of Education
Federal Program: State Fiscal Stabilization Fund-Education State Grants Recovery Act
CFDA Number: 84.394

Oregon-Davis Response and Corrective Plan:

Control activities will be selected and developed at various levels to reduce risks and/or fraud of the financial statements. The Corporation will work to separate incompatible activities related to all areas of the financial statements.

The Corporation will implement procedures that will safeguard controls over cash and other assets and segregate duties by function. For example, receipts will be written by someone other than the person depositing the money; vendor checks will be processed by someone other than the person reconciling the bank statements; and payroll will be processed by someone other than the person who prepares the contracts.

Sincerely,



Dr. Steven C. Disney JR
Oregon-Davis Superintendent



OREGON-DAVIS SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2010, with Susan G. Rowles, Treasurer; Nicole Gibson, Assistant Treasurer, Dr. Steven C. Disney, Jr., Superintendent of Schools; and Christopher Lawrence, President of the School Board. The officials concurred with our audit findings.