

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

AUDIT REPORT
OF

SOUTHWEST PARKE COMMUNITY
SCHOOL CORPORATION
PARKE COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

03/08/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheri L. Peacock	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Leonard R. Orr	07-01-08 to 06-30-11
President of the School Board	Mark A. Davis Max A. Case	07-01-08 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Parke Community School Corporation (School Corporation), as of and for the years ended June 30, 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 February 10, 2011, 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 Schedule of Funding Progress is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

February 10, 2011



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Parke Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 10, 2011

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<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	\$ 5,208,357	\$ -	\$ 132,362	\$ (5,075,995)
Support services	3,106,555	211,850	300,519	(2,594,186)
Noninstructional services	699,120	-	-	(699,120)
Facilities acquisition and construction	342,375	-	-	(342,375)
Debt service	3,111,034	-	-	(3,111,034)
Nonprogrammed charges	290,820	-	-	(290,820)
Total governmental activities	<u>\$ 12,758,261</u>	<u>\$ 211,850</u>	<u>\$ 432,881</u>	<u>(12,113,530)</u>
General receipts:				
Property taxes				3,782,208
Other local sources				858,066
State aid				5,333,224
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				1,065,112
Investment earnings				33,660
Other				64,089
Total general receipts				<u>13,136,359</u>
Change in net assets				1,022,829
Net assets - beginning				<u>3,012,739</u>
Net assets - ending				<u>\$ 4,035,568</u>
<u>Assets</u>				
Cash and investments				\$ 3,242,616
Restricted assets:				
Cash and investments				<u>792,952</u>
Total assets				<u>\$ 4,035,568</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 792,952
Unrestricted				<u>3,242,616</u>
Total net assets				<u>\$ 4,035,568</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,147,582	\$ -	\$ 44,830	\$ (5,102,752)
Support services	3,387,396	187,737	336,519	(2,863,140)
Noninstructional services	700,799	-	-	(700,799)
Facilities acquisition and construction	330,769	-	-	(330,769)
Debt service	3,090,042	-	-	(3,090,042)
Nonprogrammed charges	<u>137,582</u>	-	-	<u>(137,582)</u>
Total governmental activities	<u>\$ 12,794,170</u>	<u>\$ 187,737</u>	<u>\$ 381,349</u>	<u>(12,225,084)</u>
General receipts:				
Property taxes				2,907,977
Other local sources				699,444
State aid				6,563,732
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				944,699
Investment earnings				1,835
Other				<u>126,428</u>
Total general receipts				<u>13,244,115</u>
Change in net assets				1,019,031
Net assets - beginning				<u>4,035,568</u>
Net assets - ending				<u>\$ 5,054,599</u>
<u>Assets</u>				
Cash and investments				\$ 3,799,524
Restricted assets:				
Cash and investments				<u>1,255,075</u>
Total assets				<u>\$ 5,054,599</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,255,075
Unrestricted				<u>3,799,524</u>
Total net assets				<u>\$ 5,054,599</u>

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

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

	General	Transportation Operating	Rainy Day	ARRA Fiscal Stabilization Grant	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 1,537,819	\$ 590,313	\$ 8,930	\$ -	\$ 1,501,590	\$ 755,980	\$ 490,125	\$ 4,884,757
Intermediate sources	576	-	-	-	-	-	450	1,026
State sources	5,436,230	-	-	-	-	-	119,918	5,556,148
Federal sources	-	-	-	563,985	-	-	711,082	1,275,067
Temporary loans	-	666,668	-	-	666,666	666,666	-	2,000,000
Other	22,866	-	-	-	-	-	41,226	64,092
Total receipts	6,997,491	1,256,981	8,930	563,985	2,168,256	1,422,646	1,362,801	13,781,090
Disbursements:								
Current:								
Instruction	4,592,651	-	-	-	-	-	615,706	5,208,357
Support services	2,036,734	436,798	125,400	-	-	301,182	206,441	3,106,555
Noninstructional services	88,536	-	-	-	-	-	610,584	699,120
Facilities acquisition and construction	-	-	37,080	-	-	304,926	369	342,375
Debt services	-	666,668	-	-	1,777,700	666,666	-	3,111,034
Nonprogrammed charges	290,820	-	-	-	-	-	-	290,820
Total disbursements	7,008,741	1,103,466	162,480	-	1,777,700	1,272,774	1,433,100	12,758,261
Excess (deficiency) of receipts over disbursements	(11,250)	153,515	(153,550)	563,985	390,556	149,872	(70,299)	1,022,829
Other financing sources (uses):								
Transfers in	-	-	200,000	-	-	-	32,442	232,442
Transfers out	-	-	-	-	(200,000)	-	(32,442)	(232,442)
Total other financing sources (uses)	-	-	200,000	-	(200,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,250)	153,515	46,450	563,985	190,556	149,872	(70,299)	1,022,829
Cash and investments - beginning	767,292	378,149	364,492	-	602,396	479,682	420,728	3,012,739
Cash and investments - ending	<u>\$ 756,042</u>	<u>\$ 531,664</u>	<u>\$ 410,942</u>	<u>\$ 563,985</u>	<u>\$ 792,952</u>	<u>\$ 629,554</u>	<u>\$ 350,429</u>	<u>\$ 4,035,568</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 756,042	\$ 531,664	\$ 410,942	\$ 563,985	\$ -	\$ 629,554	\$ 350,429	\$ 3,242,616
Restricted assets:								
Cash and investments	-	-	-	-	792,952	-	-	792,952
Total cash and investment assets - ending	<u>\$ 756,042</u>	<u>\$ 531,664</u>	<u>\$ 410,942</u>	<u>\$ 563,985</u>	<u>\$ 792,952</u>	<u>\$ 629,554</u>	<u>\$ 350,429</u>	<u>\$ 4,035,568</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 792,952	\$ -	\$ -	\$ 792,952
Unrestricted	756,042	531,664	410,942	563,985	-	629,554	350,429	3,242,616
Total cash and investment fund balance - ending	<u>\$ 756,042</u>	<u>\$ 531,664</u>	<u>\$ 410,942</u>	<u>\$ 563,985</u>	<u>\$ 792,952</u>	<u>\$ 629,554</u>	<u>\$ 350,429</u>	<u>\$ 4,035,568</u>

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

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

	General	Transportation Operating	Rainy Day	ARRA Fiscal Stabilization Grant	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 69,488	\$ 664,379	\$ -	\$ -	\$ 1,552,166	\$ 777,051	\$ 733,489	\$ 3,796,573
Intermediate sources	288	-	-	-	-	-	131	419
State sources	6,579,582	-	-	-	-	-	96,193	6,675,775
Federal sources	-	-	-	189,732	-	-	1,024,273	1,214,005
Temporary loans	-	666,668	-	-	666,666	666,666	-	2,000,000
Other	87,219	1,221	1,360	-	-	810	35,819	126,429
Total receipts	6,736,577	1,332,268	1,360	189,732	2,218,832	1,444,527	1,889,905	13,813,201
Disbursements:								
Current:								
Instruction	3,851,796	-	-	594,060	-	-	701,726	5,147,582
Support services	2,051,431	525,421	66,108	80,367	-	366,301	297,768	3,387,396
Noninstructional services	108,153	-	-	-	-	-	592,646	700,799
Facilities acquisition and construction	-	-	59,880	79,290	-	164,190	27,409	330,769
Debt services	-	666,668	-	-	1,756,708	666,666	-	3,090,042
Nonprogrammed charges	137,582	-	-	-	-	-	-	137,582
Total disbursements	6,148,962	1,192,089	125,988	753,717	1,756,708	1,197,157	1,619,549	12,794,170
Excess (deficiency) of receipts over disbursements	587,615	140,179	(124,628)	(563,985)	462,124	247,370	270,356	1,019,031
Other financing sources (uses):								
Transfers in	10,403	-	-	-	-	-	31,450	41,853
Transfers out	-	(1,753)	-	-	-	-	(40,100)	(41,853)
Total other financing sources (uses)	10,403	(1,753)	-	-	-	-	(8,650)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	598,018	138,426	(124,628)	(563,985)	462,124	247,370	261,706	1,019,031
Cash and investments - beginning	756,042	531,664	410,942	563,985	792,951	629,555	350,429	4,035,568
Cash and investments - ending	\$ 1,354,060	\$ 670,090	\$ 286,314	\$ -	\$ 1,255,075	\$ 876,925	\$ 612,135	\$ 5,054,599
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,354,060	\$ 670,090	\$ 286,314	\$ -	\$ -	\$ 876,925	\$ 612,135	\$ 3,799,524
Restricted assets:								
Cash and investments	-	-	-	-	1,255,075	-	-	1,255,075
Total cash and investment assets - ending	\$ 1,354,060	\$ 670,090	\$ 286,314	\$ -	\$ 1,255,075	\$ 876,925	\$ 612,135	\$ 5,054,599
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,255,075	\$ -	\$ -	\$ 1,255,075
Unrestricted	1,354,060	670,090	286,314	-	-	876,925	612,135	3,799,524
Total cash and investment fund balance - ending	\$ 1,354,060	\$ 670,090	\$ 286,314	\$ -	\$ 1,255,075	\$ 876,925	\$ 612,135	\$ 5,054,599

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

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

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 31,421</u>
Net assets:	
Cash and investments	<u>\$ 31,421</u>

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 76,707</u>
Net assets:	
Cash and investments	<u>\$ 76,707</u>

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Southwest Parke Community 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 in a joint venture to operate Parke/Vermillion Education and Training Interlocal which was created to provide vocational and technical education to high school students and others. The Parke/Vermillion Education and Training Interlocal's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Parke/Vermillion Education and Training Interlocal can be obtained from South Vermillion School Corporation, Clinton, Indiana.

The School Corporation is a participant in a joint venture to operate Covered Bridge Special Education District which was created to provide instruction for handicapped children. The Covered Bridge Special Education District's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Covered Bridge Special Education District can be obtained from the District's administrative office at 1320 Walnut Street, Terre Haute, Indiana.

The School Corporation is a participant in a joint venture to operate West Central Indiana Educational Service Center which was created to meet the local educational needs of member school corporations by identifying those needs with support from school staff and to enhance educational opportunities for students by pooling together resources to help establish programs, to provide resource materials, and to serve the educational needs of students. The West Central Indiana Educational Service Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for the West Central Indiana Educational Service Center can be obtained from the Center's administrative office at 522 Anderson Street, P.O. Box 21, Greencastle, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

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

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The Transportation Operating Fund accounts for financial resources for the transportation of schoolchildren to and from school.

The Rainy Day Fund is used to account for funds in accordance with IC 36-1-8-5-1 and locally adopted resolution.

The ARRA Fiscal Stabilization Fund accounts for grant proceeds and disbursements under the American Recovery and Reinvestment Act.

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 type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. 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.

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 June 30 of the year collected.

4. Capital Assets

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

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

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

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.

E. Receipts and Disbursements

Program Receipts

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

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

Government-Wide Financial Statements

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

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

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

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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 are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash Balance Deficits

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

Fund	2009	2010
Pre-School & Daycare Programs	\$ 6,983	\$ 10,401
Econ Education Grant	70	-
Class Size Reduction/Title II	33,954	35,765
Title II/Education Thru Technology	2,500	-
Educ. License Plate Fees	-	87
ARRA Special Ed Stimulus	-	40,953
Donations Account	-	78

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

Cash and investment deficits arose primarily due to the timing of grant reimbursements.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$2,652,857.

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

2. Investments

As of June 30, 2010, the School Corporation had no investments.

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

Transfer From	Transfer To	2009	2010
Debt Service Fund	Rainy Day Fund	\$ 200,000	\$ -
Transportation Fund	Other Governmental Funds	-	1,753
Other Governmental Funds	General Fund	-	10,403
Other Governmental Funds	Other Governmental Funds	<u>32,442</u>	<u>29,697</u>
Totals		<u>\$ 232,442</u>	<u>\$ 41,853</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent a fund balance that was previously reported as positive, but should have been shown as negative.

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

Opinion Unit	Balance as Reported June 30, 2008	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated July 1, 2008
Fiduciary Funds	\$ 28,400	\$ (28,400)	\$ -	\$ -	\$ -
Other Governmental	392,000	28,728	-	-	420,728
Governmental Activities	2,984,340	28,400	-	-	3,012,740
Major Fund - School Bus Replacement	22,927	(22,927)	-	-	-
Major Fund - General	744,693	22,599	-	-	767,292

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; and natural disasters.

During 2008, the School Corporation joined with other governmental entities to form the Educational Service Centers Risk Funding Trust, a public entity risk pool currently operating as a common risk management and insurance program for 22 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of torts; theft of, damage to, or destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The School Corporation pays an annual premium to the risk pool for its torts; theft of, damage to, or destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event.

Medical Benefits to Employees, Retirees and Dependents

During 1992, the School Corporation joined with other governmental entities to form the Wabash Valley/West Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and dependents. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, retirees and dependents coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Southwest Parke Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$1,006,000 and \$1,007,000, respectively.

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

C. Termination Benefits

Upon retirement, retirees are eligible to receive \$100 for each year of service, \$25 for each accumulated sick day (up to 180 days), and \$30 for each accumulated retirement day (up to 180 days). (Employees have the option to convert unused sick and personal days to retirement days at the end of each year.) Half the benefit is deposited to the employee's 403b account upon retirement and the remainder is deposited one year later. Retirees have an option to receive \$2,000 of the benefit in cash, rather than have it deposited to the annuity account.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$45,050.

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

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

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

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

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

Funding Policy

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

The School Corporation's contributions to the plan during the period were \$261,486.

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

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 775,080	\$ 816,479	\$ (41,399)	95%	\$ 643,050	(6%)
07-01-08	879,023	923,742	(44,719)	95%	644,409	(7%)
07-01-09	686,068	898,391	(212,323)	76%	597,885	(36%)

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

	Pre-School Special Education	School Lunch Fund	Textbook Reimbursement	Levy Excess Fund	Pre-School & Daycare Programs	Education License Plate Fee
Receipts:						
Local sources	\$ 3,197	\$ 353,436	\$ 61,059	\$ -	\$ 24,014	\$ -
Intermediate sources	-	-	-	-	-	450
State sources	30,571	3,985	29,658	-	-	-
Federal sources	-	251,692	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	33,768	609,113	90,717	-	24,014	450
Disbursements:						
Current:						
Instruction	31,625	-	-	-	20,543	428
Support services	-	-	111,770	-	-	-
Noninstructional services	-	606,731	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	31,625	606,731	111,770	-	20,543	428
Excess (deficiency) of receipts over disbursements	2,143	2,382	(21,053)	-	3,471	22
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	2,143	2,382	(21,053)	-	3,471	22
Cash and investments - beginning	10,989	121,753	51,475	55,134	(10,454)	97
Cash and investments - ending	\$ 13,132	\$ 124,135	\$ 30,422	\$ 55,134	\$ (6,983)	\$ 119
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 13,132	\$ 124,135	\$ 30,422	\$ 55,134	\$ (6,983)	\$ 119
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 13,132	\$ 124,135	\$ 30,422	\$ 55,134	\$ (6,983)	\$ 119
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	13,132	124,135	30,422	55,134	(6,983)	119
Total cash and investment fund balance - ending	\$ 13,132	\$ 124,135	\$ 30,422	\$ 55,134	\$ (6,983)	\$ 119

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

	Early Intervention	Professional Development	Project Aspire	Rosedale Elementary Grants	Nurse's Emergency Fund	Bully Prevention
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	10,054	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	4,800	-	150	-	-
Total receipts	10,054	4,800	-	150	-	-
Disbursements:						
Current:						
Instruction	-	7,338	-	746	-	175
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	-	7,338	-	746	-	175
Excess (deficiency) of receipts over disbursements	10,054	(2,538)	-	(596)	-	(175)
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	10,054	(2,538)	-	(596)	-	(175)
Cash and investments - beginning	-	4,168	1,015	1,025	200	2,248
Cash and investments - ending	\$ 10,054	\$ 1,630	\$ 1,015	\$ 429	\$ 200	\$ 2,073
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 10,054	\$ 1,630	\$ 1,015	\$ 429	\$ 200	\$ 2,073
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 10,054	\$ 1,630	\$ 1,015	\$ 429	\$ 200	\$ 2,073
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	10,054	1,630	1,015	429	200	2,073
Total cash and investment fund balance - ending	\$ 10,054	\$ 1,630	\$ 1,015	\$ 429	\$ 200	\$ 2,073

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

	Montezuma Menards Grant	Lyrical Literacy Grant	Montezuma Grants	Donations Account	Vision Athena Mini Grant	Rosedale PCCF Grants
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	5,000	4,836	3,600	-	4,658
	<u>-</u>	<u>5,000</u>	<u>4,836</u>	<u>3,600</u>	<u>-</u>	<u>4,658</u>
Total receipts	<u>-</u>	<u>5,000</u>	<u>4,836</u>	<u>3,600</u>	<u>-</u>	<u>4,658</u>
Disbursements:						
Current:						
Instruction	-	5,000	3,419	7,833	-	1,676
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
	<u>-</u>	<u>5,000</u>	<u>3,419</u>	<u>7,833</u>	<u>-</u>	<u>1,676</u>
Total disbursements	<u>-</u>	<u>5,000</u>	<u>3,419</u>	<u>7,833</u>	<u>-</u>	<u>1,676</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>1,417</u>	<u>(4,233)</u>	<u>-</u>	<u>2,982</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>1,417</u>	<u>(4,233)</u>	<u>-</u>	<u>2,982</u>
Cash and investments - beginning	<u>186</u>	<u>-</u>	<u>241</u>	<u>7,576</u>	<u>222</u>	<u>57</u>
Cash and investments - ending	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 1,658</u>	<u>\$ 3,343</u>	<u>\$ 222</u>	<u>\$ 3,039</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 186	\$ -	\$ 1,658	\$ 3,343	\$ 222	\$ 3,039
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 1,658</u>	<u>\$ 3,343</u>	<u>\$ 222</u>	<u>\$ 3,039</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	<u>186</u>	<u>-</u>	<u>1,658</u>	<u>3,343</u>	<u>222</u>	<u>3,039</u>
Total cash and investment fund balance - ending	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 1,658</u>	<u>\$ 3,343</u>	<u>\$ 222</u>	<u>\$ 3,039</u>

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

	PCCF 4th Grade Grant	Rosedale Lilly Grant	Parent Involvement - Rosedale	PCCF Grants at Riverton Parke	Gifted and Talented 08/09	Econ Education Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 3,700	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	29,355	1,000
Federal sources	-	-	-	-	-	-
Other	5,049	-	1,898	129	-	-
Total receipts	5,049	-	1,898	3,829	29,355	1,000
Disbursements:						
Current:						
Instruction	3,711	-	1,611	8,006	29,355	1,070
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	3,711	-	1,611	8,006	29,355	1,070
Excess (deficiency) of receipts over disbursements	1,338	-	287	(4,177)	-	(70)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,338	-	287	(4,177)	-	(70)
Cash and investments - beginning	773	500	-	10,188	-	-
Cash and investments - ending	\$ 2,111	\$ 500	\$ 287	\$ 6,011	\$ -	\$ (70)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 2,111	\$ 500	\$ 287	\$ 6,011	\$ -	\$ (70)
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,111	\$ 500	\$ 287	\$ 6,011	\$ -	\$ (70)
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	2,111	500	287	6,011	-	(70)
Total cash and investment fund balance - ending	\$ 2,111	\$ 500	\$ 287	\$ 6,011	\$ -	\$ (70)

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

	Tech Prep Staff Dev - RP	Medicaid Reimbursement	E-Rate Refund	Prof Development Portfolio Project	Tech Connection Leadership - RP	Distance Learning Plan Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	95	15,200	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	11,106	-	-	-
Total receipts	95	15,200	11,106	-	-	-
Disbursements:						
Current:						
Instruction	-	-	18,078	1,989	539	-
Support services	-	-	-	-	-	-
Noninstructional services	-	3,853	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	-	3,853	18,078	1,989	539	-
Excess (deficiency) of receipts over disbursements	95	11,347	(6,972)	(1,989)	(539)	-
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	95	11,347	(6,972)	(1,989)	(539)	-
Cash and investments - beginning	(95)	3,418	23,376	6,025	970	321
Cash and investments - ending	\$ -	\$ 14,765	\$ 16,404	\$ 4,036	\$ 431	\$ 321
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 14,765	\$ 16,404	\$ 4,036	\$ 431	\$ 321
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 14,765	\$ 16,404	\$ 4,036	\$ 431	\$ 321
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	-	14,765	16,404	4,036	431	321
Total cash and investment fund balance - ending	\$ -	\$ 14,765	\$ 16,404	\$ 4,036	\$ 431	\$ 321

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

	Title V Part A	Title I School Improvement	Title I FY 08/09	Title I FY 07/08	Drug Free Schools
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	1,682	-	207,617	20,000	5,556
Other	-	-	-	-	-
Total receipts	1,682	-	207,617	20,000	5,556
Disbursements:					
Current:					
Instruction	3,527	20,326	132,726	77,443	1,243
Support services	-	-	37,460	13,721	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Total disbursements	3,527	20,326	170,186	91,164	1,243
Excess (deficiency) of receipts over disbursements	(1,845)	(20,326)	37,431	(71,164)	4,313
Other financing sources (uses):					
Transfers in	-	-	30,177	-	-
Transfers out	-	-	-	(30,177)	(2,265)
Total other financing sources (uses)	-	-	30,177	(30,177)	(2,265)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,845)	(20,326)	67,608	(101,341)	2,048
Cash and investments - beginning	2,393	20,326	-	101,340	6,521
Cash and investments - ending	<u>\$ 548</u>	<u>\$ -</u>	<u>\$ 67,608</u>	<u>\$ (1)</u>	<u>\$ 8,569</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 548	\$ -	\$ 67,608	\$ (1)	\$ 8,569
Cash with fiscal agent	-	-	-	-	-
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 548</u>	<u>\$ -</u>	<u>\$ 67,608</u>	<u>\$ (1)</u>	<u>\$ 8,569</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-
Unrestricted	548	-	67,608	(1)	8,569
Total cash and investment fund balance - ending	<u>\$ 548</u>	<u>\$ -</u>	<u>\$ 67,608</u>	<u>\$ (1)</u>	<u>\$ 8,569</u>

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

	Title II - Class Size Reduction	Title II - Educ Thru Technology	Bus Replacement	Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 44,719	\$ -	\$ 490,125
Intermediate sources	-	-	-	-	450
State sources	-	-	-	-	119,918
Federal sources	64,095	160,440	-	-	711,082
Other	-	-	-	-	41,226
Total receipts	64,095	160,440	44,719	-	1,362,801
Disbursements:					
Current:					
Instruction	74,265	163,034	-	-	615,706
Support services	-	-	43,490	-	206,441
Noninstructional services	-	-	-	-	610,584
Facilities acquisition and construction	-	-	-	369	369
Total disbursements	74,265	163,034	43,490	369	1,433,100
Excess (deficiency) of receipts over disbursements	(10,170)	(2,594)	1,229	(369)	(70,299)
Other financing sources (uses):					
Transfers in	2,265	-	-	-	32,442
Transfers out	-	-	-	-	(32,442)
Total other financing sources (uses)	2,265	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,905)	(2,594)	1,229	(369)	(70,299)
Cash and investments - beginning	(26,049)	94	22,927	1,768	420,728
Cash and investments - ending	<u>\$ (33,954)</u>	<u>\$ (2,500)</u>	<u>\$ 24,156</u>	<u>\$ 1,399</u>	<u>\$ 350,429</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ (33,954)	\$ (2,500)	\$ 24,156	\$ 1,399	\$ 350,429
Cash with fiscal agent	-	-	-	-	-
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (33,954)</u>	<u>\$ (2,500)</u>	<u>\$ 24,156</u>	<u>\$ 1,399</u>	<u>\$ 350,429</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-
Unrestricted	(33,954)	(2,500)	24,156	1,399	350,429
Total cash and investment fund balance - ending	<u>\$ (33,954)</u>	<u>\$ (2,500)</u>	<u>\$ 24,156</u>	<u>\$ 1,399</u>	<u>\$ 350,429</u>

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

	Pre-School Special Education	School Lunch Fund	Textbook Reimbursement	Levy Excess Fund	Pre-School & Daycare Programs	Education License Plate Fee
Receipts:						
Local sources	\$ 240	\$ 343,749	\$ 64,531	\$ -	\$ 10,931	\$ -
Intermediate sources	-	-	-	-	-	131
State sources	16,500	3,915	29,322	-	-	-
Federal sources	-	293,526	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	16,740	641,190	93,853	-	10,931	131
Disbursements:						
Current:						
Instruction	31,625	-	-	-	14,349	338
Support services	-	-	67,382	-	-	-
Noninstructional services	-	580,501	558	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	31,625	580,501	67,940	-	14,349	338
Excess (deficiency) of receipts over disbursements	(14,885)	60,689	25,913	-	(3,418)	(207)
Other financing sources (uses):						
Transfers in	1,753	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	1,753	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,132)	60,689	25,913	-	(3,418)	(207)
Cash and investments - beginning	13,132	124,135	30,422	55,134	(6,983)	120
Cash and investments - ending	\$ -	\$ 184,824	\$ 56,335	\$ 55,134	\$ (10,401)	\$ (87)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 184,824	\$ 56,335	\$ 55,134	\$ (10,401)	\$ (87)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 184,824	\$ 56,335	\$ 55,134	\$ (10,401)	\$ (87)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	-	184,824	56,335	55,134	(10,401)	(87)
Total cash and investment fund balance - ending	\$ -	\$ 184,824	\$ 56,335	\$ 55,134	\$ (10,401)	\$ (87)

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

	Early Intervention	Professional Development	Project Aspire	Rosedale Elementary Grants	Nurse's Emergency Fund	Bully Prevention
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	7,650	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	1,800	-	1,500	-	-
Total receipts	7,650	1,800	-	1,500	-	-
Disbursements:						
Current:						
Instruction	17,641	1,871	-	300	-	255
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	17,641	1,871	-	300	-	255
Excess (deficiency) of receipts over disbursements	(9,991)	(71)	-	1,200	-	(255)
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	(9,991)	(71)	-	1,200	-	(255)
Cash and investments - beginning	10,054	1,629	1,015	429	200	2,072
Cash and investments - ending	<u>\$ 63</u>	<u>\$ 1,558</u>	<u>\$ 1,015</u>	<u>\$ 1,629</u>	<u>\$ 200</u>	<u>\$ 1,817</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 63	\$ 1,558	\$ 1,015	\$ 1,629	\$ 200	\$ 1,817
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 63</u>	<u>\$ 1,558</u>	<u>\$ 1,015</u>	<u>\$ 1,629</u>	<u>\$ 200</u>	<u>\$ 1,817</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	63	1,558	1,015	1,629	200	1,817
Total cash and investment fund balance - ending	<u>\$ 63</u>	<u>\$ 1,558</u>	<u>\$ 1,015</u>	<u>\$ 1,629</u>	<u>\$ 200</u>	<u>\$ 1,817</u>

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

	Montezuma Menards Grant	Montezuma Grants	Donations Account	Vision Athena Mini Grant	Rosedale PCCF Grants	PCCF 4th Grade Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	2,626	300	-	1,854	3,773
Total receipts	-	2,626	300	-	1,854	3,773
Disbursements:						
Current:						
Instruction	-	2,394	3,722	-	3,284	3,802
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	-	2,394	3,722	-	3,284	3,802
Excess (deficiency) of receipts over disbursements	-	232	(3,422)	-	(1,430)	(29)
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	-	232	(3,422)	-	(1,430)	(29)
Cash and investments - beginning	186	1,657	3,344	222	3,038	2,111
Cash and investments - ending	<u>\$ 186</u>	<u>\$ 1,889</u>	<u>\$ (78)</u>	<u>\$ 222</u>	<u>\$ 1,608</u>	<u>\$ 2,082</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 186	\$ 1,889	\$ (78)	\$ 222	\$ 1,608	\$ 2,082
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 186</u>	<u>\$ 1,889</u>	<u>\$ (78)</u>	<u>\$ 222</u>	<u>\$ 1,608</u>	<u>\$ 2,082</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	186	1,889	(78)	222	1,608	2,082
Total cash and investment fund balance - ending	<u>\$ 186</u>	<u>\$ 1,889</u>	<u>\$ (78)</u>	<u>\$ 222</u>	<u>\$ 1,608</u>	<u>\$ 2,082</u>

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

	Rosedale Lilly Grant	Parent Involvement - Rosedale	PCCF Grants at Riverton Parke	Riverton Parke Lilly Grants	High Ability Grant	Econ Education Grant
Receipts:						
Local sources	\$ -	\$ -	\$ 2,050	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	28,980	70
Federal sources	-	-	-	-	-	-
Other	-	-	-	400	-	-
Total receipts	-	-	2,050	400	28,980	70
Disbursements:						
Current:						
Instruction	-	93	4,586	400	28,980	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	-	93	4,586	400	28,980	-
Excess (deficiency) of receipts over disbursements	-	(93)	(2,536)	-	-	70
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	-	(93)	(2,536)	-	-	70
Cash and investments - beginning	500	287	6,011	-	-	(70)
Cash and investments - ending	\$ 500	\$ 194	\$ 3,475	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 500	\$ 194	\$ 3,475	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 500	\$ 194	\$ 3,475	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	500	194	3,475	-	-	-
Total cash and investment fund balance - ending	\$ 500	\$ 194	\$ 3,475	\$ -	\$ -	\$ -

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

	Medicaid Reimbursement	Rosedale Clubs Grant	E-Rate Refund	Prof Development Portfolio Project	Tech Connection Leadership-RP	Distance Learning Plan Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	9,756	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	400	18,792	-	-	-
	<u>9,756</u>	<u>400</u>	<u>18,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>9,756</u>	<u>400</u>	<u>18,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	170	8,185	4,036	431	291
Support services	-	-	-	-	-	-
Noninstructional services	11,587	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
	<u>11,587</u>	<u>170</u>	<u>8,185</u>	<u>4,036</u>	<u>431</u>	<u>291</u>
Total disbursements	<u>11,587</u>	<u>170</u>	<u>8,185</u>	<u>4,036</u>	<u>431</u>	<u>291</u>
Excess (deficiency) of receipts over disbursements	<u>(1,831)</u>	<u>230</u>	<u>10,607</u>	<u>(4,036)</u>	<u>(431)</u>	<u>(291)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(10,403)	-	-	-	-	-
	<u>(10,403)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,403)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(12,234)</u>	<u>230</u>	<u>10,607</u>	<u>(4,036)</u>	<u>(431)</u>	<u>(291)</u>
Cash and investments - beginning	<u>14,765</u>	<u>-</u>	<u>16,403</u>	<u>4,036</u>	<u>431</u>	<u>321</u>
Cash and investments - ending	<u>\$ 2,531</u>	<u>\$ 230</u>	<u>\$ 27,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,531	\$ 230	\$ 27,010	\$ -	\$ -	\$ 30
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,531</u>	<u>\$ 230</u>	<u>\$ 27,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	<u>2,531</u>	<u>230</u>	<u>27,010</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total cash and investment fund balance - ending	<u>\$ 2,531</u>	<u>\$ 230</u>	<u>\$ 27,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>

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

	Title I FY 09/10	Title V Part A	Title I School Improvement	Title I FY 08/09	Title IV Drug Free	Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	241,902	656	-	20,000	4,368	-
Other	-	-	4,374	-	-	-
Total receipts	241,902	656	4,374	20,000	4,368	-
Disbursements:						
Current:						
Instruction	139,616	178	-	45,319	-	756
Support services	13,472	-	-	8,212	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	153,088	178	-	53,531	-	756
Excess (deficiency) of receipts over disbursements	88,814	478	4,374	(33,531)	4,368	(756)
Other financing sources (uses):						
Transfers in	25,868	-	-	-	-	-
Transfers out	-	-	-	(25,868)	(2,184)	(1,645)
Total other financing sources (uses)	25,868	-	-	(25,868)	(2,184)	(1,645)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	114,682	478	4,374	(59,399)	2,184	(2,401)
Cash and investments - beginning	-	548	-	59,399	-	8,570
Cash and investments - ending	<u>\$ 114,682</u>	<u>\$ 1,026</u>	<u>\$ 4,374</u>	<u>\$ -</u>	<u>\$ 2,184</u>	<u>\$ 6,169</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 114,682	\$ 1,026	\$ 4,374	\$ -	\$ 2,184	\$ 6,169
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 114,682	\$ 1,026	\$ 4,374	\$ -	\$ 2,184	\$ 6,169
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	114,682	1,026	4,374	-	2,184	6,169
Total cash and investment fund balance - ending	\$ 114,682	\$ 1,026	\$ 4,374	\$ -	\$ 2,184	\$ 6,169

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

	Title II - Class Size Reduction	Title II - Educ Thru Technology	Title VI Rural Ed Initiative	ARRA Title I	ARRA Title I School Improvement
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	68,271	196,283	15,992	101,994	16,748
Other	-	-	-	-	-
	<u>68,271</u>	<u>196,283</u>	<u>15,992</u>	<u>101,994</u>	<u>16,748</u>
Total receipts					
Disbursements:					
Current:					
Instruction	82,120	177,993	-	39,205	-
Support services	-	-	-	48,245	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	10,950	-
	<u>82,120</u>	<u>177,993</u>	<u>-</u>	<u>98,400</u>	<u>-</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>(13,849)</u>	<u>18,290</u>	<u>15,992</u>	<u>3,594</u>	<u>16,748</u>
Other financing sources (uses):					
Transfers in	3,829	-	-	-	-
Transfers out	-	-	-	-	-
	<u>3,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,020)</u>	<u>18,290</u>	<u>15,992</u>	<u>3,594</u>	<u>16,748</u>
Cash and investments - beginning	<u>(25,745)</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u><u>\$ (35,765)</u></u>	<u><u>\$ 15,790</u></u>	<u><u>\$ 15,992</u></u>	<u><u>\$ 3,594</u></u>	<u><u>\$ 16,748</u></u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (35,765)	\$ 15,790	\$ 15,992	\$ 3,594	\$ 16,748
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u><u>\$ (35,765)</u></u>	<u><u>\$ 15,790</u></u>	<u><u>\$ 15,992</u></u>	<u><u>\$ 3,594</u></u>	<u><u>\$ 16,748</u></u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-
Unrestricted	<u>(35,765)</u>	<u>15,790</u>	<u>15,992</u>	<u>3,594</u>	<u>16,748</u>
Total cash and investment fund balance - ending	<u><u>\$ (35,765)</u></u>	<u><u>\$ 15,790</u></u>	<u><u>\$ 15,992</u></u>	<u><u>\$ 3,594</u></u>	<u><u>\$ 16,748</u></u>

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

	ARRA Special Ed Stimulus	ARRA School Lunch Equipment	Bus Replacement	Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 311,988	\$ -	\$ 733,489
Intermediate sources	-	-	-	-	131
State sources	-	-	-	-	96,193
Federal sources	48,833	15,700	-	-	1,024,273
Other	-	-	-	-	35,819
Total receipts	<u>48,833</u>	<u>15,700</u>	<u>311,988</u>	<u>-</u>	<u>1,889,905</u>
Disbursements:					
Current:					
Instruction	89,786	-	-	-	701,726
Support services	-	-	160,457	-	297,768
Noninstructional services	-	-	-	-	592,646
Facilities acquisition and construction	-	15,700	-	759	27,409
Total disbursements	<u>89,786</u>	<u>15,700</u>	<u>160,457</u>	<u>759</u>	<u>1,619,549</u>
Excess (deficiency) of receipts over disbursements	<u>(40,953)</u>	<u>-</u>	<u>151,531</u>	<u>(759)</u>	<u>270,356</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	31,450
Transfers out	-	-	-	-	(40,100)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,650)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(40,953)</u>	<u>-</u>	<u>151,531</u>	<u>(759)</u>	<u>261,706</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>24,156</u>	<u>1,400</u>	<u>350,429</u>
Cash and investments - ending	<u><u>\$ (40,953)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 175,687</u></u>	<u><u>\$ 641</u></u>	<u><u>\$ 612,135</u></u>
Cash and Investment Assets - Ending					
Cash and investments	\$ (40,953)	\$ -	\$ 175,687	\$ 641	\$ 612,135
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u><u>\$ (40,953)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 175,687</u></u>	<u><u>\$ 641</u></u>	<u><u>\$ 612,135</u></u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-
Unrestricted	<u>(40,953)</u>	<u>-</u>	<u>175,687</u>	<u>641</u>	<u>612,135</u>
Total cash and investment fund balance - ending	<u><u>\$ (40,953)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 175,687</u></u>	<u><u>\$ 641</u></u>	<u><u>\$ 612,135</u></u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Payroll
Additions:	
Agency fund additions	\$ 1,860,549
Deductions:	
Agency fund deductions	1,804,138
Excess (deficiency) of total additions over total deductions	56,411
Cash and investment fund balance - beginning	(24,990)
Cash and investment fund balance - ending	\$ 31,421

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Payroll
Additions:	
Agency fund additions	\$ 1,912,409
Deductions:	
Agency fund deductions	1,867,123
Excess (deficiency) of total additions over total deductions	45,286
Cash and investment fund balance - beginning	31,421
Cash and investment fund balance - ending	\$ 76,707

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Buildings	\$ 10,232,503	\$ 1,006,000
Notes and loans payable	<u>85,215</u>	<u>32,310</u>
Total governmental activities debt	<u>\$ 10,317,718</u>	<u>\$ 1,038,310</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. 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 receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Preparing Financial Statements: The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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

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

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

- (1) There were a considerable number of posting errors such as: funds not included on the Biannual Financial Report to the Indiana Department of Education (Form 9), correction of errors done incorrectly, distributions posted to the wrong funds, investment activity not recorded in the ledger, transactions not recorded in the right fiscal period and adjustments made to funds that did not carry to the budget and revenue history reports and an investment register was not used.
- (2) The following items were posted to the Capital Projects Fund: Mowing, \$34,000; Training and Education Stipend, \$14,636; and Classroom Material, \$18,075.

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

- (3) A Certificate of Deposit was purchased on May 4, 2010, and was redeemed on July 14, 2010, but was posted to the records as of June 30, 2010. When the investment was cashed and receipted to the records a portion was erroneously posted to the Preschool Fund to cover a negative cash balance. The interest earned on the original investment was not recorded in the School Corporation's records and was rolled into the purchase of a new investment.
- (4) Payroll withholdings are posted using adjustments rather than through vendor disbursements.
- (5) Classroom fees are receipted into a clearing account instead of the General Fund.
- (6) Some transactions were recorded as "negative" receipts and disbursements.
- (7) School lunch transactions were not included in the Extra-Curricular Account ledger or the School Corporation ledger. The School Lunch Director kept an excel spreadsheet with a running balance but did not have a ledger.
- (8) Our review of the bank reconciliation as of June 30, 2010, revealed checks outstanding in excess of two years. The outstanding check list is not being reviewed after reconciling. Numerous disbursements were listed with no dollar amount and a \$70,000 check to the Vocational Co-Op written on December 31, 2008, was still outstanding at audit date. A replacement check was written to the Vocational Co-Op but the previous check was not voided.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

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

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of a political subdivision; or (2) fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

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

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

OFFICIAL BONDS

The School Corporation has obtained continuation bonds, instead of obtaining a new bond every year.

The treasurer of the school corporation, and the deputy treasurer if one is appointed, for each school year commencing July 1, shall each give a bond for the faithful performance of duty, written by an insurance company licensed to do business in the State of Indiana, in an amount determined by the governing body. The treasurer shall be responsible under the treasurer's bond for the acts of any deputy treasurer appointed as provided in IC 20-26-4-5. All bonds must be made payable to the State of Indiana, IC 5-4-1-10; and approved by the governing body of the school corporation. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder. No charge is made for recording official bonds, IC 36-2-7-10. The State Board of Accounts is of the audit position a new bond should be obtained each year and continuation certificates should not be used in lieu of obtaining a new bond. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 8)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

Three percent of claims examined were not adequately itemized. All were meal expense reimbursements. One person in several instances claimed reimbursement for several meals. There was no record in some instances of who ate or the purpose of the travel or meal. A credit card slip was submitted in another instance for the amount requested, but there was no detail. The restaurant and the amount shown indicated that more than one meal was purchased. There were no receipts to support the amount claimed in another instance and the claim did not specify where the lunch was purchased, but instead just listed the number of people times an amount.

Additionally, the total amount of a claim in one instance was charged to Rosedale Elementary, when the cost should have been allocated to various schools.

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

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

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

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FEDERAL AND STATE AGENCIES - COMPLIANCE
REQUIREMENTS - EXCESSIVE CASH BALANCES

The School Corporation was not in compliance with cash management requirements of the Title I program or the Enhancing Education Through Technology program. An excessive cash balance was accumulated and the school corporation did not request for a reduction.

The School Corporation was not in compliance with reporting requirements of the Title I program. The monthly American Recovery and Reinvestment Act (ARRA) reports and quarterly reports were not filed timely and were not traceable to the School Corporation's records.

The School Corporation was not in compliance with equipment and real property management requirements of the Title I program. Equipment purchased for Title I was not recorded on the property records.

The School Corporation was not in compliance with reporting requirements of the ARRA Fiscal Stabilization program. The quarterly subaward progress reports and report of interest earned report were not filed timely.

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

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

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ADVANCE PAYMENTS

A check was written on September 30, 2008, for \$4,374 from the Title I School Improvement Fund for supplies prior to the receipt of goods and services. The supplies were never received and on October 27, 2009, the check was voided and receipted back to the Title I School Improvement Fund.

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)

TRANSPORTATION FUND EXPENSES

A portion of the salaries of the Superintendent and Corporation Treasurer were paid from the Transportation Fund. A record of hours worked for transportation services was not presented for audit. A similar comment was included in prior Reports B20100, B24785, B29556, and B34164.

The Conclusion of Attorney General Advisory Number 96-78 states in part: "The school transportation fund was established to cover costs which are attributable to transportation. Indiana Code 21-2-11.5-2(b)(1) through (b)(7) (now 20-40-6-6) set forth the costs which may be attributed to transportation. According to subsection (b)(1), the salaries of 'transportation-related' employees may be paid from this fund. As the school superintendent and school corporation treasurer do not appear to be positions that are transportation-related, payment from the transportation fund of the salaries attached to these positions would be improper." (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

IC 20-40-6-6 regarding the Transportation Fund states in part:

"(a) The following costs are payable from the fund: (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees . . .

(b) Percentages or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the fund."

TIMELY RECORDKEEPING

At the end of each year the Treasurer writes checks from various funds with unexpended fund balances. These checks are retained, unsigned, in a locked cabinet and are disbursed as the vendor submits bills. A similar condition was reported in prior Reports B11055, B16020, B20100, B24785, B29556, and B34164.

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

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Compliance

We have audited the compliance of the Southwest Parke Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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 major federal programs for the years ended June 30, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-3 through 2010-9.

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

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)

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.

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 item 2010-2 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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2010-2, to be a material weakness.

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

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

STATE BOARD OF ACCOUNTS

February 10, 2011

SOUTHWEST PARKE COMMUNITY 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			
		FY 08-09	\$ 78,752	\$ -
		FY 09-10	-	90,375
Total for program			78,752	90,375
National School Lunch Program	10.555			
		FY 08-09	200,257	-
		FY 09-10	-	230,060
Total for program			200,257	230,060
ARRA - National School Lunch Program Equipment Grant	10.559			
		FY 09-10	-	15,700
Total for federal grantor agency			279,009	336,135
<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			
		08-6260	170,186	53,531
		09-6260	-	153,088
Total for program			170,186	206,619
Title I School Improvement	84.377			
		08-6260	20,326	-
ARRA - Title I Grants to Local Educational Agencies	84.389			
		790744549	-	98,399
Total for cluster			190,512	305,018
Pass-Through Indiana Department of Education				
Education Technology State Grants Cluster				
Title II, Part D, Enhancing Education Through Technology	84.318X			
		S318X070014	160,440	-
		S318X080014	2,594	23,856
		C209T6260	-	154,137
Total for cluster			163,034	177,993

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Special Education Cluster ARRA - Special Education - Grants to States	84.391	FY 09-10	-	89,785
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	FY 08-09 FY 09-10	- -	563,986 189,732
Total for cluster			-	753,718
Pass-Through Indiana Department of Education Title IV, Part A - Safe and Drug Free Schools and Communities State Grants	84.186	08-6260 09-6260	1,243 -	- 756
Total for program			1,243	756
Pass-Through Indiana Department of Education Title V, Part A - Innovative Programs	84.298	07-6260	-	178
Pass-Through Indiana Department of Education Title II, Part A - Improving Teacher Quality State Grants	84.367	08-6260 09-6260	65,740 -	- 68,271
Total for program			65,740	68,271
Total for federal grantor agency			420,529	1,395,719
Total federal awards expended			<u>\$ 699,538</u>	<u>\$ 1,731,854</u>

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

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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southwest Parke Community School Corporation (School Corporation) and is presented in accordance with the 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 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.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 6,960	\$ 7,638
National School Lunch Program	10.555	17,440	19,271

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Education Technology State Grant 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, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. 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 receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Preparing Financial Statements: The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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

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

Section III – Federal Award Findings and Questioned Costs

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

This finding applies to all major federal programs.

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

1. 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 receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Preparing Financial Statements: The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

FINDING 2010-3. CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA -
Title I Grants to Local Educational Agencies

CFDA Number: 84.010, 84.377, 84.389

Pass-Through Entity: Indiana Department of Education

Award Number and Year: 08-6260, 09-6260

EDGAR 80.20 (b)(7) states:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Amounts are drawn down in advance for the Title I program. When the application is made, a drawdown schedule is submitted. Cash requests were evenly distributed throughout the year. The School Corporation overestimated cash requirements which resulted in an excessive cash balance in the Title I fund for the entire grant period. The School Corporation did not request for a reduction in their drawdowns.

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency or a reduction in the funding provided to the pass-through agency.

We recommended that the School Corporation monitor fund balances and request reductions when necessary.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2010-4, PERIOD OF AVAILABILITY

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA - Title I Grants to Local Educational Agencies
CFDA Number: 84.010, 84.377, 84.389
Pass-Through Entity: Indiana Department of Education
Award Number and Year: 08-6260, 09-6260

The Notification of Grant Award provided by the Indiana Department of Education indicates the grant funds must be obligated by the end of the grant period, or June 30th of each grant year. EDGAR 76.707 defines an obligation as to when the travel is taken, service is received, or the subrecipient makes a binding written commitment to acquire the property.

Our review of the expenditure of grant funds indicated one instance of noncompliance with period of availability requirements. Supplies in the amount of \$4,374 were ordered for Title I and a check was cut prior to the receipt of goods on September 30, 2008. The purchase was made from grant funds that expired September 30, 2008. As of October 27, 2009, the supplies had not been received so the check was voided and receipted back to the Fund.

We recommended the School Corporation develop procedures to ensure grant funds are only disbursed for obligations within the appropriate period of availability. Funds not obligated within the period of availability should have been returned to the grantor. All purchasing individuals should be made aware of each grant's period of availability and definition of obligation.

FINDING 2010-5, REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA - Title I Grants to Local Educational Agencies
CFDA Number: 84.010, 84.377, 84.389
Pass-Through Entity: Indiana Department of Education
Award Number and Year: 08-6260, 09-6260

Circular A-133, Subpart C--Auditees §____.300 Auditee responsibilities 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. (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

A memo from the Indiana Department of Education, Division of Finance provides the reporting requirements pertinent to the American Recovery and Reinvestment Act of 2009 (ARRA) is to file a Monthly Report beginning October 5, 2009, and on the 10th of each month thereafter.

As part of the grant agreement between the School Corporation and the Indiana Department of Education, the School Corporation is required to submit monthly and quarterly reports to Indiana Department of Education. However, the School Corporation did not file these reports timely. The School Board for the School Corporation has not established any controls or procedures for preparing or filing the required reports.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation is not in compliance with reporting requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that School Corporation Officials prepare all required reports on a timely basis, and that they contact the Indiana Department of Education to verify that all previously required reports are on file.

FINDING 2010-6, EQUIPMENT AND PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA -
Title I Grants to Local Educational Agencies
CFDA Number: 84.010, 84.377, 84.389
Pass-Through Entity: Indiana Department of Education
Award Number and Year: 08-6260, 09-6260

EDGAR 80.32 (d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

The School Corporation maintains records that identify equipment and other property acquired with federal monies but did not include purchases made during the audit period. Equipment purchases during the audit period represent 9% of grant expenditures.

Failure to maintain detailed and accurate equipment and property records could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended the School Corporation design and properly monitor procedures that would ensure accurate detailed fixed 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. Also any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

FINDING 2010-7, REPORTING

Federal Agency: U.S. Department of Education
Federal Program: ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants,
Recovery Act
CFDA Number: 84.394
Pass-Through Entity: Indiana Department of Education
Award Number and Year: FY 08-09, FY 09-10

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Circular A-133, Subpart C--Auditees §____.300 Auditee responsibilities 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. (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

A memo from the Indiana Department of Education, Division of Finance provides the reporting requirements pertinent to the American Recovery and Reinvestment Act of 2009 (ARRA) is to file a Quarterly Subaward Progress Report and Quarterly Report of Interest Earned Report. The reports are due no later than ten days following the end of every quarter.

As part of the grant agreement between the School Corporation and the Indiana Department of Education, the School Corporation is required to file quarterly reports for interest earned and a progress report to Indiana Department of Education. However, the School Corporation did not file these reports timely. The School Board for the School Corporation has not established any controls or procedures for preparing or filing the required reports.

The School Corporation is not in compliance with reporting requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that School Corporation Officials prepare all required reports on a timely basis, and that they contact the Indiana Department of Education to verify that all previously required reports are on file.

FINDING 2010-8, SUBRECIPIENT MONITORING

Federal Agency: Department of Education
Federal Program: Title II, Part D - Enhancing Education Through Technology
CFDA Number: 84.318X
Pass-Through Agency: Indiana Department of Education
Award Number: C209T6260

OMB Circular A-133, Subpart D states in part:

"(d) A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part."

Funds in the amount of \$52,535 were passed through to South Vermillion Community School Corporation for the purchase of a mobile computer lab. The School Corporation failed to provide the required information for the subrecipient and failed to monitor the subrecipient's compliance with grant provisions.

Failure to properly monitor subrecipients can result in Federal funds being spent for unallowable items, inaccurate reporting and can jeopardize future funding.

We recommended that in the future, the School Corporation provide proper identifying information and compliance requirements to all subrecipients and require them to submit proof of compliance with federal regulations and audit reports or eliminate subrecipient situations by having the partner entity submit claims directly to the School Corporation for payment.

FINDING 2010-9, CASH MANAGEMENT

Federal Agency: Department of Education
Federal Program: Title II, Part D - Enhancing Education Through Technology
CFDA Number: 84.318X
Pass-Through Agency: Indiana Department of Education
Award Number: S318X080014, C209T6260

EDGAR 80.20 (b)(7) states:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Amounts are drawn down in advance for the Title II, Part D - Enhancing Education Through Technology Grant. When the application is made, a drawdown schedule is submitted. The School Corporation did not adequately monitor cash balance and did not pay subrecipients timely which resulted in an excessive cash balance in the fund for eleven months of the fifteen month grant period. The portion of the equipment invoices that was thought to be in excess of grant funding was paid from the Capital Projects Fund. The School Corporation still has time to make the necessary correction to liquidate the funds. When these corrections are made, the total expenditures will match reported amounts.

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency or a reduction in the funding provided to the pass-through agency. The grantor agency could also request that the School Corporation return the unspent portion.

We recommended that the Treasurer and Program Director work together in monitoring the grant fund balances to ensure that the proper portion of expenditures are attributed to the grant and that grant funds are expended promptly.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION

Montezuma Elementary Rosedale Elementary Riverton Parke Jr./Sr. High School

4851 S. Coxville Road
Montezuma, Indiana 47862

Voice 765-569-2073

Fax 765-569-0309

Leonard Orr
Superintendent of Schools

Cheri Peacock
Corporation Treasurer

Leslie Shaffer
Corporation Deputy Treasurer
Corporation Secretary

Corrective Action Plan

Contact Person: Cheri Peacock, Treasurer

Contact Information: 765-569-2073 4851 South Coxville Road, Montezuma, IN 47862

cpeacock@swparke.k12.in.us

FEDERAL FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The school corporation will implement internal controls over financial transactions necessary to avoid risk of invalid transactions, inaccurate records and financial statements.

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

This finding applies to all major federal programs.

The school corporation will implement internal controls over financial transactions necessary to avoid risk of invalid transactions, inaccurate records and financial statements.

FEDERAL FINDING 2010-3, CASH MANAGEMENT

Federal Agency: United States Department of Education

Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA - Title I Grants to Local Educational Agencies

CFDA Number: 84.010, 84.377, 84.389

Pass-Through Entity: Indiana Department of Education

Award Number and Year: 08-6260, 09-6260

This finding has actually fixed itself – no longer are funds sent to the corporation. Procedures has changed that disbursement of federal funds are by reimbursement of expenditures. Bills must be submitted prior to transferring funds to the corporation.

FEDERAL FINDING 2010-4, PERIOD OF AVAILABILITY

Federal Agency: United States Department of Education

Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA - Title I Grants to Local Educational Agencies

CFDA Number: 84.010, 84.377, 84.389

Pass-Through Entity: Indiana Department of Education

Award Number and Year: 08-6260, 09-6260

In the future Southwest Parke will be sure to expend all funds prior to the end of the grant period or funds will be returned to the grantor.

FEDERAL FINDING 2010-5, REPORTING

Federal Agency: United States Department of Education
Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA - Title I Grants to Local Educational Agencies
CFDA Number: 84.010, 84.377, 84.389
Pass-Through Entity: Indiana Department of Education
Award Number and Year: 08-6260, 09-6260

Southwest Parke will be more diligent in preparing required reports on a timely basis and will work more closely with the grant writer and DOE to be sure that all requirements of said grant are met.

FEDERAL FINDING 2010-6, EQUIPMENT AND PROPERTY MANAGEMENT

Federal Agency: United States Department of Education
Federal Program: Title I Grants to Local Educational Agencies, Title I School Improvement, ARRA - Title I Grants to Local Educational Agencies
CFDA Number: 84.010, 84.377, 84.389
Pass-Through Entity: Indiana Department of Education
Award Number and Year: 08-6260, 09-6260

Southwest Parke will monitor purchase of property and equipment with federal funds at least every two years and reconcile those purchases to the capital asset ledger. Those items must be designated as the property of the corporation so that are not disposed of improperly.

FEDERAL FINDING 2010-7, REPORTING

Federal Agency: United States Department of Education
Federal Program: ARRA- State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
CFDA Number: 84.394
Pass-Through Entity: Indiana Department of Education
Award Number and Year: FY 08-09, FY 09-10

The treasurer will work more diligently on preparing the required reports on a timely basis.

FEDERAL FINDING 2010-8, SUBRECIPIENT MONITORING

Federal Agency: Department of Education
Federal Program: Title II, Part D - Enhancing Education Through Technology
CFDA Number: 84.318X
Pass-Through Agency: Indiana Department of Education
Award Number: C209T6260

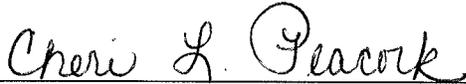
Southwest Parke will provide identifying information and compliance requirements to all sub recipients and require them to submit proof of compliance with federal regulations and audit reports or eliminate sub recipient situations by having the corporation that we partner with submit their claims directly to the corporation for payment.

FEDERAL FINDING 2010-9, CASH MANAGEMENT

Federal Agency: Department of Education
Federal Program: Title II, Part D - Enhancing Education Through Technology
CFDA Number: 84.318X
Pass-Through Agency: Indiana Department of Education
Award Number: S318X080014, C209T6260

The treasurer and program director will work together to monitor grant fund balances to ensure that the proper portion of expenditures are attributed to the grant and that they are expended promptly.

Cheri L. Peacock, Treasurer


_____, Treasurer
Signature
February 8, 2011

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2011, with Dr. Leonard R. Orr, Superintendent of Schools; Cheri L. Peacock, Treasurer; and Max A. Case, President of the School Board. The officials concurred with our audit findings.