

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

AUDIT REPORT  
OF

SOUTH DEARBORN COMMUNITY  
SCHOOL CORPORATION  
DEARBORN COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**

03/11/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund .....	11-12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	13-14
Notes to Financial Statements .....	15-24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-32
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds .....	33-34
Schedule of Capital Assets.....	35
Schedule of Long-Term Debt .....	36
Audit Results and Comments:	
Internal Controls - Segregation of Duties .....	37
Textbook Reimbursement .....	37
Internal Controls Over Fundraisers .....	38
Supplemental Audit of Federal Awards:	
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.....	40-41
Schedule of Expenditures of Federal Awards .....	42
Notes to Schedule of Expenditures of Federal Awards.....	43
Schedule of Findings and Questioned Costs .....	44-45
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	46
Corrective Action Plan.....	47
Exit Conference.....	48

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shirley J. Retherford	07-01-08 to 06-30-11
Superintendent of Schools	Thomas L. Book	07-01-08 to 06-30-11
President of the School Board	Patricia Rahe Daryl Cutter	07-01-08 to 06-30-09 07-01-09 to 06-30-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Dearborn 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 14, 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been 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 Capital Assets and Schedule of Long-Term Debt have 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 them.

STATE BOARD OF ACCOUNTS

February 14, 2011



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 SOUTH DEARBORN COMMUNITY  
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Dearborn 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 14, 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, the 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 14, 2011

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>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	\$ 12,432,696	\$ -	\$ 393,458	\$ (12,039,238)
Support services	7,422,473	692,206	583,360	(6,146,907)
Noninstructional services	1,410,165	-	-	(1,410,165)
Facilities acquisition and construction	606,932	-	-	(606,932)
Debt service	8,242,466	-	-	(8,242,466)
Nonprogrammed charges	3,438,436	-	-	(3,438,436)
<b>Total governmental activities</b>	<b><u>\$ 33,553,168</u></b>	<b><u>\$ 692,206</u></b>	<b><u>\$ 976,818</u></b>	<b><u>(31,884,144)</u></b>
General receipts:				
Property taxes				13,727,331
Other local sources				4,271,052
State aid				13,708,227
Bonds and loans				1,410,387
Grants and contributions not restricted to specific programs				2,212,188
Sale of property				6,938
Investment earnings				19,287
<b>Total general receipts</b>				<b><u>35,355,410</u></b>
Change in net assets				3,471,266
Net assets - beginning				<u>4,635,884</u>
Net assets - ending				<b><u>\$ 8,107,150</u></b>
<u>Assets</u>				
Cash and investments				\$ 4,433,789
Restricted assets:				
Cash and investments				<u>3,673,361</u>
<b>Total assets</b>				<b><u>\$ 8,107,150</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,485,530
Other purposes				2,187,831
Unrestricted				<u>4,433,789</u>
<b>Total net assets</b>				<b><u>\$ 8,107,150</u></b>

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

SOUTH DEARBORN 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		<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	\$ 12,472,641	\$ -	\$ 338,964	\$ (12,133,677)
Support services	8,067,921	660,935	649,606	(6,757,380)
Noninstructional services	1,394,649	-	-	(1,394,649)
Facilities acquisition and construction	656,842	-	-	(656,842)
Debt service	5,674,943	-	-	(5,674,943)
Nonprogrammed charges	<u>3,906,789</u>	<u>-</u>	<u>-</u>	<u>(3,906,789)</u>
Total governmental activities	<u>\$ 32,173,785</u>	<u>\$ 660,935</u>	<u>\$ 988,570</u>	<u>(30,524,280)</u>
General receipts:				
Property taxes				7,257,726
Other local sources				4,120,431
State aid				16,472,278
Bonds and loans				1,932,455
Grants and contributions not restricted to specific programs				1,492,082
Sale of property				16,879
Investment earnings				<u>72,839</u>
Total general receipts				<u>31,364,690</u>
Change in net assets				840,410
Net assets - beginning				<u>8,107,152</u>
Net assets - ending				<u>\$ 8,947,562</u>
<u>Assets</u>				
Cash and investments				\$ 4,506,030
Restricted assets:				
Cash and investments				<u>4,441,532</u>
Total assets				<u>\$ 8,947,562</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,371,685
Other purposes				2,069,847
Unrestricted				<u>4,506,030</u>
Total net assets				<u>\$ 8,947,562</u>

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

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

	General	Transportation Operating	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 5,656,158	\$ 2,356,143	\$ -	\$ 5,859,705	\$ 2,628,929	\$ 1,819,010	\$ 18,319,945
Intermediate sources	389,930	-	-	-	-	-	389,930
State sources	14,062,854	-	-	-	-	188,782	14,251,636
Federal sources	-	-	1,462,527	-	-	1,183,071	2,645,598
Temporary loans	-	502,834	-	551,698	355,855	-	1,410,387
<b>Total receipts</b>	<b>20,108,942</b>	<b>2,858,977</b>	<b>1,462,527</b>	<b>6,411,403</b>	<b>2,984,784</b>	<b>3,190,863</b>	<b>37,017,496</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	11,282,434	309	393,952	-	-	756,001	12,432,696
Support services	4,703,803	1,560,774	106,420	-	661,178	390,298	7,422,473
Noninstructional services	327,368	-	6,895	-	-	1,075,902	1,410,165
Facilities acquisition and construction	-	-	-	-	606,932	-	606,932
Debt services	1,918,791	413,494	-	5,688,104	-	222,077	8,242,466
Nonprogrammed charges	1,123,775	-	-	-	-	93,091	1,216,866
<b>Total disbursements</b>	<b>19,356,171</b>	<b>1,974,577</b>	<b>507,267</b>	<b>5,688,104</b>	<b>1,268,110</b>	<b>2,537,369</b>	<b>31,331,598</b>
Excess of receipts over disbursements	752,771	884,400	955,260	723,299	1,716,674	653,494	5,685,898
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	6,938	6,938
Transfers in	316,408	-	-	-	-	-	316,408
Transfers out	(1,852,954)	-	-	-	-	(416,228)	(2,269,182)
<b>Total other financing sources (uses)</b>	<b>(1,536,546)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(409,290)</b>	<b>(1,945,836)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(783,775)	884,400	955,260	723,299	1,716,674	244,204	3,740,062
Cash and investments - beginning	952,050	208,787	-	696,412	(1,065,003)	1,387,011	2,179,257
Cash and investments - ending	<u>\$ 168,275</u>	<u>\$ 1,093,187</u>	<u>\$ 955,260</u>	<u>\$ 1,419,711</u>	<u>\$ 651,671</u>	<u>\$ 1,631,215</u>	5,919,319
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>2,187,831</u>
Net assets of governmental activities							<u>\$ 8,107,150</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 168,275	\$ 1,093,187	\$ 955,260	\$ -	\$ 651,671	\$ 1,565,396	\$ 4,433,789
Restricted assets:							
Cash and investments	-	-	-	1,419,711	-	65,819	1,485,530
<b>Total cash and investment assets - ending</b>	<u>\$ 168,275</u>	<u>\$ 1,093,187</u>	<u>\$ 955,260</u>	<u>\$ 1,419,711</u>	<u>\$ 651,671</u>	<u>\$ 1,631,215</u>	<u>\$ 5,919,319</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 1,419,711	\$ -	\$ 65,819	\$ 1,485,530
Unrestricted	168,275	1,093,187	955,260	-	651,671	1,565,396	4,433,789
<b>Total cash and investment fund balance - ending</b>	<u>\$ 168,275</u>	<u>\$ 1,093,187</u>	<u>\$ 955,260</u>	<u>\$ 1,419,711</u>	<u>\$ 651,671</u>	<u>\$ 1,631,215</u>	<u>\$ 5,919,319</u>

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

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

	General	Transportation Operating	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 3,033,338	\$ 1,507,137	\$ -	\$ 4,152,109	\$ 1,667,766	\$ 1,574,604	\$ 11,934,954
Intermediate sources	176,978	-	-	-	-	-	176,978
State sources	16,772,691	-	-	-	-	181,585	16,954,276
Federal sources	-	-	608,331	-	-	1,390,323	1,998,654
Temporary loans	-	-	-	1,007,207	925,248	-	1,932,455
<b>Total receipts</b>	<b>19,983,007</b>	<b>1,507,137</b>	<b>608,331</b>	<b>5,159,316</b>	<b>2,593,014</b>	<b>3,146,512</b>	<b>32,997,317</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	10,692,182	-	886,350	-	-	894,109	12,472,641
Support services	4,576,915	1,599,656	193,741	-	1,113,381	584,228	8,067,921
Noninstructional services	328,792	-	21,569	-	-	1,044,288	1,394,649
Facilities acquisition and construction	-	-	-	-	656,842	-	656,842
Debt services	-	502,834	-	4,288,256	662,048	221,805	5,674,943
Nonprogrammed charges	2,358,892	3,434	461,931	-	-	120,571	2,944,828
<b>Total disbursements</b>	<b>17,956,781</b>	<b>2,105,924</b>	<b>1,563,591</b>	<b>4,288,256</b>	<b>2,432,271</b>	<b>2,865,001</b>	<b>31,211,824</b>
Excess (deficiency) of receipts over disbursements	2,026,226	(598,787)	(955,260)	871,060	160,743	281,511	1,785,493
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	16,879	16,879
Transfers in	-	-	-	-	-	189,672	189,672
Transfers out	(796,880)	(189,672)	-	-	-	(47,099)	(1,033,651)
<b>Total other financing sources (uses)</b>	<b>(796,880)</b>	<b>(189,672)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,452</b>	<b>(827,100)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,229,346	(788,459)	(955,260)	871,060	160,743	440,963	958,393
Cash and investments - beginning	168,276	1,093,187	955,260	1,419,711	651,671	1,631,217	5,919,322
Cash and investments - ending	<u>\$ 1,397,622</u>	<u>\$ 304,728</u>	<u>\$ -</u>	<u>\$ 2,290,771</u>	<u>\$ 812,414</u>	<u>\$ 2,072,180</u>	6,877,715
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>2,069,847</u>
Net assets of governmental activities							<u>\$ 8,947,562</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,397,622	\$ 304,728	\$ -	\$ -	\$ 812,414	\$ 1,991,266	\$ 4,506,030
Restricted assets:							
Cash and investments	-	-	-	2,290,771	-	80,914	2,371,685
<b>Total cash and investment assets - ending</b>	<u>\$ 1,397,622</u>	<u>\$ 304,728</u>	<u>\$ -</u>	<u>\$ 2,290,771</u>	<u>\$ 812,414</u>	<u>\$ 2,072,180</u>	<u>\$ 6,877,715</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 2,290,771	\$ -	\$ 80,914	\$ 2,371,685
Unrestricted	1,397,622	304,728	-	-	812,414	1,991,266	4,506,030
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,397,622</u>	<u>\$ 304,728</u>	<u>\$ -</u>	<u>\$ 2,290,771</u>	<u>\$ 812,414</u>	<u>\$ 2,072,180</u>	<u>\$ 6,877,715</u>

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	<u>\$ 476,120</u>
Operating disbursements:	
Insurance claims and expense	<u>2,697,690</u>
Deficiency of operating receipts over operating disbursements	(2,221,570)
Transfers in	<u>1,952,774</u>
Change in net assets	(268,796)
Cash and investment fund balance - beginning	<u>2,456,627</u>
Cash and investment fund balance - ending	<u>\$ 2,187,831</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,187,831</u>
Total cash and investment assets - ending	<u>\$ 2,187,831</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,187,831</u>
Total cash and investment fund balance - ending	<u>\$ 2,187,831</u>

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	<u>\$ 1,702,409</u>
Operating disbursements:	
Insurance claims and expense	<u>2,664,370</u>
Deficiency of operating receipts over operating disbursements	(961,961)
Transfers in	<u>843,978</u>
Change in net assets	(117,983)
Cash and investment fund balance - beginning	<u>2,187,830</u>
Cash and investment fund balance - ending	<u>\$ 2,069,847</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,069,847</u>
Total cash and investment assets - ending	<u>\$ 2,069,847</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,069,847</u>
Total cash and investment fund balance - ending	<u>\$ 2,069,847</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 107,455	
Investment earnings:			
Interest	-	9,442	
Total additions	-	116,897	
Deductions:			
Administrative and general	-	145,534	
Deficiency of total additions over total deductions	-	(28,637)	
Cash and investment fund balance - beginning	(6,020)	380,098	
Cash and investment fund balance - ending	\$ (6,020)	\$ 351,461	\$ 61,793
Net assets:			
Cash and investments	\$ (6,020)	\$ 351,461	\$ 61,793
Total net assets - cash and investment basis held in trust	\$ (6,020)	\$ 351,461	\$ 61,793

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 45,525	
Investment earnings:			
Interest	-	7,909	
Total additions	-	53,434	
Deductions:			
Administrative and general	-	94,649	
Deficiency of total additions over total deductions	-	(41,215)	
Cash and investment fund balance - beginning	(6,020)	351,460	
Cash and investment fund balance - ending	\$ (6,020)	\$ 310,245	\$ 28,222
Net assets:			
Cash and investments	\$ (6,020)	\$ 310,245	\$ 28,222
Total net assets - cash and investment basis held in trust	\$ (6,020)	\$ 310,245	\$ 28,222

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: South Dearborn 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 Ripley-Ohio-Dearborn Special Education Cooperative (Co-op) which was created to provide educational services to handicapped students. The School Corporation is obligated by contract to remit an amount based on a formula set by the Co-op's board of directors. For the school year ended June 30, 2010, the School Corporation remitted \$1,461,331 to supplement the Co-op. Complete financial statements for the Co-op can be obtained from the administrative office at Sunman Dearborn Community School Corporation, Sunman, Indiana.

The School Corporation is a participant in a joint venture to operate Southeastern Career Center (Career Center) which was created to provide vocational educational services. The School Corporation is obligated by contract to pay an amount based on a formula set by the Career Center's board of directors. For the school year ended June 30, 2010, the School Corporation remitted \$375,494 to supplement the Career Center. Complete financial statements for the Career Center can be obtained from the Career Center's administration office in Versailles, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. 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. However, there are no business-type activities to report at this time.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

The fiscal stabilization education fund is used to account for the receipts and disbursements from distributions received from 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; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical claims of the School Corporation's employees.

The pension trust funds account for the activities of the retirement/severance bond fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of the School Corporation.

Agency funds account for assets held by the School Corporation as an agent for various federal and state agencies, and private companies and serve as control of accounts for certain 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, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

SOUTH DEARBORN 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.

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

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

D. Assets and Cash and Investment Balances

1. 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 December 31 of the year collected.

4. Capital Assets

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

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

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

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 and Investment Balance Deficits

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2009	2010
Retirement/Severance Bond	\$ 6,020	\$ 6,020
Special Education Stimulus	-	17,643
Title V Part A	201	-

Cash and investment deficits arose primarily because (1) disbursements are made prior to disbursements being reimbursed from grant proceeds or (2) disbursements exceeding receipts due to the underestimate of current requirements. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 \$9,834,341.

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

2. Investments

Statutory Authorization for Investments

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

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

B. Interfund Transfers

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

Transfer From	Transfer To	2009	2010
General Fund	Internal Service Fund	\$ 1,852,954	\$ 796,880
Transportation Operating Fund	Other Governmental Funds	-	189,672
Other Governmental Funds	General Fund	316,408	-
Other Governmental Funds	Internal Service Fund	99,820	47,099
Totals		<u>\$ 2,269,182</u>	<u>\$ 1,033,651</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.

Opinion Unit	Balance as Reported June 30, 2008	Fund Reclassification	Balance as Restated July 1, 2008
Governmental Funds	\$ 2,186,469	\$ (7,212)	\$ 2,179,257
Private Purpose Trust Funds	372,886	7,212	380,098

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for individual claims in excess of \$80,000 per year. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund gross wages, and are reported as quasi-external interfund transactions.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with Aurora 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 school years ended June 30, 2009 and June 30, 2010, totaled \$2,508,000 and \$2,690,000, respectively.

C. Termination Benefits

During the school year ended June 30, 2010, the School Corporation offered \$25,000, payable over a three year period, to any certified employee at least 55 years of age, who met the Rule of 85, if the employee would voluntarily terminate at the end of the school year. Seven employees accepted the termination benefit which will result in annual expenses of \$59,500, \$59,500, and \$56,000, payable on July 1, 2010, July 1, 2011, and July 1, 2012, respectively.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 fiscal years ended June 30, 2009 and June 30, 2010, were \$146,236 and \$157,487, respectively.

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the 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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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 for the fiscal years ended June 30, 2009, and June 30, 2010, were \$328,880 and \$336,216, respectively.

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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates	School Haven Safety	Early Intervention Grant
<b>Receipts:</b>							
Local sources	\$ 11,720	\$ 683,169	\$ 288,105	\$ 111,601	\$ -	\$ -	\$ -
State sources	38,500	16,854	85,096	-	-	-	9,500
Federal sources	42,871	481,410	-	-	-	-	-
<b>Total receipts</b>	<b>93,091</b>	<b>1,181,433</b>	<b>373,201</b>	<b>111,601</b>	<b>-</b>	<b>-</b>	<b>9,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	1,417	-	-	-	169	-
Support services	-	-	334,930	-	-	-	9,500
Noninstructional services	-	1,075,434	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	93,091	-	-	-	-	-	-
<b>Total disbursements</b>	<b>93,091</b>	<b>1,076,851</b>	<b>334,930</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>9,500</b>
Excess (deficiency) of receipts over disbursements	-	104,582	38,271	111,601	-	(169)	-
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	6,938	-	-	-	-
Transfers out	-	(5,225)	-	(316,408)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(5,225)</b>	<b>6,938</b>	<b>(316,408)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	99,357	45,209	(204,807)	-	(169)	-
Cash and investments - beginning	-	134,354	285,531	316,408	10,088	708	-
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 233,711</b>	<b>\$ 330,740</b>	<b>\$ 111,601</b>	<b>\$ 10,088</b>	<b>\$ 539</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 233,711	\$ 330,740	\$ 111,601	\$ 10,088	\$ 539	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 233,711</b>	<b>\$ 330,740</b>	<b>\$ 111,601</b>	<b>\$ 10,088</b>	<b>\$ 539</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	233,711	330,740	111,601	10,088	539	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 233,711</b>	<b>\$ 330,740</b>	<b>\$ 111,601</b>	<b>\$ 10,088</b>	<b>\$ 539</b>	<b>\$ -</b>

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

	High Ability Education Grant	State High Ability Grant	City of Lawrenceburg Gifted and Talented Grant	Non English Speaking Program	School Technology	Technology Plan Grant
<b>Receipts:</b>						
Local sources	\$ 10	\$ -	\$ 251,350	\$ 2,611	\$ -	\$ -
State sources	38,382	-	-	450	-	-
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>38,392</b>	<b>-</b>	<b>251,350</b>	<b>3,061</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	21,896	2,683	122,001	-	-	80,377
Support services	-	-	16,830	-	-	6,361
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>21,896</b>	<b>2,683</b>	<b>138,831</b>	<b>-</b>	<b>-</b>	<b>86,738</b>
Excess (deficiency) of receipts over disbursements	16,496	(2,683)	112,519	3,061	-	(86,738)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	(2,623)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,623)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,496	(2,683)	109,896	3,061	-	(86,738)
Cash and investments - beginning	-	2,683	214,356	672	1,840	86,738
Cash and investments - ending	<u>\$ 16,496</u>	<u>\$ -</u>	<u>\$ 324,252</u>	<u>\$ 3,733</u>	<u>\$ 1,840</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 16,496	\$ -	\$ 324,252	\$ 3,733	\$ 1,840	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 16,496</b>	<b>\$ -</b>	<b>\$ 324,252</b>	<b>\$ 3,733</b>	<b>\$ 1,840</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	16,496	-	324,252	3,733	1,840	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 16,496</b>	<b>\$ -</b>	<b>\$ 324,252</b>	<b>\$ 3,733</b>	<b>\$ 1,840</b>	<b>\$ -</b>

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

	Title I 2008-09	Title I 2007-08	Title V Part A	DFSC PL 107-110	DFSC Project 04-160	Title IV Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 8,142	\$ -	\$ 125	\$ -
State sources	-	-	-	-	-	-
Federal sources	441,159	86,791	-	-	-	-
<b>Total receipts</b>	<b>441,159</b>	<b>86,791</b>	<b>8,142</b>	<b>-</b>	<b>125</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	312,985	94,287	-	-	125	6,919
Support services	1,839	557	13,042	-	-	-
Noninstructional services	452	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>315,276</b>	<b>94,844</b>	<b>13,042</b>	<b>-</b>	<b>125</b>	<b>6,919</b>
Excess (deficiency) of receipts over disbursements	125,883	(8,053)	(4,900)	-	-	(6,919)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers out	(55,162)	(22,372)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(55,162)</b>	<b>(22,372)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	70,721	(30,425)	(4,900)	-	-	(6,919)
Cash and investments - beginning	-	30,425	4,699	7,506	-	10,685
Cash and investments - ending	<u>\$ 70,721</u>	<u>\$ -</u>	<u>\$ (201)</u>	<u>\$ 7,506</u>	<u>\$ -</u>	<u>\$ 3,766</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 70,721	\$ -	\$ (201)	\$ 7,506	\$ -	\$ 3,766
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 70,721</u>	<u>\$ -</u>	<u>\$ (201)</u>	<u>\$ 7,506</u>	<u>\$ -</u>	<u>\$ 3,766</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	70,721	-	(201)	7,506	-	3,766
<b>Total cash and investment fund balance - ending</b>	<u>\$ 70,721</u>	<u>\$ -</u>	<u>\$ (201)</u>	<u>\$ 7,506</u>	<u>\$ -</u>	<u>\$ 3,766</u>

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

	Federal Medicaid Reimbursement	Title II Part A	Title II Part D	Retirement/ Severance Bond Debt	School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 335,418	\$ 126,759	\$ 1,819,010
State sources	-	-	-	-	-	188,782
Federal sources	-	130,840	-	-	-	1,183,071
<b>Total receipts</b>	<b>-</b>	<b>130,840</b>	<b>-</b>	<b>335,418</b>	<b>126,759</b>	<b>3,190,863</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	4,431	108,711	-	-	-	756,001
Support services	4,952	-	2,287	-	-	390,298
Noninstructional services	-	16	-	-	-	1,075,902
Debt services	-	-	-	222,077	-	222,077
Nonprogrammed charges	-	-	-	-	-	93,091
<b>Total disbursements</b>	<b>9,383</b>	<b>108,727</b>	<b>2,287</b>	<b>222,077</b>	<b>-</b>	<b>2,537,369</b>
Excess (deficiency) of receipts over disbursements	(9,383)	22,113	(2,287)	113,341	126,759	653,494
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	6,938
Transfers out	-	(14,438)	-	-	-	(416,228)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(14,438)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(409,290)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,383)	7,675	(2,287)	113,341	126,759	244,204
Cash and investments - beginning	17,672	24,346	2,287	(47,522)	283,535	1,387,011
Cash and investments - ending	<u>\$ 8,289</u>	<u>\$ 32,021</u>	<u>\$ -</u>	<u>\$ 65,819</u>	<u>\$ 410,294</u>	<u>\$ 1,631,215</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 8,289	\$ 32,021	\$ -	\$ -	\$ 410,294	\$ 1,565,396
Restricted assets:						
Cash and investments	-	-	-	65,819	-	65,819
<b>Total cash and investment assets - ending</b>	<b>\$ 8,289</b>	<b>\$ 32,021</b>	<b>\$ -</b>	<b>\$ 65,819</b>	<b>\$ 410,294</b>	<b>\$ 1,631,215</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 65,819	\$ -	\$ 65,819
Unrestricted	8,289	32,021	-	-	410,294	1,565,396
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,289</b>	<b>\$ 32,021</b>	<b>\$ -</b>	<b>\$ 65,819</b>	<b>\$ 410,294</b>	<b>\$ 1,631,215</b>

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

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Education License Plates	School Haven Safety
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 642,505	\$ 263,403	\$ 203,065	\$ -	\$ -
State sources	38,500	-	16,198	88,336	-	-	-
Federal sources	-	-	545,072	-	-	-	-
<b>Total receipts</b>	<b>38,500</b>	<b>-</b>	<b>1,203,775</b>	<b>351,739</b>	<b>203,065</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	474	-	-	-	41
Support services	-	-	186	372,869	-	10,088	-
Noninstructional services	-	-	1,043,450	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	38,500	-	3,117	-	-	-	-
<b>Total disbursements</b>	<b>38,500</b>	<b>-</b>	<b>1,047,227</b>	<b>372,869</b>	<b>-</b>	<b>10,088</b>	<b>41</b>
Excess (deficiency) of receipts over disbursements	-	-	156,548	(21,130)	203,065	(10,088)	(41)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	16,879	-	-	-
Transfers in	-	189,672	-	-	-	-	-
Transfers out	-	-	(2,228)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>189,672</b>	<b>(2,228)</b>	<b>16,879</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	189,672	154,320	(4,251)	203,065	(10,088)	(41)
Cash and investments - beginning	-	-	233,711	330,740	111,601	10,088	539
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 189,672</b>	<b>\$ 388,031</b>	<b>\$ 326,489</b>	<b>\$ 314,666</b>	<b>\$ -</b>	<b>\$ 498</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 189,672	\$ 388,031	\$ 326,489	\$ 314,666	\$ -	\$ 498
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 189,672</b>	<b>\$ 388,031</b>	<b>\$ 326,489</b>	<b>\$ 314,666</b>	<b>\$ -</b>	<b>\$ 498</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	189,672	388,031	326,489	314,666	-	498
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 189,672</b>	<b>\$ 388,031</b>	<b>\$ 326,489</b>	<b>\$ 314,666</b>	<b>\$ -</b>	<b>\$ 498</b>

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

	High Ability Education Grant	City of Lawrenceburg Gifted and Talented Grant	Gifted and Talented 2010	Non English Speaking Program	School Technology	Title I 2008-09	Title I 2009-10
<b>Receipts:</b>							
Local sources	\$ 3,265	\$ 6,069	\$ -	\$ 35	\$ -	\$ -	\$ -
State sources	-	-	38,551	-	-	-	-
Federal sources	-	-	-	-	-	44,000	456,641
<b>Total receipts</b>	<b>3,265</b>	<b>6,069</b>	<b>38,551</b>	<b>35</b>	<b>-</b>	<b>44,000</b>	<b>456,641</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	19,761	115,902	12,913	570	-	94,978	272,760
Support services	-	11,900	-	2,406	-	4,295	608
Noninstructional services	-	-	-	-	-	492	346
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,888	-	-	-	-	31,136
<b>Total disbursements</b>	<b>19,761</b>	<b>132,690</b>	<b>12,913</b>	<b>2,976</b>	<b>-</b>	<b>99,765</b>	<b>304,850</b>
Excess (deficiency) of receipts over disbursements	(16,496)	(126,621)	25,638	(2,941)	-	(55,765)	151,791
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(3,318)	-	-	-	(14,956)	(8,895)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(3,318)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,956)</b>	<b>(8,895)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,496)	(129,939)	25,638	(2,941)	-	(70,721)	142,896
Cash and investments - beginning	16,496	324,251	-	3,732	1,840	70,721	-
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 194,312</b>	<b>\$ 25,638</b>	<b>\$ 791</b>	<b>\$ 1,840</b>	<b>\$ -</b>	<b>\$ 142,896</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 194,312	\$ 25,638	\$ 791	\$ 1,840	\$ -	\$ 142,896
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 194,312</b>	<b>\$ 25,638</b>	<b>\$ 791</b>	<b>\$ 1,840</b>	<b>\$ -</b>	<b>\$ 142,896</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	194,312	25,638	791	1,840	-	142,896
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 194,312</b>	<b>\$ 25,638</b>	<b>\$ 791</b>	<b>\$ 1,840</b>	<b>\$ -</b>	<b>\$ 142,896</b>

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

	Title V Part A	DFSC PL 107-110	Title IV 2008-09	DFSC SY 09-10	Title IV Part A	Federal Medicaid Reimbursement
<b>Receipts:</b>						
Local sources	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	<u>1,833</u>	<u>-</u>	<u>9,794</u>	<u>7,517</u>	<u>-</u>	<u>-</u>
Total receipts	<u>2,033</u>	<u>-</u>	<u>9,794</u>	<u>7,517</u>	<u>-</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	7,343	-	3,144	3,074
Support services	1,833	7,506	-	-	622	480
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>1,833</u>	<u>7,506</u>	<u>7,343</u>	<u>-</u>	<u>3,766</u>	<u>3,554</u>
Excess (deficiency) of receipts over disbursements	<u>200</u>	<u>(7,506)</u>	<u>2,451</u>	<u>7,517</u>	<u>(3,766)</u>	<u>(3,554)</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
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>200</u>	<u>(7,506)</u>	<u>2,451</u>	<u>7,517</u>	<u>(3,766)</u>	<u>(3,554)</u>
Cash and investments - beginning	<u>(200)</u>	<u>7,506</u>	<u>-</u>	<u>-</u>	<u>3,766</u>	<u>8,290</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,451</u>	<u>\$ 7,517</u>	<u>\$ -</u>	<u>\$ 4,736</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 2,451	\$ 7,517	\$ -	\$ 4,736
Restricted assets:						
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,451</u>	<u>\$ 7,517</u>	<u>\$ -</u>	<u>\$ 4,736</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>-</u>	<u>2,451</u>	<u>7,517</u>	<u>-</u>	<u>4,736</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,451</u>	<u>\$ 7,517</u>	<u>\$ -</u>	<u>\$ 4,736</u>

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

	Title II Part A	Title I Grants Stimulus	Special Education Stimulus	Retirement/ Severance Bond Debt	School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 94,498	\$ 236,899	\$ 124,665	\$ 1,574,604
State sources	-	-	-	-	-	181,585
Federal sources	<u>124,727</u>	<u>200,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,323</u>
<b>Total receipts</b>	<u>124,727</u>	<u>200,739</u>	<u>94,498</u>	<u>236,899</u>	<u>124,665</u>	<u>3,146,512</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	102,420	156,469	104,260	-	-	894,109
Support services	-	1,686	199	-	169,550	584,228
Noninstructional services	-	-	-	-	-	1,044,288
Debt services	-	-	-	221,805	-	221,805
Nonprogrammed charges	<u>20,059</u>	<u>15,189</u>	<u>7,682</u>	<u>-</u>	<u>-</u>	<u>120,571</u>
<b>Total disbursements</b>	<u>122,479</u>	<u>173,344</u>	<u>112,141</u>	<u>221,805</u>	<u>169,550</u>	<u>2,865,001</u>
Excess (deficiency) of receipts over disbursements	<u>2,248</u>	<u>27,395</u>	<u>(17,643)</u>	<u>15,094</u>	<u>(44,885)</u>	<u>281,511</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	16,879
Transfers in	-	-	-	-	-	189,672
Transfers out	<u>(9,022)</u>	<u>(8,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,099)</u>
<b>Total other financing sources (uses)</b>	<u>(9,022)</u>	<u>(8,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,452</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,774)	18,715	(17,643)	15,094	(44,885)	440,963
Cash and investments - beginning	<u>32,021</u>	<u>-</u>	<u>-</u>	<u>65,820</u>	<u>410,295</u>	<u>1,631,217</u>
<b>Cash and investments - ending</b>	<u>\$ 25,247</u>	<u>\$ 18,715</u>	<u>\$ (17,643)</u>	<u>\$ 80,914</u>	<u>\$ 365,410</u>	<u>\$ 2,072,180</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 25,247	\$ 18,715	\$ (17,643)	\$ -	\$ 365,410	\$ 1,991,266
<b>Restricted assets:</b>						
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,914</u>	<u>-</u>	<u>80,914</u>
<b>Total cash and investment assets - ending</b>	<u>\$ 25,247</u>	<u>\$ 18,715</u>	<u>\$ (17,643)</u>	<u>\$ 80,914</u>	<u>\$ 365,410</u>	<u>\$ 2,072,180</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ 80,914	\$ -	\$ 80,914
Unrestricted	<u>25,247</u>	<u>18,715</u>	<u>(17,643)</u>	<u>-</u>	<u>365,410</u>	<u>1,991,266</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 25,247</u>	<u>\$ 18,715</u>	<u>\$ (17,643)</u>	<u>\$ 80,914</u>	<u>\$ 365,410</u>	<u>\$ 2,072,180</u>

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

	Rising Sun Regional Foundation Grant	Donations	Dearborn County Community Foundation	Scholarships	Morrison Estate	K.E. Pitts Library Memorial	Indiana Next Leadership Grant	Totals
<b>Additions:</b>								
Contributions:								
Other	\$ 7,000	\$ -	\$ 92,349	\$ 386	\$ 6,000	\$ 1,720	\$ -	\$ 107,455
Investment earnings:								
Interest	-	-	-	9,260	127	55	-	9,442
Total additions	7,000	-	92,349	9,646	6,127	1,775	-	116,897
<b>Deductions:</b>								
Administrative and general	6,886	-	121,061	9,867	6,000	1,720	-	145,534
Excess (deficiency) of total additions over total deductions	114	-	(28,712)	(221)	127	55	-	(28,637)
Cash and investment fund balance - beginning	3,877	12	85,243	285,066	3,335	1,954	611	380,098
Cash and investments - June 30	\$ 3,991	\$ 12	\$ 56,531	\$ 284,845	\$ 3,462	\$ 2,009	\$ 611	\$ 351,461
<b>Net assets:</b>								
Cash and investments	\$ 3,991	\$ 12	\$ 56,531	\$ 284,845	\$ 3,462	\$ 2,009	\$ 611	\$ 351,461
Total net assets - cash and investment basis held in trust	\$ 3,991	\$ 12	\$ 56,531	\$ 284,845	\$ 3,462	\$ 2,009	\$ 611	\$ 351,461

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

	Rising Sun Regional Foundation Grant	Donations	Dearborn County Community Foundation	Scholarships	Morrison Estate	K.E. Pitts Library Memorial	Indiana Next Leadership Grant	Totals
<b>Additions:</b>								
Contributions:								
Other	\$ 10,000	\$ -	\$ 30,633	\$ 172	\$ 3,000	\$ 1,720	\$ -	\$ 45,525
Investment earnings:								
Interest	-	-	-	7,802	60	47	-	7,909
Total additions	10,000	-	30,633	7,974	3,060	1,767	-	53,434
<b>Deductions:</b>								
Administrative and general	4,900	12	63,861	20,566	3,360	1,950	-	94,649
Excess (deficiency) of total additions over total deductions	5,100	(12)	(33,228)	(12,592)	(300)	(183)	-	(41,215)
Cash and investment fund balance - beginning	3,990	12	56,531	284,845	3,462	2,009	611	351,460
Cash and investments - June 30	<u>\$ 9,090</u>	<u>\$ -</u>	<u>\$ 23,303</u>	<u>\$ 272,253</u>	<u>\$ 3,162</u>	<u>\$ 1,826</u>	<u>\$ 611</u>	<u>\$ 310,245</u>
<b>Net assets:</b>								
Cash and investments	\$ 9,090	\$ -	\$ 23,303	\$ 272,253	\$ 3,162	\$ 1,826	\$ 611	\$ 310,245
Total net assets - cash and investment basis held in trust	<u>\$ 9,090</u>	<u>\$ -</u>	<u>\$ 23,303</u>	<u>\$ 272,253</u>	<u>\$ 3,162</u>	<u>\$ 1,826</u>	<u>\$ 611</u>	<u>\$ 310,245</u>

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 941,532
Buildings	76,348,558
Improvements other than buildings	7,000
Machinery and equipment	<u>3,416,465</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 80,713,555</u>

SOUTH DEARBORN 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:		
Aurora Elementary/Middle School/High School	\$ 32,475,000	\$ 2,718,000
Common School Loans	8,734,168	991,189
Pension Bonds	<u>1,705,000</u>	<u>221,196</u>
 Total governmental activities debt	 <u>\$ 42,914,168</u>	 <u>\$ 3,930,385</u>

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

1. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.
2. The Deputy Treasurer is responsible for processing payroll that includes the calculation of payroll and payroll withholding amounts paid; writing payroll checks; and establishing new employees on the payroll system.
3. The Extra-Curricular Treasurers are responsible for the collection and disbursement of textbook rental funds including writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

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

TEXTBOOK REIMBURSEMENT

The textbook reimbursement claim submitted to the Indiana Department of Education for the school year 2009-2010 was incorrect. The School Corporation erroneously used the rental amount charged to students in grades K through 6 in the "Total Cost of Textbooks" column on the textbook reimbursement claim rather than the actual cost of the textbooks.

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

INTERNAL CONTROLS OVER FUNDRAISERS (Applies to Middle School)

Peeler cards were sold as a fundraising event by the Middle School Student Council. The Student Council purchased six hundred (600) cards for the fundraiser, but students were only able to sell four hundred and ninety-eight (498) cards. The Student Council Sponsor, stated that in order to receive the peeler cards at a reduced rate the Student Council had committed to sell at least 600 cards, so he was not able to return to the vendor the cards that were not sold. The cards that were not sold were not retained for audit.

The School Board's policy is that fundraisers be approved by the building principal and be managed according to guidelines established by the office of the principal. The Middle School has a practice for the Principal to approve fundraisers verbally, so no written approval was presented for audit. No guidelines established by the Principal for internal control of fundraisers were presented for audit.

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

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

Internal Control Over Compliance

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

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

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management, the School Board, 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 14, 2011

SOUTH DEARBORN 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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 09	\$ 93,272	\$ -
		FY 10	-	103,229
National School Lunch Program	10.555	FY 09	459,199	-
		FY 10	-	524,974
Total for federal grantor agency			<u>552,471</u>	<u>628,203</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	08-1600	117,216	-
		09-1600	370,438	114,721
		10-1600	-	313,745
Total for program			<u>487,654</u>	<u>428,466</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-1600	-	182,024
Total for cluster			<u>487,654</u>	<u>610,490</u>
Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-052-SN01	-	66,264
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	84.394	1600	507,267	1,563,591
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	1600-07	6,919	3,144
		08-1600	-	7,343
Total for program			<u>6,919</u>	<u>10,487</u>
State Grants for Innovative Programs	84.298	07-1600	4,699	1,833
Educational Technology State Grants Cluster Educational Technology State Grants	84.318	1600-07	2,287	-
Improving Teacher Quality State Grants	84.367	06-1600	24,572	-
		07-1600	98,593	32,247
		08-1600	-	99,254
Total for program			<u>123,165</u>	<u>131,501</u>
Total for federal grantor agency			<u>1,131,991</u>	<u>2,384,166</u>
Total federal awards expended			<u>\$ 1,684,462</u>	<u>\$ 3,012,369</u>

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

SOUTH DEARBORN 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 South Dearborn 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 ended 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
National School Lunch Program	10.555	\$ 65,332	\$ 77,402

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: 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?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
--	----

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster  
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee?	no
--	----

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II - Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS-SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

1. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.
2. The Deputy Treasurer is responsible for processing payroll that includes the calculation of payroll and payroll withholding amounts paid; writing payroll checks; and establishing new employees on the payroll system.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting duties.

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

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

We recommended School Corporation Officials either enhance segregation of accounting duties or to implement compensating controls.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

South Dearborn  
Community School Corporation



Office of the Superintendent  
6109 Squire Place  
Aurora, Indiana 47001

(812) 926-2090  
Fax (812) 926-4216

State Board of Accounts  
Re: Finding No. 2010-1  
Internal Controls: Segregation of Duties

January 27, 2011

To Whom It May Concern:

Contact Person: Robert Rollins  
Title: Administrative Assistant/Business Manager  
Telephone No.: 812-926-2090  
Expected Completion Date: March 1, 2011

Due to the fact South Dearborn Community School Corporation (SDCSC) has a small central office staff, it is impractical to segregate the duties of Treasurer and Deputy Treasurer in an ideal manner.

Therefore, if acceptable, SDCSC will implement the following steps to minimize any irregularities and still provide good internal control:

- 1) The administrative assistant for Business Manager will receive all bank statements for review before forwarding them to the Treasurer.
- 2) In examining bank statements, the Business Manager will look for check numbers not within normal check series, abnormally large checks, unidentified bank transfers, and cancelled checks to vendors not used by the SDCSC.
- 3) The Business Manager will run monthly reports looking for unfamiliar vendors and/or unusually large claims. The check register will also be reviewed periodically for missing check numbers
- 4) The Business manager will compare monthly ledger fund balances with bank statements, and review the monthly bank reconciliation prepared by the SDCSC Treasurer for correctness.
- 5) A system using pin numbers with the bank has been implemented requiring the originator of a wire transfer to use a pin number and the person verifying the wire must verify the transfer using a separate pin number.

Sincerely,

Robert Rollins  
Administrative Assistant

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2011, with Thomas L. Book, Superintendent of Schools; Daryl Cutter, President of the School Board; Robert Rollins, Business Manager; Todd Bowers, Middle School Principal; and Beverly Holt, Middle School Treasurer. The officials concurred with our audit findings.