

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

EXAMINATION REPORT
OF
SOUTH CENTRAL AREA VOCATIONAL SCHOOL
ORANGE COUNTY, INDIANA
July 1, 2007 to June 30, 2010



FILED
04/27/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sonya McKeighen	07-01-07 to 06-30-11
Director	David D. Embree	07-01-07 to 06-30-11
President of the School Board	Larry Pritchett Rick Roberts	07-01-07 to 06-30-09 07-01-09 to 06-30-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH CENTRAL AREA VOCATIONAL SCHOOL,
ORANGE COUNTY, INDIANA

We have examined the financial information presented herein of the South Central Area Vocational School (School Corporation), for the period of July 1, 2007 to June 30, 2010. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2008, 2009, and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 11, 2011

SOUTH CENTRAL AREA VOCATIONAL SCHOOL
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended June 30, 2008, 2009, And 2010

	<u>Cash and Investments 07-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 06-30-08</u>
Governmental Fund: General	<u>\$ 47,299</u>	<u>\$ 697</u>	<u>\$ 3,646</u>	<u>\$ 44,350</u>
	<u>Cash and Investments 07-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 06-30-09</u>
Governmental Fund: General	<u>\$ 44,350</u>	<u>\$ 3,527</u>	<u>\$ 7,520</u>	<u>\$ 40,357</u>
	<u>Cash and Investments 07-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 06-30-10</u>
Governmental Fund: General	<u>\$ 40,357</u>	<u>\$ 478</u>	<u>\$ 327</u>	<u>\$ 40,508</u>

The accompanying notes are an integral part of the financial information.

SOUTH CENTRAL AREA VOCATIONAL SCHOOL
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The School Corporation was established under the laws of the State of Indiana. The School Corporation operated under a Board of School Trustees form of government and provided educational services. The four participating schools agreed to discontinue the operation of the School Corporation as of June 30, 2003. All of the assets were sold at a public auction on July 13, 2003.

Note 2. Fund Accounting

The School Corporation used funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

SOUTH CENTRAL AREA VOCATIONAL SCHOOL
NOTES TO FINANCIAL INFORMATION
(Continued)

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

The School Corporation had purchased term life insurance policies for its teachers as part of the 1999-2001 Master Contract. On March 23, 2000, the School Corporation received 536 shares of Sun Life Financial Inc. (SLF) because SLF de-mutualized and policy holders were awarded common stock. The value of the investment at June 30, 2010, was \$14,102.

Note 5. Subsequent Events

The four participating schools agreed to discontinue operation of the School Corporation as of June 30, 2003. All of the assets were sold at a public auction on July 31, 2003.

The sale of the real estate resulted in a lawsuit being filed against the School Corporation. The lawsuit was settled November 2, 2006, and the sale of the real estate was finalized March 6, 2007. A counter suit was filed on behalf of the School Corporation in the Clark County Circuit Court. However, the Defendant, Lincoln Crum, filed bankruptcy and this suit is now part of the bankruptcy proceedings. Therefore, the School Corporation could not be dissolved even though classes are no longer being held there. The School Corporation's Board continues to meet and pay necessary claims.

Paoli Community School Corporation, Springs Valley Community School Corporation, and West Washington School Corporation formed a new cooperative as of July 1, 2003. The new cooperative is named Lost River Career Cooperative and the office is located at 610 Elm Street, Paoli, IN 47454

SOUTH CENTRAL AREA VOCATIONAL SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2011, with David D. Embree, Director, and Sonya McKeighen, Treasurer. Our examination disclosed no material items that warrant comment at this time.