

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MARION COMMUNITY SCHOOLS
GRANT COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/10/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia J. Nauman James E. McWhirt	07-01-09 to 06-30-10 07-01-10 to 06-30-12
Superintendent of Schools	Dr. Ginger L. Studebaker-Bolinger (Interim) Stephen L. Edwards	07-01-09 to 08-09-09 08-10-09 to 06-30-12
President of the School Board	Gregory S. Kitts F. Michael Luce Aaron W. Vermillion	01-07-09 to 01-12-10 01-13-10 to 01-11-11 01-12-11 to 12-31-11



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

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

We have audited the accompanying financial statement of the Marion Community Schools (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 4, 2012, 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

January 4, 2012



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

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

We have audited the financial statement of the Marion Community Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 4, 2012. 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 opinion on the financial statement, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is 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 federal findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

January 4, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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MARION COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 4,764,140	\$ 35,989,624	\$ 28,786,639	\$ 11,075	\$ 11,978,200	\$ 33,911,567	\$ 30,931,578	\$ 227,490	\$ 15,185,679
Debt Service	(143,700)	4,016,123	1,818,176	(76,346)	1,977,901	1,054,460	1,988,987	-	1,043,374
Retirement/Severance Bond Debt Service	133,600	2,241,450	1,885,977	(13,837)	475,236	1,409,226	1,758,007	-	126,455
Capital Projects	3,219,953	4,100,447	3,846,618	101,181	3,574,963	4,771,418	4,771,526	72,109	3,646,964
School Transportation	289,556	3,143,794	2,377,814	-	1,055,536	2,110,068	2,364,501	146,077	947,180
School Bus Replacement	161,677	487,732	455,545	889	194,753	68,783	-	-	263,536
Special Education Preschool	306,645	98,998	99,930	(305,713)	-	-	-	-	-
Post-Retirement/Severance Future Benefits	5,000	-	919,401	914,401	-	-	-	-	-
Roof Bond 2008	7,600	-	7,600	-	-	-	-	-	-
Food Service	1,000,064	1,892,510	1,829,221	9,721	1,073,074	1,848,922	1,761,396	500	1,161,100
Textbook Rental	334,894	254,323	291,904	-	297,313	282,946	306,527	-	273,732
Self-Insurance	931,151	1,059,486	1,010,528	-	980,109	4,854	-	-	984,963
Levy Excess	63,540	228,706	-	(228,706)	63,540	57,677	-	(57,677)	63,540
Alternative Education	198,487	14,665	-	-	213,152	21,010	130,491	-	103,671
Local Retirement	377,769	372	-	(377,769)	372	1	-	(373)	-
In and Out Account	29,960	25,616	27,067	-	28,509	44,045	60,241	-	12,313
Central Indiana Ethanol	-	-	-	-	-	20,000	-	-	20,000
Grant County Food Service Donation	709	-	-	-	709	-	-	-	709
Henrietta Hart Bequest	6,300	-	6,300	-	-	-	-	-	-
Dollar General - Justice	-	5,000	5,000	-	-	-	-	-	-
MJ Lowe Bequest	2,486	-	486	-	2,000	-	478	-	1,522
Maurice Andrea - McCulloch	766	-	-	-	766	-	-	-	766
Attendance	2,111	-	-	-	2,111	-	-	-	2,111
Mary Clark Hanley Awards	510	3,215	3,215	-	510	3,225	3,225	-	510
Dee Fagar Memorial	440	4	-	-	444	2	125	-	321
Anthony Swain Grant	105	-	-	-	105	-	-	-	105
Miscellaneous Scholarships	-	1,750	750	-	1,000	-	1,000	-	-
Charles Math Scholar	42,125	366	-	-	42,491	206	2,000	-	40,697
Glen Allen Memorial	18	-	-	-	18	-	-	-	18
Dick Looten Scholarship	7,888	68	-	-	7,956	39	400	-	7,595
Seybold Scholarship	456	8	-	-	464	3	425	-	42
Mark Longenecker Scholarship	5,450	48	-	-	5,498	27	250	-	5,275
26th Street Singers Scholarship	36	-	-	-	36	-	-	(36)	-
Friends of Asherwood Project	6,422	252	-	-	6,674	216	-	-	6,890
Insurance Claim Payments - McCulloch	3,531	-	-	-	3,531	-	-	-	3,531
Miscellaneous Mini Grants	15,886	3,441	10,051	-	9,276	4,379	3,427	-	10,228
Indiana State License Practical Nurses	2,238	-	500	-	1,738	-	1,000	-	738
Early Childhood Education	299	-	-	-	299	-	-	-	299
Wal-Mart Grant	306	-	-	-	306	-	-	-	306
Dolgencorp Gray Construction Tucker	1,795	-	-	-	1,795	-	-	-	1,795
High Ability 2011	-	-	-	-	-	45,485	3,988	-	41,497
High Ability 2010	-	46,179	46,179	-	-	-	-	-	-
High Ability 2009	3,090	-	3,090	-	-	-	-	-	-
High Ability 2008	1,536	-	-	-	1,536	-	-	(1,536)	-
High Ability 2007	93	-	-	-	93	-	-	(93)	-
Medicaid Reimbursement	1,252	-	-	-	1,252	-	-	(1,252)	-
Non-English Speaking 2006	2,728	-	-	-	2,728	-	-	(2,728)	-
Non-English Speaking 2010	-	21,768	15,156	-	6,612	-	6,612	-	-
Non-English Speaking 2011	-	-	-	-	-	17,463	14,752	-	2,711
Non-English Speaking 2007	3,824	-	3,699	(125)	-	-	-	-	-
State Connectivity	-	-	-	-	-	2,343	-	-	2,343
Non-English Speaking 2008	(2,305)	-	-	-	(2,305)	-	-	2,305	-
Career Majors/Technology Planning Grant	157,234	80	-	-	157,314	-	156,234	(1,080)	-
Internet Access Technology	5,557	-	4,140	-	1,417	-	1,417	-	-

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

MARION COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Vision Athena McCulloch	1,452	-	-	-	1,452	-	-	(1,452)	-
CAPE Grant Tucker	2,230	-	-	-	2,230	-	-	(2,230)	-
E-Rate Technology	236,614	104,942	33,808	82,576	390,324	103,202	50,246	-	443,280
Response to Intervention 2009	781	-	781	-	-	-	-	-	-
CAPE Lift ESL	7	-	-	-	7	-	-	(7)	-
CAPE Lift Pow-wow	3	-	-	-	3	-	-	(3)	-
Safe Haven Time Away 2006	1,224	-	-	-	1,224	-	-	(1,224)	-
Safe Haven Time Away 2005	11,062	-	-	-	11,062	-	-	(11,062)	-
Title I School Improvement 2007 Slocum	5,687	-	-	-	5,687	-	-	(5,687)	-
Title I School Improvement 2008 Allen	311,017	155,999	107,731	(359,285)	-	-	-	-	-
Title I School Improvement 2008 Slocum	-	50,000	50,000	-	-	-	-	-	-
Title I 1003(g) Carryover - Allen	-	-	269,179	359,285	90,106	-	90,106	-	-
Title I 1003(g) Allen	-	88,175	2,113	-	86,062	10,600	96,662	-	-
Title I School Improvement 2007 Allen	(26,394)	-	-	-	(26,394)	-	-	26,394	-
Title I School Improvement 2009 Allen	-	203,902	139,045	-	64,857	19,990	84,847	-	-
Title I School Improvement 2009 Slocum	-	180,012	93,725	-	86,287	19,988	106,275	-	-
Title I School Improvement 2010 Allen	-	-	-	-	-	400,376	543,953	-	(143,577)
Title I School Improvement 2010 Slocum	-	-	-	-	-	369,717	481,290	-	(111,573)
Title I Delinquent 2008	(181)	-	-	-	(181)	-	-	181	-
Title I Delinquent 2009	33,410	11,401	36,124	(8,647)	40	-	-	(40)	-
Title I Delinquent 2010	-	143,328	105,005	8,647	46,970	14,499	35,510	(25,959)	-
Title I Delinquent 2011	-	-	-	-	-	109,405	155,522	25,999	(20,118)
Title I Delinquent 2007	(9,468)	-	-	-	(9,468)	-	-	9,468	-
Title I School Improvement 2007 Southeast	20,707	-	-	-	20,707	-	-	(20,707)	-
Title I 09-2865	840,789	410,166	732,358	(518,597)	-	-	-	-	-
Title I 08-2865	25,195	(240,404)	(4,150)	211,059	-	-	-	-	-
Title I 07-2865	240,403	-	-	(240,403)	-	-	-	-	-
Title I 10-2865	-	2,043,828	1,386,186	547,942	1,205,584	107,388	580,446	(732,526)	-
Title I 11-2865	-	-	-	-	-	-	1,520,903	644,130	(876,773)
Title I School Improvement 2008 Allen	(153)	-	-	-	(153)	-	-	153	-
Title V Innovative 07-2865	9,491	3,703	13,194	-	-	-	-	-	-
Title V Innovative 08-2865	-	-	13,390	13,390	-	-	-	-	-
Title V Innovative 02-2865	19,298	-	-	-	19,298	-	-	(19,298)	-
Title V Innovative 04-217	(50)	-	-	-	(50)	-	-	50	-
Title I Migrant FY07-08/RM-15	(11,645)	-	-	-	(11,645)	-	-	11,645	-
Title I Migrant FY00-07/RM22	(12,600)	-	-	-	(12,600)	-	-	12,600	-
Title I C Migrant 10/11	-	-	-	-	-	54,926	64,631	-	(9,705)
Title I Migrant FY08-09/RM-9	1,802	-	1,802	-	-	-	-	-	-
Title I C Migrant 9/10	-	65,052	107,715	-	(42,663)	31,743	(10,920)	-	-
Stewart McKinney 2008	1,037	-	1,527	490	-	-	-	-	-
Stewart McKinney 2009	43,000	-	11,882	(14,859)	16,259	-	-	(16,259)	-
Stewart McKinney 2007	2,785	-	-	-	2,785	-	-	(2,785)	-
IDEA 2008	(308)	-	(308)	-	-	-	-	-	-
IDEA 2006 C/O	21,100	-	-	-	21,100	-	-	(21,100)	-
IDEA 2011	-	-	-	-	-	563,145	734,150	-	(171,005)
IDEA 2009	370,202	109	370,311	-	-	-	-	-	-
IDEA 2010	-	1,193,815	937,832	-	255,983	-	255,983	-	-
Co-op Preschool Grant	56,137	-	56,137	-	-	-	-	-	-
Special Education Preschool 2009	(43,037)	-	(43,037)	-	-	26,905	45,700	-	(18,795)
IDEA Preschool 2010	-	55,227	24,130	-	31,097	-	31,097	-	-
Adult Education Outreach 09-8128	3,718	-	3,718	-	-	-	-	-	-
Title II Adult Basic Education Outreach 2010	-	26,822	12,386	-	14,436	-	14,436	-	-
Title III Adult Basic Education 2008	(77)	-	-	-	(77)	-	-	77	-
Title II Adult Education 09-8021	8,175	-	3,610	(4,565)	-	-	-	-	-

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

MARION COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Title II Adult Basic Education 2010	-	95,835	59,356	-	36,479	-	36,479	-	-
Title II Adult Basic Education 2011	-	-	-	-	-	97,764	81,044	-	16,720
Title III Adult Basic Education 2007	(20,518)	-	-	-	(20,518)	-	-	20,518	-
Drug-Free Schools 2009	15,316	-	25,898	15,872	5,290	1,859	18,502	10,200	(1,153)
Drug-Free Schools 2008	15,033	5,664	16,153	(4,544)	-	-	-	-	-
Drug-Free Schools 2007	38,137	(5,664)	-	(11,328)	21,145	-	-	(21,145)	-
Drug-Free Schools 2006	18,959	-	-	-	18,959	-	-	(18,959)	-
Drug-Free Schools 2010	-	-	1,836	-	(1,836)	-	(1,836)	-	-
Drug-Free Schools 2005	11,070	-	-	-	11,070	-	-	(11,070)	-
Carl Perkins 2011	-	-	-	-	-	131,891	148,513	-	(16,622)
Carl Perkins 2012	-	-	-	-	-	-	6	-	(6)
Carl Perkins 2009	56,443	(17,331)	39,112	-	-	-	-	-	-
Carl Perkins 2010	-	162,267	165,575	-	(3,308)	54,089	50,781	-	-
Head Start 2008	(89)	1,151	(89)	-	1,151	-	-	(1,151)	-
Head Start 2006	(116,924)	104,359	-	-	(12,565)	-	-	12,565	-
Head Start T and TA 2006	4,234	-	-	-	4,234	-	-	(4,234)	-
Head Start 2007	(122,954)	133,981	-	-	11,027	-	-	(11,027)	-
Head Start T and TA 2007	-	15,602	-	-	15,602	-	-	(15,602)	-
Medicaid Reimbursement Federal	165,179	12,647	23,753	(2,372)	151,701	27,121	18,252	1,252	161,822
Pell Grant	(364)	128,624	128,474	-	(214)	289,597	289,597	214	-
Head Start 2009	(251,544)	707,981	456,530	-	(93)	-	(38)	55	-
Head Start T and TA 2009	(4,925)	10,485	5,560	-	-	2,933	-	(2,933)	-
Head Start CDA Training 2009	-	1,996	1,996	-	-	1,996	-	-	1,996
Head Start ARRA Technology	-	26,180	26,180	-	-	-	-	-	-
Head Start ARRA Supplemental	-	774	40,655	-	(39,881)	61,957	22,076	-	-
Head Start 2010	-	317,360	461,173	-	(143,813)	682,572	538,759	-	-
Head Start T and TA 2010	-	5,260	8,193	-	(2,933)	11,186	11,186	2,933	-
Head Start 2011	-	-	-	-	-	397,729	559,988	-	(162,259)
Head Start T and TA 2011	-	-	-	-	-	5,290	6,691	-	(1,401)
Improving Teaching Quality 2006	(71,652)	-	-	-	(71,652)	-	-	71,652	-
Enhancing Education Through Technology 2006	277	-	-	-	277	-	-	-	277
Improving Teaching Quality 2008	75,136	375,827	192,571	(13,389)	245,003	-	245,460	-	(457)
Title II Improving Teacher Quality 10/12	-	-	-	-	-	-	135,019	-	(135,019)
Title II Improving Teacher Quality 9/11	-	-	-	-	-	-	156,003	(10,200)	(166,203)
Title II 8 Step Improving Teacher Quality 10/11	-	-	-	-	-	50,000	50,000	-	-
Improving Teaching Quality 2009	241,700	-	241,700	-	-	-	-	-	-
Improving Teaching Quality 2005	209,416	-	-	-	209,416	-	-	(209,416)	-
Title III Language Instruction 2010	-	18,591	1,287	-	17,304	1,484	18,788	-	-
Title III Language Instruction 2009	8,858	-	8,858	-	-	-	-	-	-
Title III Language Instruction 2011	-	-	-	-	-	13,956	14,752	-	(796)
Title III Language Instruction 2008	(500)	-	-	-	(500)	-	-	500	-
TAP Grant	-	-	-	-	-	40,239	40,196	-	43
Fiscal Stabilization - Education (Stimulus)	2,839,726	903,922	3,743,648	-	-	-	-	-	-
Title I ARRA (Stimulus) 9/10	-	477,072	467,494	-	9,578	526,921	150,734	(385,765)	-
Title I ARRA (Stimulus) 10/11	-	-	-	-	-	-	676,984	336,290	(340,694)
Special Education ARRA (Stimulus) 10/11	(502)	830,454	526,501	-	303,451	91,220	444,610	-	(49,939)
Special Education Preschool ARRA (Stimulus) 10/11	-	35,362	5,566	-	29,796	(16)	9,001	-	20,779
McKinney - Vento ARRA (Stimulus)	-	73,308	14,859	14,859	73,308	(9)	7,774	4,397	69,922
Title I Part D ARRA (Stimulus) 9/10	-	40,000	60,245	-	(20,245)	-	1,598	21,843	-
Title I Part D ARRA (Stimulus) 10/11	-	-	-	-	-	-	27,635	27,635	-
Education Jobs	-	-	-	-	-	271,239	271,239	-	-
Totals	\$ 17,226,147	\$ 62,593,809	\$ 54,644,264	\$ 110,902	\$ 25,286,594	\$ 50,271,267	\$ 53,179,217	\$ 72,616	\$ 22,451,260

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

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

H. Negative Receipts and Disbursements

Negative receipts and disbursements are reclassification entries made to correct previous postings to a fund or a receipt or disbursement category within a fund.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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.

State statutes authorize 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.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

MARION COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

MARION COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 7. Restatements and Reclassifications

The July 1, 2009 cash and investment balances of the following funds are different from the June 30, 2009 cash and investment balances as included in the previous audit report. Posting errors and incomplete bank reconcilements, since corrected, contributed to the variance.

Fund	June 30, 2009 Audit Report	July 1, 2009 Fund Report	Variance
General	\$ 4,778,651	\$ 4,764,140	\$ (14,511)
Debt Service	(144,498)	(143,700)	798
Retirement/Severance			
Bond Debt Service	58,382	133,600	75,218

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Post Retirement/ Severance Future Benefits	Roof Bond 2008	Food Service
Cash and investments - beginning	\$ 4,764,140	\$ (143,700)	\$ 133,600	\$ 3,219,953	\$ 289,556	\$ 161,677	\$ 306,645	\$ 5,000	\$ 7,600	\$ 1,000,064
Receipts:										
Local sources	1,459,071	3,814,089	1,656,273	3,923,128	2,685,566	496,467	-	-	-	384,701
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	34,530,553	(9,444)	(4,075)	134,859	89,836	(8,735)	98,998	-	-	10,681
Federal sources	-	-	-	-	-	-	-	-	-	1,495,342
Temporary loans	-	211,478	589,252	-	368,188	-	-	-	-	-
Other	-	-	-	42,460	204	-	-	-	-	1,786
Total receipts	<u>35,989,624</u>	<u>4,016,123</u>	<u>2,241,450</u>	<u>4,100,447</u>	<u>3,143,794</u>	<u>487,732</u>	<u>98,998</u>	<u>-</u>	<u>-</u>	<u>1,892,510</u>
Disbursements:										
Current:										
Instruction	17,979,885	-	-	-	-	-	99,589	-	-	-
Support services	8,829,659	-	-	2,083,495	1,844,632	455,545	341	919,401	-	51,445
Noninstructional services	412,538	-	-	-	-	-	-	-	-	1,777,776
Facilities acquisition and construction	176,330	-	-	1,763,123	-	-	-	-	7,600	-
Debt services	1,103,069	1,818,176	1,885,977	-	533,182	-	-	-	-	-
Nonprogrammed charges	285,158	-	-	-	-	-	-	-	-	-
Total disbursements	<u>28,786,639</u>	<u>1,818,176</u>	<u>1,885,977</u>	<u>3,846,618</u>	<u>2,377,814</u>	<u>455,545</u>	<u>99,930</u>	<u>919,401</u>	<u>7,600</u>	<u>1,829,221</u>
Excess (deficiency) of receipts over disbursements	<u>7,202,985</u>	<u>2,197,947</u>	<u>355,473</u>	<u>253,829</u>	<u>765,980</u>	<u>32,187</u>	<u>(932)</u>	<u>(919,401)</u>	<u>(7,600)</u>	<u>63,289</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	110,902	-	-	-	-	-	-
Transfers in	1,182,768	141,654	86,163	-	-	25,930	-	924,401	-	9,721
Transfers out	(1,171,693)	(218,000)	(100,000)	(9,721)	-	(25,041)	(305,713)	(10,000)	-	-
Total other financing sources (uses)	<u>11,075</u>	<u>(76,346)</u>	<u>(13,837)</u>	<u>101,181</u>	<u>-</u>	<u>889</u>	<u>(305,713)</u>	<u>914,401</u>	<u>-</u>	<u>9,721</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>7,214,060</u>	<u>2,121,601</u>	<u>341,636</u>	<u>355,010</u>	<u>765,980</u>	<u>33,076</u>	<u>(306,645)</u>	<u>(5,000)</u>	<u>(7,600)</u>	<u>73,010</u>
Cash and investments - ending	<u>\$ 11,978,200</u>	<u>\$ 1,977,901</u>	<u>\$ 475,236</u>	<u>\$ 3,574,963</u>	<u>\$ 1,055,536</u>	<u>\$ 194,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,073,074</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education	Local Retirement	In and Out Account	Grant County Food Service Donation	Henrietta Hart Bequest	Dollar General - Justice	MJ Lowe Bequest
Cash and investments - beginning	\$ 334,894	\$ 931,151	\$ 63,540	\$ 198,487	\$ 377,769	\$ 29,960	\$ 709	\$ 6,300	\$ -	\$ 2,486
Receipts:										
Local sources	114,039	1,059,486	-	-	372	25,616	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	5,000	-
State sources	140,284	-	228,706	14,665	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	254,323	1,059,486	228,706	14,665	372	25,616	-	-	5,000	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	5,000	-
Support services	291,904	-	-	-	-	27,067	-	-	-	486
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	6,300	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,010,528	-	-	-	-	-	-	-	-
Total disbursements	291,904	1,010,528	-	-	-	27,067	-	6,300	5,000	486
Excess (deficiency) of receipts over disbursements	(37,581)	48,958	228,706	14,665	372	(1,451)	-	(6,300)	-	(486)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(228,706)	-	(377,769)	-	-	-	-	-
Total other financing sources (uses)	-	-	(228,706)	-	(377,769)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,581)	48,958	-	14,665	(377,397)	(1,451)	-	(6,300)	-	(486)
Cash and investments - ending	\$ 297,313	\$ 980,109	\$ 63,540	\$ 213,152	\$ 372	\$ 28,509	\$ 709	\$ -	\$ -	\$ 2,000

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Maurice Andrea - McCulloch	Attendance	Mary Clark Hanley Awards	Dee Fagar Memorial	Anthony Swain Grant	Miscellaneous Scholarships	Charles Math Scholar	Glen Allen Memorial	Dick Looten Scholarship
Cash and investments - beginning	\$ 766	\$ 2,111	\$ 510	\$ 440	\$ 105	\$ -	\$ 42,125	\$ 18	\$ 7,888
Receipts:									
Local sources	-	-	3,215	4	-	1,750	366	-	68
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	3,215	4	-	1,750	366	-	68
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	3,215	-	-	750	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,215	-	-	750	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	4	-	1,000	366	-	68
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	4	-	1,000	366	-	68
Cash and investments - ending	\$ 766	\$ 2,111	\$ 510	\$ 444	\$ 105	\$ 1,000	\$ 42,491	\$ 18	\$ 7,956

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Seybold Scholarship	Mark Longenecker Scholarship	26th Street Singers Scholarship	Friends of Asherwood Project	Insurance Claims Payments - McCulloch	Miscellaneous Mini Grants	Indiana State License Practical Nurses	Early Childhood Education	Wal-Mart Grant
Cash and investments - beginning	\$ 456	\$ 5,450	\$ 36	\$ 6,422	\$ 3,531	\$ 15,886	\$ 2,238	\$ 299	\$ 306
Receipts:									
Local sources	8	48	-	252	-	-	-	-	-
Intermediate sources	-	-	-	-	-	3,441	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>8</u>	<u>48</u>	<u>-</u>	<u>252</u>	<u>-</u>	<u>3,441</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	2,671	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	7,380	500	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,051</u>	<u>500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8</u>	<u>48</u>	<u>-</u>	<u>252</u>	<u>-</u>	<u>(6,610)</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
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>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8</u>	<u>48</u>	<u>-</u>	<u>252</u>	<u>-</u>	<u>(6,610)</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 464</u>	<u>\$ 5,498</u>	<u>\$ 36</u>	<u>\$ 6,674</u>	<u>\$ 3,531</u>	<u>\$ 9,276</u>	<u>\$ 1,738</u>	<u>\$ 299</u>	<u>\$ 306</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Dolgencorp Gray Construction Tucker	High Ability 2010	High Ability 2009	High Ability 2008	High Ability 2007	Medicaid Reimbursement	Non-English Speaking 2006	Non-English Speaking 2010	Non-English Speaking 2007
Cash and investments - beginning	\$ 1,795	\$ -	\$ 3,090	\$ 1,536	\$ 93	\$ 1,252	\$ 2,728	\$ -	\$ 3,824
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	46,179	-	-	-	-	-	21,768	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	46,179	-	-	-	-	-	21,768	-
Disbursements:									
Current:									
Instruction	-	46,179	3,090	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	15,156	3,699
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	46,179	3,090	-	-	-	-	15,156	3,699
Excess (deficiency) of receipts over disbursements	-	-	(3,090)	-	-	-	-	6,612	(3,699)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(125)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(125)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(3,090)	-	-	-	-	6,612	(3,824)
Cash and investments - ending	\$ 1,795	\$ -	\$ -	\$ 1,536	\$ 93	\$ 1,252	\$ 2,728	\$ 6,612	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking 2008	Career Majors/ Technology Planning Grant	Internet Access Technology	Vision Athena McCulloch	CAPE Grant Tucker	E-Rate Technology	Response to Intervention 2009	CAPE Lift ESL	CAPE Lift Pow-wow
Cash and investments - beginning	\$ (2,305)	\$ 157,234	\$ 5,557	\$ 1,452	\$ 2,230	\$ 236,614	\$ 781	\$ 7	\$ 3
Receipts:									
Local sources	-	80	-	-	-	1,576	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	103,366	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	80	-	-	-	104,942	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	781	-	-
Support services	-	-	4,140	-	-	665	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	33,143	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,140	-	-	33,808	781	-	-
Excess (deficiency) of receipts over disbursements	-	80	(4,140)	-	-	71,134	(781)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	82,576	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	82,576	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	80	(4,140)	-	-	153,710	(781)	-	-
Cash and investments - ending	\$ (2,305)	\$ 157,314	\$ 1,417	\$ 1,452	\$ 2,230	\$ 390,324	\$ -	\$ 7	\$ 3

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Safe Haven Time Away 2006	Safe Haven Time Away 2005	Title I School Improvement 2007 Slocum	Title I School Improvement 2008 Allen	Title I School Improvement 2008 Slocum	Title I 1003(g) Carryover - Allen	Title I 1003(g) Allen	Title I School Improvement 2007 Allen	Title I School Improvement 2009 Allen
Cash and investments - beginning	\$ 1,224	\$ 11,062	\$ 5,687	\$ 311,017	\$ -	\$ -	\$ -	\$ (26,394)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	8
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	155,999	50,000	-	88,175	-	203,894
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	155,999	50,000	-	88,175	-	203,902
Disbursements:									
Current:									
Instruction	-	-	-	71,209	20,217	153,961	2,113	-	46,473
Support services	-	-	-	36,522	29,783	115,218	-	-	92,572
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	107,731	50,000	269,179	2,113	-	139,045
Excess (deficiency) of receipts over disbursements	-	-	-	48,268	-	(269,179)	86,062	-	64,857
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	359,285	-	-	-
Transfers out	-	-	-	(359,285)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(359,285)	-	359,285	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(311,017)	-	90,106	86,062	-	64,857
Cash and investments - ending	\$ 1,224	\$ 11,062	\$ 5,687	\$ -	\$ -	\$ 90,106	\$ 86,062	\$ (26,394)	\$ 64,857

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I School Improvement 2009 Slocum	Title I Delinquent 2008	Title I Delinquent 2009	Title I Delinquent 2010	Title I Delinquent 2007	Title I School Improvement 2007 Southeast	Title I 09-2865	Title I 08-2865	Title I 07-2865
Cash and investments - beginning	\$ -	\$ (181)	\$ 33,410	\$ -	\$ (9,468)	\$ 20,707	\$ 840,789	\$ 25,195	\$ 240,403
Receipts:									
Local sources	12	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	180,000	-	11,401	143,328	-	-	410,166	(240,404)	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>180,012</u>	<u>-</u>	<u>11,401</u>	<u>143,328</u>	<u>-</u>	<u>-</u>	<u>410,166</u>	<u>(240,404)</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	72,974	-	31,074	46,256	-	-	429,344	(4,045)	-
Support services	20,751	-	4,059	46,410	-	-	251,037	-	-
Noninstructional services	-	-	-	-	-	-	11,803	(105)	-
Facilities acquisition and construction	-	-	-	12,339	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	991	-	-	-	40,174	-	-
Total disbursements	<u>93,725</u>	<u>-</u>	<u>36,124</u>	<u>105,005</u>	<u>-</u>	<u>-</u>	<u>732,358</u>	<u>(4,150)</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>86,287</u>	<u>-</u>	<u>(24,723)</u>	<u>38,323</u>	<u>-</u>	<u>-</u>	<u>(322,192)</u>	<u>(236,254)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	(8,647)	8,647	-	-	29,345	240,404	-
Transfers out	-	-	-	-	-	-	(547,942)	(29,345)	(240,403)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,647)</u>	<u>8,647</u>	<u>-</u>	<u>-</u>	<u>(518,597)</u>	<u>211,059</u>	<u>(240,403)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>86,287</u>	<u>-</u>	<u>(33,370)</u>	<u>46,970</u>	<u>-</u>	<u>-</u>	<u>(840,789)</u>	<u>(25,195)</u>	<u>(240,403)</u>
Cash and investments - ending	<u>\$ 86,287</u>	<u>\$ (181)</u>	<u>\$ 40</u>	<u>\$ 46,970</u>	<u>\$ (9,468)</u>	<u>\$ 20,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I 10-2865	Title I School Improvement 2008 Allen	Title V Innovative 07-2865	Title V Innovative 08-2865	Title V Innovative 02-2865	Title V Innovative 04-217	Title I Migrant FY07-08/RM-15	Title I Migrant FY00-07/RM22	Title I Migrant FY08-09/RM-9
Cash and investments - beginning	\$ -	\$ (153)	\$ 9,491	\$ -	\$ 19,298	\$ (50)	\$ (11,645)	\$ (12,600)	\$ 1,802
Receipts:									
Local sources	539	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	2,043,289	-	3,703	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,043,828</u>	-	<u>3,703</u>	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	1,002,299	-	-	-	-	-	-	-	1,802
Support services	331,486	-	12,265	11,665	-	-	-	-	-
Noninstructional services	52,401	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	929	1,725	-	-	-	-	-
Total disbursements	<u>1,386,186</u>	-	<u>13,194</u>	<u>13,390</u>	-	-	-	-	<u>1,802</u>
Excess (deficiency) of receipts over disbursements	<u>657,642</u>	-	<u>(9,491)</u>	<u>(13,390)</u>	-	-	-	-	<u>(1,802)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	547,942	-	-	25,000	-	-	-	-	-
Transfers out	-	-	-	(11,610)	-	-	-	-	-
Total other financing sources (uses)	<u>547,942</u>	-	-	<u>13,390</u>	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,205,584</u>	-	<u>(9,491)</u>	-	-	-	-	-	<u>(1,802)</u>
Cash and investments - ending	<u>\$ 1,205,584</u>	<u>\$ (153)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,298</u>	<u>\$ (50)</u>	<u>\$ (11,645)</u>	<u>\$ (12,600)</u>	<u>\$ -</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I C Migrant 9/10	Stewart McKinney 2008	Stewart McKinney 2009	Stewart McKinney 2007	IDEA 2008	IDEA 2006 C/O	IDEA 2009	IDEA 2010	Co-op Preschool Grant
Cash and investments - beginning	\$ -	\$ 1,037	\$ 43,000	\$ 2,785	\$ (308)	\$ 21,100	\$ 370,202	\$ -	\$ 56,137
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	65,052	-	-	-	-	-	109	1,193,815	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	65,052	-	-	-	-	-	109	1,193,815	-
Disbursements:									
Current:									
Instruction	104,827	-	-	-	-	-	220,505	737,916	-
Support services	-	1,527	11,882	-	(308)	-	149,806	199,916	56,137
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,888	-	-	-	-	-	-	-	-
Total disbursements	107,715	1,527	11,882	-	(308)	-	370,311	937,832	56,137
Excess (deficiency) of receipts over disbursements	(42,663)	(1,527)	(11,882)	-	308	-	(370,202)	255,983	(56,137)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	490	-	-	-	-	-	-	-
Transfers out	-	-	(14,859)	-	-	-	-	-	-
Total other financing sources (uses)	-	490	(14,859)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(42,663)	(1,037)	(26,741)	-	308	-	(370,202)	255,983	(56,137)
Cash and investments - ending	\$ (42,663)	\$ -	\$ 16,259	\$ 2,785	\$ -	\$ 21,100	\$ -	\$ 255,983	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Special Education Preschool 2009	IDEA Preschool 2010	Adult Education Outreach 09-8128	Title II Adult Basic Education Outreach 2010	Title III Adult Basic Education 2008	Title II Adult Education 09-8021	Title II Adult Basic Education 2010	Title III Adult Basic Education 2007	Drug-Free Schools 2009
Cash and investments - beginning	\$ (43,037)	\$ -	\$ 3,718	\$ -	\$ (77)	\$ 8,175	\$ -	\$ (20,518)	\$ 15,316
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	55,227	-	-	-	-	-	-	-
Federal sources	-	-	-	26,822	-	-	95,835	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	55,227	-	26,822	-	-	95,835	-	-
Disbursements:									
Current:									
Instruction	-	-	-	2,305	-	3,397	46,517	-	957
Support services	-	24,130	3,718	10,081	-	213	12,839	-	24,941
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	(43,037)	-	-	-	-	-	-	-	-
Total disbursements	(43,037)	24,130	3,718	12,386	-	3,610	59,356	-	25,898
Excess (deficiency) of receipts over disbursements	43,037	31,097	(3,718)	14,436	-	(3,610)	36,479	-	(25,898)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	15,872
Transfers out	-	-	-	-	-	(4,565)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(4,565)	-	-	15,872
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,037	31,097	(3,718)	14,436	-	(8,175)	36,479	-	(10,026)
Cash and investments - ending	\$ -	\$ 31,097	\$ -	\$ 14,436	\$ (77)	\$ -	\$ 36,479	\$ (20,518)	\$ 5,290

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Drug-Free Schools 2008	Drug-Free Schools 2007	Drug-Free Schools 2006	Drug-Free Schools 2010	Drug-Free Schools 2005	Carl Perkins 2009	Carl Perkins 2010	Head Start 2008	Head Start 2006
Cash and investments - beginning	\$ 15,033	\$ 38,137	\$ 18,959	\$ -	\$ 11,070	\$ 56,443	\$ -	\$ (89)	\$ (116,924)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	(71,162)	162,267	-	-
Federal sources	5,664	(5,664)	-	-	-	53,831	-	1,151	104,359
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	5,664	(5,664)	-	-	-	(17,331)	162,267	1,151	104,359
Disbursements:									
Current:									
Instruction	4,131	-	-	-	-	35,860	30,264	(89)	-
Support services	10,649	-	-	928	-	3,252	135,311	-	-
Noninstructional services	-	-	-	908	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,373	-	-	-	-	-	-	-	-
Total disbursements	16,153	-	-	1,836	-	39,112	165,575	(89)	-
Excess (deficiency) of receipts over disbursements	(10,489)	(5,664)	-	(1,836)	-	(56,443)	(3,308)	1,240	104,359
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	1,120	5,664	-	-	-	-	-	-	-
Transfers out	(5,664)	(16,992)	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,544)	(11,328)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,033)	(16,992)	-	(1,836)	-	(56,443)	(3,308)	1,240	104,359
Cash and investments - ending	\$ -	\$ 21,145	\$ 18,959	\$ (1,836)	\$ 11,070	\$ -	\$ (3,308)	\$ 1,151	\$ (12,565)

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Head Start T and TA 2006	Head Start 2007	Head Start T and TA 2007	Medicaid Reimbursement Federal	Pell Grant	Head Start 2009	Head Start T and TA 2009	Head Start CDA Training 2009	Head Start ARRA Technology
Cash and investments - beginning	\$ 4,234	\$ (122,954)	\$ -	\$ 165,179	\$ (364)	\$ (251,544)	\$ (4,925)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	133,981	15,602	12,647	128,624	707,981	10,485	1,996	26,180
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	133,981	15,602	12,647	128,624	707,981	10,485	1,996	26,180
Disbursements:									
Current:									
Instruction	-	-	-	22,581	-	301,922	5,560	1,996	-
Support services	-	-	-	1,172	-	148,350	-	-	-
Noninstructional services	-	-	-	-	-	6,258	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	26,180
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	128,474	-	-	-	-
Total disbursements	-	-	-	23,753	128,474	456,530	5,560	1,996	26,180
Excess (deficiency) of receipts over disbursements	-	133,981	15,602	(11,106)	150	251,451	4,925	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(2,372)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(2,372)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	133,981	15,602	(13,478)	150	251,451	4,925	-	-
Cash and investments - ending	\$ 4,234	\$ 11,027	\$ 15,602	\$ 151,701	\$ (214)	\$ (93)	\$ -	\$ -	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Head Start ARRA Supplemental	Head Start 2010	Head Start T and TA 2010	Improving Teacher Quality 2006	Enhancing Education Through Technology 2006	Improving Teacher Quality 2008	Improving Teacher Quality 2009	Improving Teacher Quality 2005	Title III Language Instruction 2010
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (71,652)	\$ 277	\$ 75,136	\$ 241,700	\$ 209,416	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	774	317,360	5,260	-	-	375,827	-	-	18,591
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>774</u>	<u>317,360</u>	<u>5,260</u>	<u>-</u>	<u>-</u>	<u>375,827</u>	<u>-</u>	<u>-</u>	<u>18,591</u>
Disbursements:									
Current:									
Instruction	24,070	289,966	8,193	-	-	117,835	139,556	-	-
Support services	16,585	162,704	-	-	-	74,736	80,576	-	915
Noninstructional services	-	8,503	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	21,568	-	372
Total disbursements	<u>40,655</u>	<u>461,173</u>	<u>8,193</u>	<u>-</u>	<u>-</u>	<u>192,571</u>	<u>241,700</u>	<u>-</u>	<u>1,287</u>
Excess (deficiency) of receipts over disbursements	<u>(39,881)</u>	<u>(143,813)</u>	<u>(2,933)</u>	<u>-</u>	<u>-</u>	<u>183,256</u>	<u>(241,700)</u>	<u>-</u>	<u>17,304</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	11,611	-	-	-
Transfers out	-	-	-	-	-	(25,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,389)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(39,881)</u>	<u>(143,813)</u>	<u>(2,933)</u>	<u>-</u>	<u>-</u>	<u>169,867</u>	<u>(241,700)</u>	<u>-</u>	<u>17,304</u>
Cash and investments - ending	<u>\$ (39,881)</u>	<u>\$ (143,813)</u>	<u>\$ (2,933)</u>	<u>\$ (71,652)</u>	<u>\$ 277</u>	<u>\$ 245,003</u>	<u>\$ -</u>	<u>\$ 209,416</u>	<u>\$ 17,304</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title III Language Instruction 2009	Title III Language Instruction 2008	Fiscal Stabilization - Education (Stimulus)	Title I ARRA (Stimulus) 9/10	Special Education ARRA (Stimulus) 10/11	Special Education Preschool ARRA (Stimulus) 10/11	McKinney - Vento ARRA (Stimulus)	Title I Part D ARRA (Stimulus) 9/10	Totals
Cash and investments - beginning	\$ 8,858	\$ (500)	\$ 2,839,726	\$ -	\$ (502)	\$ -	\$ -	\$ -	\$ 17,226,147
Receipts:									
Local sources	-	-	-	67	204	16	9	-	15,627,030
Intermediate sources	-	-	-	-	-	-	-	-	8,441
State sources	-	-	-	-	830,250	-	-	-	36,270,857
Federal sources	-	-	903,922	477,005	-	35,346	73,299	40,000	9,474,113
Temporary loans	-	-	-	-	-	-	-	-	1,168,918
Other	-	-	-	-	-	-	-	-	44,450
Total receipts	-	-	903,922	477,072	830,454	35,362	73,308	40,000	62,593,809
Disbursements:									
Current:									
Instruction	-	-	1,805,694	123,939	292,756	5,566	-	28,815	24,365,911
Support services	8,858	-	1,808,059	343,555	108,218	-	14,859	31,430	18,924,442
Noninstructional services	-	-	69,460	-	-	-	-	-	2,343,507
Facilities acquisition and construction	-	-	60,435	-	125,527	-	-	-	2,210,977
Debt services	-	-	-	-	-	-	-	-	5,340,404
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,459,023
Total disbursements	8,858	-	3,743,648	467,494	526,501	5,566	14,859	60,245	54,644,264
Excess (deficiency) of receipts over disbursements	(8,858)	-	(2,839,726)	9,578	303,953	29,796	58,449	(20,245)	7,949,545
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	110,902
Transfers in	-	-	-	-	-	-	14,859	-	3,704,805
Transfers out	-	-	-	-	-	-	-	-	(3,704,805)
Total other financing sources (uses)	-	-	-	-	-	-	14,859	-	110,902
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,858)	-	(2,839,726)	9,578	303,953	29,796	73,308	(20,245)	8,060,447
Cash and investments - ending	\$ -	\$ (500)	\$ -	\$ 9,578	\$ 303,451	\$ 29,796	\$ 73,308	\$ (20,245)	\$ 25,286,594

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Food Service	Textbook Rental	Self- Insurance
Cash and investments - beginning	\$ 11,978,200	\$ 1,977,901	\$ 475,236	\$ 3,574,963	\$ 1,055,536	\$ 194,753	\$ 1,073,074	\$ 297,313	\$ 980,109
Receipts:									
Local sources	820,209	1,048,210	1,404,764	4,749,255	2,102,487	68,783	339,049	154,784	4,854
Intermediate sources	604	-	-	-	-	-	-	-	-
State sources	33,090,754	6,250	4,462	14,152	7,446	-	10,571	128,162	-
Federal sources	-	-	-	-	-	-	1,494,274	-	-
Other	-	-	-	8,011	135	-	5,028	-	-
Total receipts	<u>33,911,567</u>	<u>1,054,460</u>	<u>1,409,226</u>	<u>4,771,418</u>	<u>2,110,068</u>	<u>68,783</u>	<u>1,848,922</u>	<u>282,946</u>	<u>4,854</u>
Disbursements:									
Current:									
Instruction	19,734,095	-	-	-	-	-	-	-	-
Support services	10,015,052	-	-	2,528,225	1,996,313	-	139,846	306,527	-
Noninstructional services	463,575	-	-	-	-	-	1,621,550	-	-
Facilities acquisition and construction	343,238	-	-	2,243,301	-	-	-	-	-
Debt services	-	1,988,987	1,758,007	-	368,188	-	-	-	-
Nonprogrammed charges	375,618	-	-	-	-	-	-	-	-
Total disbursements	<u>30,931,578</u>	<u>1,988,987</u>	<u>1,758,007</u>	<u>4,771,526</u>	<u>2,364,501</u>	<u>-</u>	<u>1,761,396</u>	<u>306,527</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,979,989</u>	<u>(934,527)</u>	<u>(348,781)</u>	<u>(108)</u>	<u>(254,433)</u>	<u>68,783</u>	<u>87,526</u>	<u>(23,581)</u>	<u>4,854</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	72,109	-	-	500	-	-
Transfers in	358,146	-	-	-	146,077	-	-	-	-
Transfers out	(130,656)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>227,490</u>	<u>-</u>	<u>-</u>	<u>72,109</u>	<u>146,077</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,207,479</u>	<u>(934,527)</u>	<u>(348,781)</u>	<u>72,001</u>	<u>(108,356)</u>	<u>68,783</u>	<u>88,026</u>	<u>(23,581)</u>	<u>4,854</u>
Cash and investments - ending	<u>\$ 15,185,679</u>	<u>\$ 1,043,374</u>	<u>\$ 126,455</u>	<u>\$ 3,646,964</u>	<u>\$ 947,180</u>	<u>\$ 263,536</u>	<u>\$ 1,161,100</u>	<u>\$ 273,732</u>	<u>\$ 984,963</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Levy Excess	Alternative Education	Local Retirement	In and Out Account	Central Indiana Ethanol	Grant County Food Service Donation	MJ Lowe Bequest	Maurice Andrea - McCulloch	Attendance
Cash and investments - beginning	\$ 63,540	\$ 213,152	\$ 372	\$ 28,509	\$ -	\$ 709	\$ 2,000	\$ 766	\$ 2,111
Receipts:									
Local sources	57,677	-	1	44,045	20,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	21,010	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>57,677</u>	<u>21,010</u>	<u>1</u>	<u>44,045</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	108,053	-	-	-	-	-	-	-
Support services	-	22,438	-	58,491	-	-	478	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,750	-	-	-	-	-
Total disbursements	<u>-</u>	<u>130,491</u>	<u>-</u>	<u>60,241</u>	<u>-</u>	<u>-</u>	<u>478</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>57,677</u>	<u>(109,481)</u>	<u>1</u>	<u>(16,196)</u>	<u>20,000</u>	<u>-</u>	<u>(478)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(57,677)</u>	<u>-</u>	<u>(373)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(57,677)</u>	<u>-</u>	<u>(373)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(109,481)</u>	<u>(372)</u>	<u>(16,196)</u>	<u>20,000</u>	<u>-</u>	<u>(478)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 63,540</u>	<u>\$ 103,671</u>	<u>\$ -</u>	<u>\$ 12,313</u>	<u>\$ 20,000</u>	<u>\$ 709</u>	<u>\$ 1,522</u>	<u>\$ 766</u>	<u>\$ 2,111</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Mary Clark Hanley Awards	Dee Fagar Memorial	Anthony Swain Grant	Miscellaneous Scholarships	Charles Math Scholar	Glen Allen Memorial	Dick Looten Scholarship	Seybold Scholarship	Mark Longenecker Scholarship
Cash and investments - beginning	\$ 510	\$ 444	\$ 105	\$ 1,000	\$ 42,491	\$ 18	\$ 7,956	\$ 464	\$ 5,498
Receipts:									
Local sources	3,225	2	-	-	206	-	39	3	27
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,225</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>-</u>	<u>39</u>	<u>3</u>	<u>27</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	3,225	-	-	1,000	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	125	-	-	2,000	-	400	425	250
Total disbursements	<u>3,225</u>	<u>125</u>	<u>-</u>	<u>1,000</u>	<u>2,000</u>	<u>-</u>	<u>400</u>	<u>425</u>	<u>250</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(123)</u>	<u>-</u>	<u>(1,000)</u>	<u>(1,794)</u>	<u>-</u>	<u>(361)</u>	<u>(422)</u>	<u>(223)</u>
Other financing sources (uses):									
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>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(123)</u>	<u>-</u>	<u>(1,000)</u>	<u>(1,794)</u>	<u>-</u>	<u>(361)</u>	<u>(422)</u>	<u>(223)</u>
Cash and investments - ending	<u>\$ 510</u>	<u>\$ 321</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 40,697</u>	<u>\$ 18</u>	<u>\$ 7,595</u>	<u>\$ 42</u>	<u>\$ 5,275</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	26th Street Singers Scholarship	Friends of Asherwood Project	Insurance Claims Payments - McCulloch	Miscellaneous Mini Grants	Indiana State License Practical Nurses	Early Childhood Education	Wal-Mart Grant	Dolgencorp Gray Construction Tucker	High Ability 2011
Cash and investments - beginning	\$ 36	\$ 6,674	\$ 3,531	\$ 9,276	\$ 1,738	\$ 299	\$ 306	\$ 1,795	\$ -
Receipts:									
Local sources	-	216	-	-	-	-	-	-	-
Intermediate sources	-	-	-	4,379	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	45,485
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	216	-	4,379	-	-	-	-	45,485
Disbursements:									
Current:									
Instruction	-	-	-	3,357	-	-	-	-	3,400
Support services	-	-	-	-	-	-	-	-	588
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	70	1,000	-	-	-	-
Total disbursements	-	-	-	3,427	1,000	-	-	-	3,988
Excess (deficiency) of receipts over disbursements	-	216	-	952	(1,000)	-	-	-	41,497
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(36)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(36)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36)	216	-	952	(1,000)	-	-	-	41,497
Cash and investments - ending	\$ -	\$ 6,890	\$ 3,531	\$ 10,228	\$ 738	\$ 299	\$ 306	\$ 1,795	\$ 41,497

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	High Ability 2008	High Ability 2007	Medicaid Reimbursement	Non-English Speaking 2006	Non-English Speaking 2010	Non-English Speaking 2011	State Connectivity	Non-English Speaking 2008	Career Majors/ Technology Planning Grant
Cash and investments - beginning	\$ 1,536	\$ 93	\$ 1,252	\$ 2,728	\$ 6,612	\$ -	\$ -	\$ (2,305)	\$ 157,314
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	17,463	2,343	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	17,463	2,343	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	14,752	-	-	-
Support services	-	-	-	-	6,612	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	156,234
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	6,612	14,752	-	-	156,234
Excess (deficiency) of receipts over disbursements	-	-	-	-	(6,612)	2,711	2,343	-	(156,234)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	93	-	-	-	-	-	-	2,305	-
Transfers out	(1,629)	(93)	(1,252)	(2,728)	-	-	-	-	(1,080)
Total other financing sources (uses)	(1,536)	(93)	(1,252)	(2,728)	-	-	-	2,305	(1,080)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,536)	(93)	(1,252)	(2,728)	(6,612)	2,711	2,343	2,305	(157,314)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,711	\$ 2,343	\$ -	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Internet Access Technology	Vision Athena McCulloch	CAPE Grant Tucker	E-Rate Technology	CAPE Lift ESL	CAPE Lift Pow-wow	Safe Haven Time Away 2006	Safe Haven Time Away 2005	Title I School Improvement 2007 Slocum
Cash and investments - beginning	\$ 1,417	\$ 1,452	\$ 2,230	\$ 390,324	\$ 7	\$ 3	\$ 1,224	\$ 11,062	\$ 5,687
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	781	-	-	-	-	-
Federal sources	-	-	-	102,421	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	103,202	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	1,417	-	-	41,403	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	8,843	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,417	-	-	50,246	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(1,417)	-	-	52,956	-	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(1,452)	(2,230)	-	(7)	(3)	(1,224)	(11,062)	(5,687)
Total other financing sources (uses)	-	(1,452)	(2,230)	-	(7)	(3)	(1,224)	(11,062)	(5,687)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,417)	(1,452)	(2,230)	52,956	(7)	(3)	(1,224)	(11,062)	(5,687)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 443,280	\$ -	\$ -	\$ -	\$ -	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I 1003(g) Carryover - Allen	Title I 1003(g) Allen	Title I School Improvement 2007 Allen	Title I School Improvement 2009 Allen	Title I School Improvement 2009 Slocum	Title I School Improvement 2010 Allen	Title I School Improvement 2010 Slocum	Title I Delinquent 2008	Title I Delinquent 2009
Cash and investments - beginning	\$ 90,106	\$ 86,062	\$ (26,394)	\$ 64,857	\$ 86,287	\$ -	\$ -	\$ (181)	\$ 40
Receipts:									
Local sources	-	-	-	(10)	(13)	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	10,600	-	20,000	20,001	400,376	369,717	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	10,600	-	19,990	19,988	400,376	369,717	-	-
Disbursements:									
Current:									
Instruction	162	59,613	-	(23,072)	(35,838)	243,528	268,171	-	-
Support services	89,944	37,049	-	104,422	138,683	299,924	213,119	-	-
Noninstructional services	-	-	-	-	-	501	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	3,497	3,430	-	-	-	-
Total disbursements	90,106	96,662	-	84,847	106,275	543,953	481,290	-	-
Excess (deficiency) of receipts over disbursements	(90,106)	(86,062)	-	(64,857)	(86,287)	(143,577)	(111,573)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	26,394	-	-	-	-	181	-
Transfers out	-	-	-	-	-	-	-	-	(40)
Total other financing sources (uses)	-	-	26,394	-	-	-	-	181	(40)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(90,106)	(86,062)	26,394	(64,857)	(86,287)	(143,577)	(111,573)	181	(40)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (143,577)	\$ (111,573)	\$ -	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I Delinquent 2010	Title I Delinquent 2011	Title I Delinquent 2007	Title I School Improvement 2007 Southeast	Title I 10-2865	Title I 11-2865	Title I School Improvement 2008 Allen	Title V Innovative 02-2865	Title V Innovative 04-217
Cash and investments - beginning	\$ 46,970	\$ -	\$ (9,468)	\$ 20,707	\$ 1,205,584	\$ -	\$ (153)	\$ 19,298	\$ (50)
Receipts:									
Local sources	-	-	-	-	(540)	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	14,499	109,405	-	-	107,928	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>14,499</u>	<u>109,405</u>	<u>-</u>	<u>-</u>	<u>107,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	23,344	44,100	-	-	236,934	1,121,157	-	-	-
Support services	9,348	111,422	-	-	291,557	373,507	-	-	-
Noninstructional services	-	-	-	-	3,964	26,239	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,818	-	-	-	47,991	-	-	-	-
Total disbursements	<u>35,510</u>	<u>155,522</u>	<u>-</u>	<u>-</u>	<u>580,446</u>	<u>1,520,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(21,011)</u>	<u>(46,117)</u>	<u>-</u>	<u>-</u>	<u>(473,058)</u>	<u>(1,520,903)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	40	25,999	9,468	-	-	732,530	153	-	50
Transfers out	(25,999)	-	-	(20,707)	(732,526)	(88,400)	-	(19,298)	-
Total other financing sources (uses)	<u>(25,959)</u>	<u>25,999</u>	<u>9,468</u>	<u>(20,707)</u>	<u>(732,526)</u>	<u>644,130</u>	<u>153</u>	<u>(19,298)</u>	<u>50</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(46,970)</u>	<u>(20,118)</u>	<u>9,468</u>	<u>(20,707)</u>	<u>(1,205,584)</u>	<u>(876,773)</u>	<u>153</u>	<u>(19,298)</u>	<u>50</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (20,118)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (876,773)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I Migrant FY07-08/RM-15	Title I Migrant FY00-07/RM22	Title I C Migrant 10/11	Title I C Migrant 9/10	Stewart McKinney 2009	Stewart McKinney 2007	IDEA 2006 C/O	IDEA 2011	IDEA 2010
Cash and investments - beginning	\$ (11,645)	\$ (12,600)	\$ -	\$ (42,663)	\$ 16,259	\$ 2,785	\$ 21,100	\$ -	\$ 255,983
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	54,926	31,743	-	-	-	563,145	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	54,926	31,743	-	-	-	563,145	-
Disbursements:									
Current:									
Instruction	-	-	62,829	(10,920)	-	-	-	517,253	122,764
Support services	-	-	1,489	-	-	-	-	216,897	133,219
Noninstructional services	-	-	313	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	64,631	(10,920)	-	-	-	734,150	255,983
Excess (deficiency) of receipts over disbursements	-	-	(9,705)	42,663	-	-	-	(171,005)	(255,983)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	11,645	12,600	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(16,259)	(2,785)	(21,100)	-	-
Total other financing sources (uses)	11,645	12,600	-	-	(16,259)	(2,785)	(21,100)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,645	12,600	(9,705)	42,663	(16,259)	(2,785)	(21,100)	(171,005)	(255,983)
Cash and investments - ending	\$ -	\$ -	\$ (9,705)	\$ -	\$ -	\$ -	\$ -	\$ (171,005)	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Special Education Preschool 2009	IDEA Preschool 2010	Title II Adult Basic Education Outreach 2010	Title III Adult Basic Education 2008	Title II Adult Basic Education 2010	Title II Adult Basic Education 2011	Title III Adult Basic Education 2007	Drug-Free Schools 2009	Drug-Free Schools 2007
Cash and investments - beginning	\$ -	\$ 31,097	\$ 14,436	\$ (77)	\$ 36,479	\$ -	\$ (20,518)	\$ 5,290	\$ 21,145
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	26,905	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	97,764	-	1,859	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>26,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,764</u>	<u>-</u>	<u>1,859</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	2,814	74,204	-	1,280	-
Support services	45,700	31,097	14,436	-	33,665	6,840	-	16,191	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,031	-
Total disbursements	<u>45,700</u>	<u>31,097</u>	<u>14,436</u>	<u>-</u>	<u>36,479</u>	<u>81,044</u>	<u>-</u>	<u>18,502</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(18,795)</u>	<u>(31,097)</u>	<u>(14,436)</u>	<u>-</u>	<u>(36,479)</u>	<u>16,720</u>	<u>-</u>	<u>(16,643)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	77	-	-	20,518	10,200	-
Transfers out	-	-	-	-	-	-	-	-	(21,145)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>20,518</u>	<u>10,200</u>	<u>(21,145)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(18,795)</u>	<u>(31,097)</u>	<u>(14,436)</u>	<u>77</u>	<u>(36,479)</u>	<u>16,720</u>	<u>20,518</u>	<u>(6,443)</u>	<u>(21,145)</u>
Cash and investments - ending	<u>\$ (18,795)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,720</u>	<u>\$ -</u>	<u>\$ (1,153)</u>	<u>\$ -</u>

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Drug-Free Schools 2006	Drug-Free Schools 2010	Drug-Free Schools 2005	Carl Perkins 2011	Carl Perkins 2012	Carl Perkins 2010	Head Start 2008	Head Start 2006	Head Start T and TA 2006
Cash and investments - beginning	\$ 18,959	\$ (1,836)	\$ 11,070	\$ -	\$ -	\$ (3,308)	\$ 1,151	\$ (12,565)	\$ 4,234
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	54,089	-	-	-
Federal sources	-	-	-	131,891	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	131,891	-	54,089	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	51,240	-	8,114	-	-	-
Support services	-	(928)	-	87,707	6	42,667	-	-	-
Noninstructional services	-	(908)	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	9,566	-	-	-	-	-
Total disbursements	-	(1,836)	-	148,513	6	50,781	-	-	-
Excess (deficiency) of receipts over disbursements	-	1,836	-	(16,622)	(6)	3,308	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	12,565	-
Transfers out	(18,959)	-	(11,070)	-	-	-	(1,151)	-	(4,234)
Total other financing sources (uses)	(18,959)	-	(11,070)	-	-	-	(1,151)	12,565	(4,234)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,959)	1,836	(11,070)	(16,622)	(6)	3,308	(1,151)	12,565	(4,234)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (16,622)	\$ (6)	\$ -	\$ -	\$ -	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Head Start 2007	Head Start T and TA 2007	Medicaid Reimbursement Federal	Pell Grant	Head Start 2009	Head Start T and TA 2009	Head Start CDA Training 2009	Head Start ARRA Supplemental
Cash and investments - beginning	\$ 11,027	\$ 15,602	\$ 151,701	\$ (214)	\$ (93)	\$ -	\$ -	\$ (39,881)
Receipts:								
Local sources	-	-	332	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	26,789	289,597	-	2,933	1,996	61,957
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	27,121	289,597	-	2,933	1,996	61,957
Disbursements:								
Current:								
Instruction	-	-	3,311	-	(38)	-	-	17,963
Support services	-	-	14,941	-	-	-	-	4,113
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	289,597	-	-	-	-
Total disbursements	-	-	18,252	289,597	(38)	-	-	22,076
Excess (deficiency) of receipts over disbursements	-	-	8,869	-	38	2,933	1,996	39,881
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	1,151	-	1,252	214	1,293	-	-	-
Transfers out	(12,178)	(15,602)	-	-	(1,238)	(2,933)	-	-
Total other financing sources (uses)	(11,027)	(15,602)	1,252	214	55	(2,933)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,027)	(15,602)	10,121	214	93	-	1,996	39,881
Cash and investments - ending	\$ -	\$ -	\$ 161,822	\$ -	\$ -	\$ -	\$ 1,996	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Head Start 2010	Head Start T and TA 2010	Head Start 2011	Head Start T and TA 2011	Improving Teacher Quality 2006	Enhancing Education Through Technology 2006	Improving Teacher Quality 2008	Title II Improving Teacher Quality 10/12
Cash and investments - beginning	\$ (143,813)	\$ (2,933)	\$ -	\$ -	\$ (71,652)	\$ 277	\$ 245,003	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	682,572	11,186	397,729	5,290	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	682,572	11,186	397,729	5,290	-	-	-	-
Disbursements:								
Current:								
Instruction	373,219	11,186	295,053	-	-	-	16,634	99,967
Support services	160,007	-	171,905	6,691	-	-	207,962	35,052
Noninstructional services	5,533	-	93,030	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	20,864	-
Total disbursements	538,759	11,186	559,988	6,691	-	-	245,460	135,019
Excess (deficiency) of receipts over disbursements	143,813	-	(162,259)	(1,401)	-	-	(245,460)	(135,019)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	2,933	-	-	71,652	-	10,200	-
Transfers out	-	-	-	-	-	-	(10,200)	-
Total other financing sources (uses)	-	2,933	-	-	71,652	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	143,813	2,933	(162,259)	(1,401)	71,652	-	(245,460)	(135,019)
Cash and investments - ending	\$ -	\$ -	\$ (162,259)	\$ (1,401)	\$ -	\$ 277	\$ (457)	\$ (135,019)

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title II Improving Teacher Quality 9/11	Title II 8 Step Improving Teacher Quality 10/11	Improving Teacher Quality 2005	Title III Language Instruction 2010	Title III Language Instruction 2011	Title III Language Instruction 2008	TAP Grant	Title I ARRA (Stimulus) 9/10
Cash and investments - beginning	\$ -	\$ -	\$ 209,416	\$ 17,304	\$ -	\$ (500)	\$ -	\$ 9,578
Receipts:								
Local sources	-	-	-	-	-	-	-	(64)
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	50,000	-	1,484	13,956	-	40,239	526,985
Other	-	-	-	-	-	-	-	-
Total receipts	-	50,000	-	1,484	13,956	-	40,239	526,921
Disbursements:								
Current:								
Instruction	-	-	-	-	14,752	-	-	19,987
Support services	156,003	50,000	-	18,788	-	-	40,196	105,294
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	25,453
Total disbursements	156,003	50,000	-	18,788	14,752	-	40,196	150,734
Excess (deficiency) of receipts over disbursements	(156,003)	-	-	(17,304)	(796)	-	43	376,187
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	500	-	-
Transfers out	(10,200)	-	(209,416)	-	-	-	-	(385,765)
Total other financing sources (uses)	(10,200)	-	(209,416)	-	-	500	-	(385,765)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(166,203)	-	(209,416)	(17,304)	(796)	500	43	(9,578)
Cash and investments - ending	\$ (166,203)	\$ -	\$ -	\$ -	\$ (796)	\$ -	\$ 43	\$ -

MARION COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I ARRA (Stimulus) 10/11	Special Education ARRA (Stimulus) 10/11	Special Education Preschool ARRA (Stimulus) 10/11	McKinney - Vento ARRA (Stimulus)	Title I Part D ARRA (Stimulus) 9/10	Title I Part D ARRA (Stimulus) 10/11	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ 303,451	\$ 29,796	\$ 73,308	\$ (20,245)	\$ -	\$ -	\$ 25,286,594
Receipts:								
Local sources	-	(204)	(16)	(9)	-	-	-	10,817,312
Intermediate sources	-	-	-	-	-	-	-	4,983
State sources	-	91,424	-	-	-	-	-	33,521,297
Federal sources	-	-	-	-	-	-	271,239	5,914,501
Other	-	-	-	-	-	-	-	13,174
Total receipts	-	91,220	(16)	(9)	-	-	271,239	50,271,267
Disbursements:								
Current:								
Instruction	2,154	231,950	7,514	-	-	27,065	241,634	23,993,685
Support services	656,718	122,381	1,487	7,774	-	570	29,605	19,204,838
Noninstructional services	18,112	-	-	-	-	-	-	2,236,134
Facilities acquisition and construction	-	90,279	-	-	-	-	-	2,841,895
Debt services	-	-	-	-	-	-	-	4,115,182
Nonprogrammed charges	-	-	-	-	1,598	-	-	787,483
Total disbursements	676,984	444,610	9,001	7,774	1,598	27,635	271,239	53,179,217
Excess (deficiency) of receipts over disbursements	(676,984)	(353,390)	(9,017)	(7,783)	(1,598)	(27,635)	-	(2,907,950)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	72,609
Transfers in	336,290	-	-	16,259	49,478	27,635	-	1,887,898
Transfers out	-	-	-	(11,862)	(27,635)	-	-	(1,887,891)
Total other financing sources (uses)	336,290	-	-	4,397	21,843	27,635	-	72,616
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(340,694)	(353,390)	(9,017)	(3,386)	20,245	-	-	(2,835,334)
Cash and investments - ending	\$ (340,694)	\$ (49,939)	\$ 20,779	\$ 69,922	\$ -	\$ -	\$ -	\$ 22,451,260

MARION COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

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>Ending Balance</u>
Capital assets, not being depreciated:	
Land	\$ 327,308
Buildings	34,737,299
Improvements other than buildings	27,297,415
Machinery and equipment	<u>6,536,995</u>
 Total capital assets not being depreciated	 <u><u>\$ 68,899,017</u></u>

MARION COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Marion High School (2003)	\$ 14,570,000	\$ 1,305,000	Debt Service
Marion High School (2007)	1,135,000	353,500	Debt Service
Notes and loans payable:			
Common School Fund	192,040	97,700	Debt Service
Energy Savings	93,500	93,500	General
Bonds payable:			
General obligation bonds:			
2004 Pension Retirement	<u>12,045,000</u>	<u>643,282</u>	Retirement/Severance Bond Debt Service
Total debt	<u>\$ 28,035,540</u>	<u>\$ 2,492,982</u>	

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS - NEGATIVE TRANSACTIONS

Correcting transactions were recorded as "negative" receipts and disbursements. A similar comment appeared in prior Report B35938.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

CERTIFIED REPORT NOT FILED

The School Corporation did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or equivalent) with the State Board of Accounts for the year 2009. This same report for the year 2010 was not filed with the State Board of Accounts until June 7, 2011. A similar comment appeared in prior Report B35938.

Indiana Code 5-11-13-1 states in part:

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

BOOK FAIR RECEIPTS NOT DEPOSITED (Applies to Riverview Elementary School)

During March 2011, Riverview Elementary School held a book fair. The vendor, Scholastic Book Fairs, sent an invoice dated October 4, 2011, in the amount of \$1,883 to Riverview Elementary School for orders placed. There was no money receipted or deposited into the accounts of Riverview Elementary School from the book fair, and Riverview Elementary School was unable to pay Scholastic Book Fairs. On October 7, 2011, the Riverview Elementary School Extra-Curricular Treasurer was terminated and part of her wages were garnished and used to pay the balance due to Scholastic Book Fairs.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay. . . ."

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE (Applies to Justice Intermediate School)

In the fall of 2010, Justice Intermediate School held a fundraiser. The students took orders for the various items being sold, but did not collect any money at that time. After the sales period, the merchandise was delivered to the school. The students were then given the merchandise to deliver and were to collect and remit the money for the items sold. On June 17, 2011, the Justice Intermediate School Extra-Curricular Treasurer prepared a list of students who had sold and delivered merchandise, but had not remitted the money for the items sold. This list contained the names of 39 students and totaled \$6,963.

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

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)

CONDITION OF RECORDS (Applies to McCulloch Middle School)

The following deficiencies were noted in the financial records presented for the 2009-2010 and 2010-2011 school years:

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

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

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

Indiana Code 20-41-1-4(b) states in part:

". . . Funds may not be transferred from the accounts of any organization, class, or activity except by a majority vote of its members, if any, and by the approval of the principal, sponsor, and treasurer of the organization, class, or activity. . . ."

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

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

NONUSE OF FORM (Applies to McCulloch Middle School)

The Extra-Curricular Account Treasurer used Form SA-7, Claim for Payment, to support and document the disbursements made from June 13, 2009 to December 31, 2009. However, the SA-7's were incomplete and lacked authorization signatures. Beginning January 2010 through the end of the audit period, the Extra-Curricular Treasurer discontinued using the Form SA-7.

The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used; for example, purchases from delivery salesmen, services of officials at athletic events, etc.

Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

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

PRESCRIBED FORM (Applies to Tucker Career and Technology Center)

Form SA-7, Claim for Payment, was not always used. For disbursements selected for testing, Form SA-7 was not used properly. Some disbursements were supported by Form 523, Accounts Payable Voucher, which is a School Corporation form and not an Extra-Curricular form. None of the claims tested had an authorized signature of approval.

The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used; for example, purchases from delivery salesmen, services of officials at athletic events, etc.

Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

MARION COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

MALFEASANCE, MISFEASANCE, OR NONFEASANCE (Applies to Marion High School)

From the information presented for audit, gate receipts from the home varsity football game held on September 11, 2009, were not completely remitted by the athletic director. A receipt was issued on April 9, 2010, for \$1,000 of gate receipts collected from the sale of 200 tickets sold, at \$5 each, based upon the Ticket Count Sheet filed for that game. A review of subsequent Ticket Count Sheets filed indicates there were 501 actual tickets sold for the September 11, 2009 football game. Gate receipts of \$2,505 should have been remitted. Bennett M. Summersett, High School Athletic Director, was requested to reimburse Marion High School \$1,505.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Bennett M. Summersett, High School Athletic Director, reimbursed Marion High School \$1,505 on December 19, 2011. (See Summary, page 76)

ECA DEPOSITS (Applies to Marion High School)

Athletic event receipts were not always deposited within a reasonable time. The gate receipts reported (\$1,000) from the September 11, 2009 varsity football game were not remitted by the athletic department to the Extra-Curricular Treasurer until April 8, 2010, then deposited on April 9, 2010. The gate receipts (\$245) from the September 14, 2010 boys' soccer game were not remitted by the athletic department to the Extra-Curricular Treasurer until March 30, 2011, then deposited on March 31, 2011.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay. . . ."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the compliance of the Marion Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2, 2011-3, and 2011-4.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2, 2011-3, and 2011-4 to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

January 4, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

MARION COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY 09-10	\$ 324,347	\$ -
		FY 10-11	-	301,959
			<u>324,347</u>	<u>301,959</u>
Total for program				
			<u>324,347</u>	<u>301,959</u>
National School Lunch Program				
	10.555			
		FY 09-10	1,289,305	-
		FY 10-11	-	1,271,595
			<u>1,289,305</u>	<u>1,271,595</u>
Total for program				
			<u>1,289,305</u>	<u>1,271,595</u>
Summer Food Service Program for Children				
	10.559			
		FY 10-11	-	18,092
			<u>-</u>	<u>18,092</u>
Total for cluster				
			<u>1,613,652</u>	<u>1,591,646</u>
Fresh Fruit and Vegetable Program				
	10.582			
		FY 10-11	-	20,926
			<u>-</u>	<u>20,926</u>
Total for federal grantor agency				
			<u>1,613,652</u>	<u>1,612,572</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		08-2865	107,732	-
		09-2865	50,000	-
		09-2865	269,179	90,106
		09-2865	36,122	-
		09-2865	732,357	-
		10-2865	2,113	96,662
		10-2865	105,005	35,510
		10-2865	1,386,186	580,445
		11-2865	-	1,609,303
			<u>-</u>	<u>1,609,303</u>
Total for program				
			<u>2,688,694</u>	<u>2,412,026</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		10-2865	232,770	191,122
		10-2865	467,491	150,732
		10-2865	60,245	1,598
		11-2865	-	1,025,243
		11-2865	-	155,522
		11-2865	-	676,982
		11-2865	-	27,635
			<u>-</u>	<u>27,635</u>
Total for program				
			<u>760,506</u>	<u>2,228,834</u>
Total for cluster				
			<u>3,449,200</u>	<u>4,640,860</u>
Pass-Through Mississinewa Community School Corporation				
Special Education Cluster				
Special Education - Grants to States				
	84.027			
		14209-021-PN01	370,307	-
		14210-021-PN01	970,832	222,984
		14211-021-PN01	-	734,150
			<u>-</u>	<u>734,150</u>
Total for program				
			<u>1,341,139</u>	<u>957,134</u>

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

MARION COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Mississinewa Community School Corporation (continued)				
Special Education Cluster (continued)				
Special Education - Preschool Grants	84.173			
		45709-021-PN01	56,137	-
		45710-021-PN01	24,130	31,098
		45711-021-PN01	-	45,700
Total for program			<u>80,267</u>	<u>76,798</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391			
		33310-021-SN01	<u>526,497</u>	<u>444,610</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392			
		44410-021-SN01	<u>5,566</u>	<u>9,001</u>
Total for cluster			<u>1,953,469</u>	<u>1,487,543</u>
Direct Grant				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063			
		FY 2009	128,474	-
		FY 2010	-	289,597
Total for cluster			<u>128,474</u>	<u>289,597</u>
Pass-Through Indiana Department of Education				
Education of Homeless Children and Youth Cluster				
Education of Homeless Children and Youth	84.196			
		FY 08	1,037	-
		FY 09	<u>26,741</u>	<u>16,259</u>
Total for program			<u>27,778</u>	<u>16,259</u>
ARRA - Education of Homeless Children and Youth, Recovery Act	84.387			
		FY 10-11	-	3,386
Total for cluster			<u>27,778</u>	<u>19,645</u>
Teacher Incentive Fund Cluster				
ARRA - Teacher Incentive Fund, Recovery Act	84.385			
		S374A100020	-	40,196
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394			
		FY 09-10	<u>3,743,644</u>	-
Adult Education - Basic Grants to States	84.002			
		FY 2009-8021	3,610	-
		FY 2010-8021	59,356	4,778
		FY 09-8128	3,718	-
		FY 10-8121	12,386	1,904
Pass-Through Fort Wayne Community Schools				
Adult Education - Basic Grants to States	84.002			
		FY 2011-8021	-	60,783
Pass-Through Partners for Workforce Solutions				
Adult Education - Basic Grants to States	84.002			
		FY 2011-8021	-	20,261
Total for program			<u>79,070</u>	<u>87,726</u>

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

MARION COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Migrant Education - State Grant Program	84.011			
		FY08-09/RM-9	1,802	-
		FY09-10/SY-15	107,715	-
		38210-008-PN01	-	64,631
Total for program			<u>109,517</u>	<u>64,631</u>
Career and Technical Education - Basic Grants to States	84.048			
		09-4700-2865	39,112	-
		10-4700-2865	165,575	50,781
		11-4700-2865	-	148,513
Total for program			<u>204,687</u>	<u>199,294</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		2865-06	14,483	-
		07-2865	16,153	-
		08-2865	13,251	12,273
Total for program			<u>43,887</u>	<u>12,273</u>
State Grants for Innovative Programs	84.298			
		07-2865	13,194	-
		08-2865	13,390	-
Total for program			<u>26,584</u>	<u>-</u>
English Language Acquisition Grants	84.365			
		FY 08-09	8,858	-
		FY 09-10	1,286	16,994
		FY 10-11	-	14,752
Total for program			<u>10,144</u>	<u>31,746</u>
Improving Teacher Quality State Grants	84.367			
		07-2865	241,700	-
		08-2865	192,570	80,696
		09-2865	-	156,003
		10-2865	-	135,019
		A58-1-11DL-025	-	50,000
Total for program			<u>434,270</u>	<u>421,718</u>
ARRA - Education Jobs Fund, Recovery Act	84.410			
		FY 10-11	-	271,236
Total for federal grantor agency			<u>10,210,724</u>	<u>7,566,465</u>

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

MARION COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Grant				
Head Start Cluster				
Head Start	93.600			
		05CH-4199-44	484,706	-
		05CH-4199-44-T&TA	5,560	-
		05CH-4199-45	461,173	538,759
		05CH-4199-45-T&TA	8,193	11,186
		05CH-4199-46	-	559,988
		05CH-4199-46-T&TA	-	6,691
			<u>959,632</u>	<u>1,116,624</u>
Total for program				
ARRA - Head Start, Recovery Act	93.708			
		05SE-4199-01	39,880	22,077
Total for federal grantor agency			<u>999,512</u>	<u>1,138,701</u>
Total federal awards expended			<u>\$ 12,823,888</u>	<u>\$ 10,317,738</u>

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

MARION COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Marion Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Year Ended June 30, 2010	Year Ended June 30, 2011
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 30,116	\$ 22,157
National School Lunch Program	10.555	<u>121,293</u>	<u>96,140</u>
Totals for cluster		<u>\$ 151,409</u>	<u>\$ 118,297</u>

MARION COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.367	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster State Fiscal Stabilization Fund Cluster Improving Teacher Quality State Grants Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$694,249

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

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

1. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements. Specifically, biannual (Form 9) financial reports submitted to the Indiana Department of Education contained amounts reported as "negative" receipts and disbursements. These negative amounts represented corrections of previous posting errors. Had effective internal controls been in place, oversight of financial recording would have corrected these negative amounts prior to financial report issuance.
2. **Monitoring of Controls:** Effective internal control over financial reporting requires administration to monitor and assess the quality of the School Corporation's system of internal control. Specifically, an inadequate report submission notification system was in place resulting in the late filing of a required financial report. The failure to exercise oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner.

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

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-2 - MATERIAL WEAKNESS OVER REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 08-2865
Pass-Through Entity: Indiana Department of Education

The Final Report of Expenditures for the Improving Teacher Quality State Grants 08-2865, due December 31, 2010, was not approved and filed until June 27, 2011, approximately 6 months late.

34 CFR 80.41(b)(4) states in part: "Due date . . . Final reports will be due 90 days after the expiration or termination of grant support."

Failure to file timely financial reports restricts the availability and usefulness of the reports.

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

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

FINDING 2011-3 - MATERIAL WEAKNESS OVER PERIOD OF AVAILABILITY

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 08-2865
Pass-Through Entity: Indiana Department of Education

Our review of the expenditure of grant funds indicated two instances of noncompliance with period of availability requirements. The first instance noted was for the purchase of professional development on-demand digital streaming service for eight schools. The purchase order was dated November 29, 2010, and purchased from grant funds that must be spent or encumbered by September 30, 2010. The second instance noted was for technology service fringe benefits for October of 2010 through May of 2011. The fringe benefits were paid from grant funds for personal services performed after September 30, 2010, the date where all funds must be spent or encumbered.

34 CFR 80.23(b) states in part:

"Liquidation of obligation. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). . . ."

The Final Report of Expenditures provided by the Indiana Department of Education indicates the grant funds must be spent or obligated by the end of the grant period, or September 30th of each grant year. 34 CFR section 76.707 defines an obligation as when the travel is taken, service is received, or the sub-recipient makes a binding written commitment to acquire the property.

The grant expenditures noted above as obligated outside of applicable periods of availability are inappropriate expenditures for the grants and total \$18,804. Funds not obligated within the period of availability should have been returned to the grantor.

We recommended the School Corporation develop procedures to insure grant funds are only disbursed for obligations within the appropriate period of availability. All purchasing individuals should be made aware of each grant's period of availability and definition of obligation.

FINDING 2011-4 - MATERIAL WEAKNESS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: ARRA - Title I Grants to Local Educational Agencies, Recovery Act
CFDA Number: 84.389
Federal Award Number: 10-2865
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 08-2865
Pass-Through Entity: Indiana Department of Education

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

Amounts received by the School Corporation for these grants were drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the ARRA - Title I grant exceeded the amount allowable based on estimated future requirements for 7 months during the fiscal year ended June 30, 2010. The cash balance of the Improving Teacher Quality State Grant exceeded the amount allowable in each of the 15 months during the grant period. The cash balance of the Title I grant at November 30, 2010, as reported on the fund report was \$316,454, which was approximately 22 percent of the total grant award. This balance was then subsequently carried-over to the 11-2865 grant during December of 2010. The cash balance of the Improving Teacher Quality State Grant at December 31, 2010, as reported on the fund report was \$124,648, which was approximately 28 percent of the total grant awarded during the audit period. When the final report of Expenditures was completed on June 27, 2011, \$164,764 was refunded to the Indiana Department of Education. Cash drawdown requests were not revised to ensure there would not be excess cash on hand.

34 CFR 80.20(b)(7) states:

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

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

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
July 1, 2007 through June 30, 2009**

Finding 2009-2

Material Weakness over Reporting

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

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

Deficiencies in recording transactions and reporting were discussed, and expectations were clarified after July 1, 2010. There have also been personnel changes that we expect to have positive affects in these areas of concern.

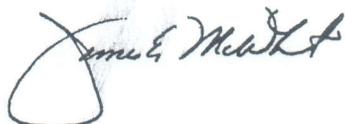
Finding 2009-3

Material Weakness over Cash Management

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

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

Deficiencies in the condition of records and internal controls over transactions and deficiencies in recording transactions and reporting were discussed, and expectations were clarified after July 1, 2010. There have also been personnel changes that we expect to have positive affects in these areas of concern.

A handwritten signature in black ink, appearing to read "James E. McWhirt". The signature is stylized with a large, looping initial "J" and "M".

James E. McWhirt
Treasurer

January 4, 2012



CORRECTIVE ACTION PLAN
July 1, 2009 through June 30, 2011

Finding 2011-1

Internal Controls over Financial Transactions and Reporting

Finding 2011-2

Material Weakness over Reporting

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 08-2865
Pass-Through Entity: Indiana Department of Education

Finding 2011-3

Material Weakness over Period of Availability

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 08-2865
Pass-Through Entity: Indiana Department of Education

Finding 2011-4

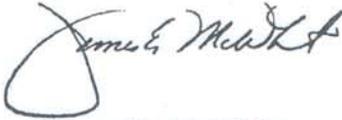
Material Weakness over Cash Management

Federal Agency: U.S. Department of Education
Federal Program: ARRA – Title I Grants to Local Educational Agencies, Recovery Act
CFDA Number: 84.389
Federal Award Number: 10-2865
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number: 08-2865
Pass-Through Entity: Indiana Department of Education

Corrective Action Plan

Required procedures and expectations pertaining to cash management, recording transactions, and reporting transactions will be reiterated and reviewed with applicable personnel.

A handwritten signature in black ink, appearing to read "James E. McWhirt". The signature is stylized with a large, looping initial "J" and "M".

James E. McWhirt
Treasurer

January 4, 2012

MARION COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 4, 2012, with Patricia J. Nauman, former Treasurer; James E. McWhirt, Treasurer; Stephen L. Edwards, Superintendent of Schools; and Aaron W. Vermilion, President of the School Board. The officials concurred with our audit findings.

MARION COMMUNITY SCHOOLS
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Bennett M. Summersett, High School Athletic Director: Malfeasance, Misfeasance, or Nonfeasance, page 55: Paid December 19, 2011	\$ 1,505	\$ 1,505	\$ -