

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

RIVER FOREST COMMUNITY SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
02/16/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda McCormack	07-01-09 to 06-30-12
Superintendent of Schools	Dr. James H. Rice	07-01-09 to 06-30-12
President of the School Board	Richard Arnold H. Marshall Gilliana II	07-01-09 to 06-30-11 07-01-11 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the accompanying financial statement of the River Forest Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. The 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 statements are 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 December 9, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON 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 statements 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, and Cash and Investment Balances – Regulatory Basis 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, and Cash and Investment Balances – Regulatory Basis 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

December 9, 2011



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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 RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statement of the River Forest Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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.

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.

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

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.

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

December 9, 2011

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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RIVER FOREST COMMUNITY SCHOOL CORPORATION
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	\$ 626,548	\$ 11,483,609	\$ 10,788,995	\$ (572,508)	\$ 748,654	\$ 11,384,871	\$ 11,311,769	\$ -	\$ 821,756
Debt Service	131,010	199,196	-	-	330,206	1,849	29,709	-	302,346
Retirement/Severance Bond Debt Service	(5,670)	-	23,400	29,070	-	-	-	-	-
Exempt Debt	-	2,080,004	1,822,612	-	257,392	1,178,470	1,658,490	-	(222,628)
Exempt Retirement/Severance Bond Debt Service	-	67,875	23,083	(29,070)	15,722	25,872	45,171	-	(3,577)
Capital Projects	(338,359)	765,555	353,919	-	73,277	315,623	381,641	-	7,259
School Transportation	(39,202)	726,509	542,353	(117,000)	27,954	317,266	530,041	-	(184,821)
School Bus Replacement	(6,265)	63,940	-	-	57,675	84,452	43,428	-	98,699
Special Education Preschool	27,492	-	-	(27,492)	-	-	-	-	-
Rainy Day	20,395	-	-	717,000	737,395	-	24,865	-	712,530
Construction	-	-	-	-	-	-	274,524	274,524	-
Construction - Meister Complex	122,256	-	42,191	-	80,065	-	80,065	-	-
School Lunch	164,256	781,055	787,718	-	157,593	822,885	833,804	-	146,674
Textbook Rental	213,531	108,780	92,599	-	229,712	111,866	145,857	-	195,721
Self-Insurance	2,794,611	1,877,671	1,516,667	-	3,155,615	1,670,413	1,693,020	-	3,133,008
School Intervention and Career Counseling	-	-	-	-	-	107,575	107,575	-	-
Donations	6,487	3,673	562	-	9,598	4,406	1,827	-	12,177
Non-English Speaking Programs P.L. 273-1999	456	38,015	36,147	-	2,324	40,246	39,338	-	3,232
School Technology	-	-	-	-	-	1,315	-	-	1,315
Miscellaneous Programs	5,373	31,885	13,656	-	23,602	31,334	36,369	-	18,567
English II Grant	5,496	-	-	-	5,496	-	-	-	5,496
NIPSCO Environmental Challenge	1,224	-	-	-	1,224	1,844	3,068	-	-
Property Tax Replacement Credit	-	-	-	-	-	14,407	-	-	14,407
Title I	43,838	-	43,838	-	-	344,000	337,815	(6,185)	-
Title I 2009/2010	-	737,306	645,385	-	91,921	3	24,128	(67,796)	-
Title I 2010/2011	-	-	-	-	-	210,904	280,031	73,981	4,854
Innovative Education Program Strategies Title V (Part A)	2,829	1,104	-	-	3,933	-	3,933	-	-
Drug Free Schools	5,927	10,574	8,220	-	8,281	-	7,864	-	417
Improving Teaching Quality, No Child Left, Title II, Part A	2,983	95,018	98,001	-	-	91,833	91,468	-	365
Title III, Language Instruction	-	42,120	22,606	-	19,514	21,654	41,500	-	(332)
Fiscal Stabilization - Education	618,356	305,569	923,925	-	-	-	-	-	-
Title I - Grants to LEAs	-	135,840	117,398	-	18,442	66,852	89,145	-	(3,851)
Special Education - Part B	-	-	-	-	-	176,169	176,169	-	-
School Lunch Equipment	-	8,000	8,000	-	-	-	-	-	-
Clearing	64,099	2,622,434	2,604,804	-	81,729	2,602,521	2,602,985	-	81,265
Prepaid Food	490	119,930	113,934	-	6,486	111,338	116,704	-	1,120
Fringe Benefit Clearing	-	19,043	19,043	-	-	20,039	20,039	-	-
Totals	\$ 4,468,161	\$ 22,324,705	\$ 20,649,056	\$ -	\$ 6,143,810	\$ 19,760,007	\$ 21,032,342	\$ 274,524	\$ 5,145,999

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
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.

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.

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.

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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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.

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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 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	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 626,548	\$ 131,010	\$ (5,670)	\$ -	\$ -	\$ (338,359)	\$ (39,202)	\$ (6,265)	\$ 27,492	\$ 20,395
Receipts:										
Local sources	155,546	199,196	-	2,080,004	67,875	765,555	726,509	63,940	-	-
Intermediate sources	275,858	-	-	-	-	-	-	-	-	-
State sources	11,043,017	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	9,188	-	-	-	-	-	-	-	-	-
Total receipts	11,483,609	199,196	-	2,080,004	67,875	765,555	726,509	63,940	-	-
Disbursements:										
Current:										
Instruction	5,256,273	-	-	-	-	-	-	-	-	-
Support services	4,473,172	-	-	-	-	152,027	542,353	-	-	-
Noninstructional services	332,791	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	201,892	-	-	-	-
Debt services	-	-	23,400	1,822,612	23,083	-	-	-	-	-
Nonprogrammed charges	726,759	-	-	-	-	-	-	-	-	-
Total disbursements	10,788,995	-	23,400	1,822,612	23,083	353,919	542,353	-	-	-
Excess (deficiency) of receipts over disbursements	694,614	199,196	(23,400)	257,392	44,792	411,636	184,156	63,940	-	-
Other financing sources (uses):										
Transfers in	27,492	-	29,070	-	-	-	-	-	-	717,000
Transfers out	(600,000)	-	-	-	(29,070)	-	(117,000)	-	(27,492)	-
Total other financing sources (uses)	(572,508)	-	29,070	-	(29,070)	-	(117,000)	-	(27,492)	717,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	122,106	199,196	5,670	257,392	15,722	411,636	67,156	63,940	(27,492)	717,000
Cash and investments - ending	\$ 748,654	\$ 330,206	\$ -	\$ 257,392	\$ 15,722	\$ 73,277	\$ 27,954	\$ 57,675	\$ -	\$ 737,395

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

	Construction - Meister Complex	School Lunch	Textbook Rental	Self- Insurance	School Intervention and Career Counseling	Donations	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs
Cash and investments - beginning	\$ 122,256	\$ 164,256	\$ 213,531	\$ 2,794,611	\$ -	\$ 6,487	\$ 456	\$ -	\$ 5,373
Receipts:									
Local sources	-	112,588	30,351	1,877,671	-	3,673	-	-	75
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	3,050	78,429	-	-	-	38,015	-	31,810
Federal sources	-	665,417	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	781,055	108,780	1,877,671	-	3,673	38,015	-	31,885
Disbursements:									
Current:									
Instruction	-	-	-	6,692	-	300	32,257	-	13,656
Support services	-	-	92,599	22,167	-	262	3,890	-	-
Noninstructional services	-	787,718	-	320	-	-	-	-	-
Facilities acquisition and construction	42,191	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,487,488	-	-	-	-	-
Total disbursements	42,191	787,718	92,599	1,516,667	-	562	36,147	-	13,656
Excess (deficiency) of receipts over disbursements	(42,191)	(6,663)	16,181	361,004	-	3,111	1,868	-	18,229
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(42,191)	(6,663)	16,181	361,004	-	3,111	1,868	-	18,229
Cash and investments - ending	\$ 80,065	\$ 157,593	\$ 229,712	\$ 3,155,615	\$ -	\$ 9,598	\$ 2,324	\$ -	\$ 23,602

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

	English II Grant	NIPSCO Environmental Challenge	Property Tax Replacement Credit	Title I	Title I 2009/2010	Title I 2010/2011	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ 5,496	\$ 1,224	\$ -	\$ 43,838	\$ -	\$ -	\$ 2,829	\$ 5,927	\$ 2,983
Receipts:									
Local sources	-	-	-	-	14,738	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	722,568	-	1,104	10,574	95,018
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	737,306	-	1,104	10,574	95,018
Disbursements:									
Current:									
Instruction	-	-	-	40,942	595,894	-	-	8,220	98,001
Support services	-	-	-	330	46,269	-	-	-	-
Noninstructional services	-	-	-	2,566	3,222	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	43,838	645,385	-	-	8,220	98,001
Excess (deficiency) of receipts over disbursements	-	-	-	(43,838)	91,921	-	1,104	2,354	(2,983)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(43,838)	91,921	-	1,104	2,354	(2,983)
Cash and investments - ending	\$ 5,496	\$ 1,224	\$ -	\$ -	\$ 91,921	\$ -	\$ 3,933	\$ 8,281	\$ -

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 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	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	School Lunch Equipment	Clearing	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ -	\$ 618,356	\$ -	\$ -	\$ -	\$ 64,099	\$ 490	\$ -	\$ 4,468,161
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,097,721
Intermediate sources	-	-	-	-	-	-	-	-	275,858
State sources	-	-	-	-	-	-	-	-	11,194,321
Federal sources	42,120	305,569	135,840	-	8,000	-	-	-	1,986,210
Other	-	-	-	-	-	2,622,434	119,930	19,043	2,770,595
Total receipts	42,120	305,569	135,840	-	8,000	2,622,434	119,930	19,043	22,324,705
Disbursements:									
Current:									
Instruction	-	499,964	77,309	-	-	-	-	-	6,629,508
Support services	22,606	193,384	40,089	-	-	-	-	-	5,589,148
Noninstructional services	-	1,292	-	-	8,000	-	-	-	1,135,909
Facilities acquisition and construction	-	-	-	-	-	-	-	-	244,083
Debt services	-	-	-	-	-	-	-	-	1,869,095
Nonprogrammed charges	-	229,285	-	-	-	2,604,804	113,934	19,043	5,181,313
Total disbursements	22,606	923,925	117,398	-	8,000	2,604,804	113,934	19,043	20,649,056
Excess (deficiency) of receipts over disbursements	19,514	(618,356)	18,442	-	-	17,630	5,996	-	1,675,649
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	773,562
Transfers out	-	-	-	-	-	-	-	-	(773,562)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,514	(618,356)	18,442	-	-	17,630	5,996	-	1,675,649
Cash and investments - ending	\$ 19,514	\$ -	\$ 18,442	\$ -	\$ -	\$ 81,729	\$ 6,486	\$ -	\$ 6,143,810

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 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	Exempt Debt	Exempt Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 748,654	\$ 330,206	\$ -	\$ 257,392	\$ 15,722	\$ 73,277	\$ 27,954	\$ 57,675	\$ -	\$ 737,395
Receipts:										
Local sources	109,405	1,849	-	1,116,132	25,872	315,623	317,266	84,452	-	-
Intermediate sources	170,394	-	-	-	-	-	-	-	-	-
State sources	11,102,823	-	-	62,338	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	2,249	-	-	-	-	-	-	-	-	-
Total receipts	<u>11,384,871</u>	<u>1,849</u>	<u>-</u>	<u>1,178,470</u>	<u>25,872</u>	<u>315,623</u>	<u>317,266</u>	<u>84,452</u>	<u>-</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	5,770,111	-	-	-	-	-	-	-	-	-
Support services	4,562,111	8,855	-	-	-	326,240	511,831	43,428	-	24,865
Noninstructional services	328,221	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	55,401	18,210	-	-	-
Debt services	-	20,854	-	1,658,490	45,171	-	-	-	-	-
Nonprogrammed charges	651,326	-	-	-	-	-	-	-	-	-
Total disbursements	<u>11,311,769</u>	<u>29,709</u>	<u>-</u>	<u>1,658,490</u>	<u>45,171</u>	<u>381,641</u>	<u>530,041</u>	<u>43,428</u>	<u>-</u>	<u>24,865</u>
Excess (deficiency) of receipts over disbursements	<u>73,102</u>	<u>(27,860)</u>	<u>-</u>	<u>(480,020)</u>	<u>(19,299)</u>	<u>(66,018)</u>	<u>(212,775)</u>	<u>41,024</u>	<u>-</u>	<u>(24,865)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>73,102</u>	<u>(27,860)</u>	<u>-</u>	<u>(480,020)</u>	<u>(19,299)</u>	<u>(66,018)</u>	<u>(212,775)</u>	<u>41,024</u>	<u>-</u>	<u>(24,865)</u>
Cash and investments - ending	<u>\$ 821,756</u>	<u>\$ 302,346</u>	<u>\$ -</u>	<u>\$ (222,628)</u>	<u>\$ (3,577)</u>	<u>\$ 7,259</u>	<u>\$ (184,821)</u>	<u>\$ 98,699</u>	<u>\$ -</u>	<u>\$ 712,530</u>

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

	Construction	Construction - Meister Complex	School Lunch	Textbook Rental	Self- Insurance	School Intervention and Career Counseling	Donations	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 80,065	\$ 157,593	\$ 229,712	\$ 3,155,615	\$ -	\$ 9,598	\$ 2,324	\$ -	\$ 23,602
Receipts:										
Local sources	-	-	115,654	34,822	1,670,413	-	4,406	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	2,843	77,044	-	-	-	40,246	1,315	31,334
Federal sources	-	-	704,388	-	-	107,575	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	822,885	111,866	1,670,413	107,575	4,406	40,246	1,315	31,334
Disbursements:										
Current:										
Instruction	-	-	-	-	4,008	107,575	1,632	39,338	-	36,369
Support services	-	-	5,500	145,857	24,720	-	195	-	-	-
Noninstructional services	-	-	828,304	-	192	-	-	-	-	-
Facilities acquisition and construction	274,524	80,065	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,664,100	-	-	-	-	-
Total disbursements	274,524	80,065	833,804	145,857	1,693,020	107,575	1,827	39,338	-	36,369
Excess (deficiency) of receipts over disbursements	(274,524)	(80,065)	(10,919)	(33,991)	(22,607)	-	2,579	908	1,315	(5,035)
Other financing sources (uses):										
Proceeds of long-term debt	274,524	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	274,524	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(80,065)	(10,919)	(33,991)	(22,607)	-	2,579	908	1,315	(5,035)
Cash and investments - ending	\$ -	\$ -	\$ 146,674	\$ 195,721	\$ 3,133,008	\$ -	\$ 12,177	\$ 3,232	\$ 1,315	\$ 18,567

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

	English II Grant	NIPSCO Environmental Challenge	Property Tax Replacement Credit	Title I	Title I 2009/2010	Title I 2010/2011	Innovative Education Program Strategies Title V (Part A)	Drug Free Schools	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ 5,496	\$ 1,224	\$ -	\$ -	\$ 91,921	\$ -	\$ 3,933	\$ 8,281	\$ -
Receipts:									
Local sources	-	1,844	14,407	-	3	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	344,000	-	210,904	-	-	91,833
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,844	14,407	344,000	3	210,904	-	-	91,833
Disbursements:									
Current:									
Instruction	-	-	-	310,018	21,441	257,072	-	7,864	91,468
Support services	-	3,068	-	27,797	2,687	22,959	3,933	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,068	-	337,815	24,128	280,031	3,933	7,864	91,468
Excess (deficiency) of receipts over disbursements	-	(1,224)	14,407	6,185	(24,125)	(69,127)	(3,933)	(7,864)	365
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	73,981	-	-	-
Transfers out	-	-	-	(6,185)	(67,796)	-	-	-	-
Total other financing sources (uses)	-	-	-	(6,185)	(67,796)	73,981	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,224)	14,407	-	(91,921)	4,854	(3,933)	(7,864)	365
Cash and investments - ending	\$ 5,496	\$ -	\$ 14,407	\$ -	\$ -	\$ 4,854	\$ -	\$ 417	\$ 365

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 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 III, Language Instruction	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	School Lunch Equipment	Clearing	Prepaid Food	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ 19,514	\$ -	\$ 18,442	\$ -	\$ -	\$ 81,729	\$ 6,486	\$ -	\$ 6,143,810
Receipts:									
Local sources	-	-	2	-	-	-	-	-	3,812,150
Intermediate sources	-	-	-	-	-	-	-	-	170,394
State sources	-	-	-	-	-	-	-	-	11,317,943
Federal sources	21,654	-	66,850	176,169	-	-	-	-	1,723,373
Other	-	-	-	-	-	2,602,521	111,338	20,039	2,736,147
Total receipts	<u>21,654</u>	<u>-</u>	<u>66,852</u>	<u>176,169</u>	<u>-</u>	<u>2,602,521</u>	<u>111,338</u>	<u>20,039</u>	<u>19,760,007</u>
Disbursements:									
Current:									
Instruction	-	-	48,115	-	-	-	-	-	6,695,011
Support services	41,368	-	41,030	-	-	-	-	-	5,796,444
Noninstructional services	132	-	-	-	-	-	-	-	1,156,849
Facilities acquisition and construction	-	-	-	-	-	-	-	-	428,200
Debt services	-	-	-	-	-	-	-	-	1,724,515
Nonprogrammed charges	-	-	-	176,169	-	2,602,985	116,704	20,039	5,231,323
Total disbursements	<u>41,500</u>	<u>-</u>	<u>89,145</u>	<u>176,169</u>	<u>-</u>	<u>2,602,985</u>	<u>116,704</u>	<u>20,039</u>	<u>21,032,342</u>
Excess (deficiency) of receipts over disbursements	<u>(19,846)</u>	<u>-</u>	<u>(22,293)</u>	<u>-</u>	<u>-</u>	<u>(464)</u>	<u>(5,366)</u>	<u>-</u>	<u>(1,272,335)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	274,524
Transfers in	-	-	-	-	-	-	-	-	73,981
Transfers out	-	-	-	-	-	-	-	-	(73,981)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,524</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(19,846)</u>	<u>-</u>	<u>(22,293)</u>	<u>-</u>	<u>-</u>	<u>(464)</u>	<u>(5,366)</u>	<u>-</u>	<u>(997,811)</u>
Cash and investments - ending	<u><u>\$ (332)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,851)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,265</u></u>	<u><u>\$ 1,120</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,145,999</u></u>

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RIVER FOREST COMMUNITY SCHOOL CORPORATION
 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:			
Energy savings	\$ 329,170	\$ 108,477	Capital Projects
Meister school building	785,000	102,000	Exempt Debt
Notes and loans payable:			
Common School Loans	15,212,390	1,460,113	Debt Service/Exempt Debt
Veteran's Loans	546,252	46,424	Exempt Debt
Vehicle Loan	6,447	6,666	General Fund
Bonds payable:			
General obligation bond:			
Pension bonds	<u>270,000</u>	<u>43,783</u>	Exempt Retirement/Severance Bond Debt Service
Total debt	<u>\$ 17,149,259</u>	<u>\$ 1,767,463</u>	

RIVER FOREST COMMUNITY SCHOOL CORPORATION
OTHER REPORT

The audit report presented herein was prepared in addition to the other official report prepared for the individual School Corporation office listed below:

Meister Elementary School

RIVER FOREST COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CREDIT CARDS

Some disbursements reviewed for approximately \$500 in meal expenses did not contain adequate detailed supporting documentation. Therefore, we were not able to determine if the expenses were allowable per the School Corporation's policies.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed: . . . (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSFER TUITION

The School Corporation is not charging the transfer tuition fee as calculated using Form 515 (Transfer Tuition Statement). Instead, the School Corporation is charging a predetermined amount for the transfer students who are not children or grandchildren of employees. This amount is approved by the School Board.

Indiana Code 20-26-11-6 states in part:

"(b) A transfer may be accepted regardless of whether, as a condition of the transfer, the transferee school requires the requesting parents or student to pay transfer tuition in an amount determined under the formula established in section 13 of this chapter for the payment of transfer tuition by a transferor school corporation. However, if the transferee school elects to charge transfer tuition, the transferee school may not offset the amounts described in section 13(b) STEP TWO (B) through section 13(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student.

(c) When the transferee school elects to charge tuition to the requesting parents or student, the tuition determined under subsection (b) must be paid by the parents or the student before the end of the school year in installments as determined by the transferee corporation. . . ."

RECEIPT COMPOSITION (River Forest Elementary School)

Receipts are not consistently noted as to whether cash or checks have been received. Therefore, we were unable to determine if receipts were deposited intact.

Indiana Code 5-13-6-1(c) states in part: ". . . Public funds deposited under this subsection shall be deposited in the same form in which they were received."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the River Forest Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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 are the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 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 item Finding Number 2011-1.

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

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)

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.

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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the finding 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

December 9, 2011

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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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 150,497	\$ 156,215
National School Lunch Program	10.555		521,511	552,458
Summer Food Service Program for Children	10.559		<u>26,981</u>	<u>37,352</u>
Total for cluster			<u>698,989</u>	<u>746,025</u>
Child and Adult Care Food Program	10.558		<u>9,760</u>	<u>7,411</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579		<u>8,000</u>	<u>-</u>
Total for federal grantor agency			<u>716,749</u>	<u>753,436</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-4590	43,838	-
		10-4590	630,644	24,128
		11-4590	<u>-</u>	<u>622,700</u>
Total for program			<u>674,482</u>	<u>646,828</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>117,398</u>	<u>85,293</u>
Total for cluster			<u>791,880</u>	<u>732,121</u>
Special Education Cluster				
ARRA - Special Education - Grants to States, Recovery Act	84.391		<u>-</u>	<u>176,168</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>923,924</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	08-4590	4,505	2,708
		09-4590	<u>-</u>	<u>5,154</u>
Total for program			<u>4,505</u>	<u>7,862</u>
English Language Acquisition Grants	84.365	09-10	22,606	19,514
		10-11	<u>-</u>	<u>21,654</u>
Total for program			<u>22,606</u>	<u>41,168</u>
Improving Teacher Quality State Grants	84.367	09-4590	94,818	-
		10-4590	<u>-</u>	<u>91,468</u>
Total for program			<u>94,818</u>	<u>91,468</u>
Total for federal grantor agency			<u>1,837,733</u>	<u>1,048,787</u>
Total federal awards expended			<u>\$ 2,554,482</u>	<u>\$ 1,802,223</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
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 River Forest Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial 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	2010	2011
School Breakfast Program	10.553	\$ 9,722	\$ 10,812
National School Lunch Program	10.555	33,612	38,236

RIVER FOREST COMMUNITY SCHOOL CORPORATION
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?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-1 - INACCURATE REPORTING - SCHOOL LUNCH REPORTS

Federal Agency: U.S. Department of Agriculture
Pass-Through Entity: Indiana Department of Education
Federal Program: Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555, and 10.559

The Indiana Department of Education requires School Corporations to submit a monthly Claim for Reimbursement. The Claim shall include the number of free, reduced price and paid meals served to eligible students. This data should be supported by the school's records for the number of free, reduced price, and paid meals served to eligible students.

We reviewed the School Corporation's reimbursement claims for the school year ended June 30, 2011, and found that six of the Claim for Reimbursements did not agree with the school's records. Upon inquiry of the Food Service Director, we discovered that the Director was not consistent in what report she used to complete the Claim for Reimbursement. The first report, edit check report, calculates the children's meals by building enrollment and not the actual meals served. The second report, manager's summary report, calculated the children's meals by what location/building the meal was served. Using a combination of both reports resulted in the underreporting for six of the claims ranging from 2 meals to 88 meals.

The Food Service Director is now using one report to calculate the meal counts and is verifying these reports are in agreement with the Claim for Reimbursement.

7CFR 210.8 states in part:

"(c) Content of claim. The Claim for Reimbursement shall include data in sufficient detail to justify the reimbursement claimed and to enable the State agency to provide the Report of School Program Operations required under § 210.5(d) of this part. Such data shall include, at a minimum, the number of free, reduced price and paid lunches and meal supplements served to eligible children. The claim shall be signed by a school food authority official."

We recommended that school officials implement a system using the correct reports to complete the Claim for Reimbursements so that the correct amount of reimbursement is received by the School Corporation.

River Forest Community School Corporation
Financial Office
3250 Michigan Street
Hobart, IN 46342
219-962-2909

Brenda McCormack, Treasurer
Debbie Pavloff, Accts Payable / Payroll

(03/06)FORM 14a

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2009-3 Late Reporting School Lunch Reports

Original SBA Audit Report Number: B35881

Fiscal Year: July 1, 2007 to June 30, 2009

Auditee Contact Person: Brenda McCormack

Title Of Contact Person: Treasurer

Phone Number: 219-962-2909

Status of Finding:

A meeting was held with Carrie Nowacki, Food Service Director, and the Treasurer of the school Corporation, Brenda McCormack, after the last audit. Brenda McCormack requested that Carrie file her School Lunch Reimbursement report on line before the 10th of each month, and send a copy of the report to Brenda at the Central Office.

In the 24 month period of July 1, 2009 to June 30, 2011, Carrie filed her reports in a timely manner. In looking through my School Lunch records, there was one month that the claim was filed after the 10th of the month, (October, 2010) and Carrie had written a note on the reimbursement form that said she was unable to access the report to include the milk and snacks. There were also 3 months that I did not have a copy of her Reimbursement form in the school lunch folder, but I may have put the Reimbursement form with the School lunch receipts during those months.

Those months are: November 2009, March 2010 and June 2011.

**River Forest Community School Corporation
Financial Office
3250 Michigan Street
Hobart, IN 46342
219-962-2909**

Brenda McCormack, Treasurer
Debbie Pavloff, Accts Payable / Payroll

December 14, 2011

State Board of Accounts
302 W Washington St. Room E-418
Indianapolis, IN 46204

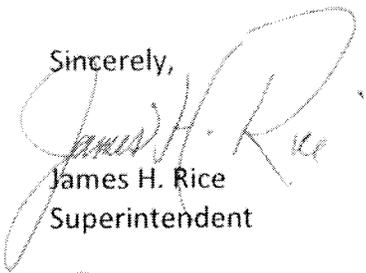
RE: Corrective Action Plan

Dear Sir:

In response to Finding Number 2011-1 Inaccurate Reporting – School Lunch Reports

The Food Service Director will use one report to calculate the meal counts and will attach that report to the Claim for Reimbursement that is sent over to the Corporation Treasurer each month.

Sincerely,



James H. Rice
Superintendent



Brenda McCormack
Treasurer

RIVER FOREST COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2011, with Brenda McCormack, Treasurer; Dr. James H. Rice, Superintendent of Schools; Tom Crippliver, Assistant Superintendent of Schools; James Halcomb Jr., School Board member; and Michelle Martin, School Board member.