

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
PUTNAM COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/27/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy Marlow Clayton H. Slaughter	07-01-09 to 10-27-11 10-28-11 to 06-30-12
Superintendent of Schools	Dr. Robert Green Dawn Puckett Dr. Lori Richmond	07-01-09 to 06-30-11 07-01-11 to 07-10-11 07-11-11 to 06-30-12
President of the School Board	Barbara Bryan Dr. Bruce Stinebrickner	07-01-09 to 06-30-10 07-01-10 to 06-30-12



**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 GREENCASTLE COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

We have audited the accompanying financial statement of the Greencastle Community School Corporation (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 this 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 February 13, 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.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. 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 of Trustees, 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

February 13, 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 GREENCASTLE COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

We have audited the financial statement of the Greencastle Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 13, 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

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 findings identified in our audit is described in the accompanying section of the report entitled Official Response and 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 of Trustees, 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

February 13, 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.

GREENCASTLE 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	\$ 192,578	\$ 12,042,298	\$ 12,063,648	\$ 108,677	\$ 279,905	\$ 12,087,133	\$ 11,814,071	\$ -	\$ 552,967
Debt Service	1,150,628	6,286,950	5,709,629	(100,000)	1,627,949	4,271,691	4,124,915	-	1,774,725
Retirement/Severance Bond Debt Service	(9,644)	306,373	262,640	-	34,089	281,095	267,585	-	47,599
Capital Projects	90,412	3,812,210	3,233,806	-	668,816	2,359,724	2,229,121	(400,000)	399,419
School Transportation	171,382	1,666,933	1,378,545	-	459,770	916,001	1,181,762	(1,393)	192,616
School Bus Replacement	68,646	335,985	-	(225,000)	179,631	387,966	40,779	(225,000)	301,818
Special Education Preschool	91,172	52,861	35,356	(108,677)	-	-	-	-	-
Rainy Day	341,789	40,257	234,376	325,000	472,670	-	497,656	650,000	625,014
Retirement/Severance Bond	115,998	-	115,998	-	-	-	-	-	-
Construction	8,849	-	7,770	-	1,079	-	-	-	1,079
School Lunch	224,397	949,279	858,600	-	315,076	998,377	960,637	-	352,816
Textbook Rental	57,522	135,608	145,443	-	47,687	123,483	32,366	-	138,804
Levy Excess	-	-	-	-	-	23,607	-	(23,607)	-
Educational License Plates	2,550	450	2,700	-	300	356	-	-	656
Safe Haven	793	2,560	3,353	-	-	-	-	-	-
Safe Haven 2010-11	-	-	-	-	-	5,512	8,787	-	(3,275)
Donation	6	-	-	-	6	1,000	-	-	1,006
Alpha	304	-	188	-	116	-	-	-	116
Safe Haven Gr/Writ	5,284	-	30	-	5,254	-	487	-	4,767
Instruction Support	3,471	2,300	1,374	-	4,397	-	2,207	-	2,190
Duke Energy Challenge Grant	-	10,000	-	-	10,000	1,250	499	-	10,751
Art Grant - Robinson	-	638	638	-	-	-	215	-	(215)
NEA Grant - D. Rode	1,555	2,000	1,409	-	2,146	-	1,429	-	717
Art Grant - A. Robinson	-	-	-	-	-	212	-	-	212
Rise 2011 - 12 Energy Grant	-	-	-	-	-	9,500	-	-	9,500
Putnam County Foundation Band Grant	-	780	-	-	780	-	-	-	780
Elementary Tutoring	1,255	-	-	-	1,255	-	-	-	1,255
Ridpath PTO Fund	8,280	-	296	-	7,984	-	6,615	-	1,369
Ridpath Library Fund	187	-	-	-	187	-	-	-	187
2010 Tobacco Grant	-	-	-	-	-	500	-	-	500
Elementary Dental Program	449	550	512	-	487	573	550	-	510
Coca-Cola Contract Receipts	18,360	23,712	27,921	-	14,151	23,008	12,448	-	24,711
Tech Prep Staff Development	92	-	-	-	92	-	-	-	92

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

GREENCASTLE 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  
(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
Teacher Quality Improvement Program	515	33,925	30,996	-	3,444	33,414	35,272	-	1,586
Drug Free Communities	19,423	1,500	14,163	-	6,760	1,688	4,681	-	3,767
Non-English Speaking Programs P.L. 273-1999	2,969	2,299	3,313	-	1,955	2,304	1,969	-	2,290
School Technology	10,325	114,120	72,959	-	51,486	47,415	61,139	-	37,762
Title I 2009/2010	(9,132)	226,650	155,167	(8,320)	54,031	185,310	252,296	-	(12,955)
Title I 2010/2011	-	-	8,320	8,320	-	-	-	-	-
Title I Part D 2009/2010	12,000	89,106	69,606	(24,000)	7,500	68,402	71,731	-	4,171
Title I Part D 2010/2011	-	-	24,000	24,000	-	-	-	-	-
Innovative Education Program Strategies Title V (Part A)	437	1,205	1,642	-	-	-	-	-	-
Stewart Homeless Assistance Act	43,753	23,257	20,498	-	46,512	-	22,087	-	24,425
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	345,188	394,235	-	(49,047)
FY 2011 IDEA Part B	-	-	-	-	-	19,765	29,877	-	(10,112)
FY09 Pt B 14209-080-PY02	-	-	-	-	-	12,522	12,522	-	-
FY09 Presch 45709-080-PY02	-	-	-	-	-	4,025	4,025	-	-
2010 611 From ONT	-	-	-	-	-	17,400	28,070	-	(10,670)
2010 619 From ONT	-	-	-	-	-	11,783	474	-	11,309
Drug Free Schools	278	6,453	278	-	6,453	-	2,763	-	3,690
Drug Free 2008/2009	-	4,448	3,430	-	1,018	-	1,018	-	-
Drug Free Schools 2007/2008	6,525	-	-	-	6,525	-	6,525	-	-
Medicaid Reimbursement - Federal	-	668	51	-	617	13,338	346	-	13,609
Improving Teaching Quality, No Child Left, Title II, Part A	25,594	119,202	69,084	-	75,712	21,954	98,434	-	(768)
Fiscal Stabilization - Education	170,779	406,025	576,804	-	-	-	-	-	-
Title I - Grants to LEAs	-	97,976	102,106	-	(4,130)	38,284	32,768	-	1,386
Special Education - Part B	-	-	-	-	-	-	3,854	-	(3,854)
Special Education - Part C	-	-	-	-	-	-	96	-	(96)
McKinney - Vento Education for Homeless	-	8,752	8,752	-	-	-	-	-	-
Title I - Part D, Subpart 2	-	48,523	48,523	-	-	24,719	24,719	-	-
<b>Totals</b>	<b>\$ 2,829,781</b>	<b>\$ 26,855,853</b>	<b>\$ 25,293,924</b>	<b>\$ -</b>	<b>\$ 4,391,710</b>	<b>\$ 22,338,499</b>	<b>\$ 22,271,030</b>	<b>\$ -</b>	<b>\$ 4,459,179</b>

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

GREENCASTLE 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.

GREENCASTLE 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.

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.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
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.

**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.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

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:

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

## 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.

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GREENCASTLE 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	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 192,578	\$ 1,150,628	\$ (9,644)	\$ 90,412	\$ 171,382	\$ 68,646	\$ 91,172	\$ 341,789	\$ 115,998	\$ 8,849
Receipts:										
Local sources	314,037	4,785,796	306,373	3,418,880	1,316,117	335,985	611	40,257	-	-
Intermediate sources	192	-	-	-	-	-	-	-	-	-
State sources	11,718,569	-	-	-	-	-	52,250	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	1,501,154	-	393,330	330,356	-	-	-	-	-
Other	9,500	-	-	-	20,460	-	-	-	-	-
Total receipts	12,042,298	6,286,950	306,373	3,812,210	1,666,933	335,985	52,861	40,257	-	-
Disbursements:										
Current:										
Instruction	8,174,354	-	-	-	-	-	35,356	-	115,998	-
Support services	3,421,382	-	-	1,430,257	860,369	-	-	234,376	-	-
Noninstructional services	152,711	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	233,884	-	-	-	-	-	7,770
Debt services	-	5,709,629	262,640	1,569,665	518,176	-	-	-	-	-
Nonprogrammed charges	315,201	-	-	-	-	-	-	-	-	-
Total disbursements	12,063,648	5,709,629	262,640	3,233,806	1,378,545	-	35,356	234,376	115,998	7,770
Excess (deficiency) of receipts over disbursements	(21,350)	577,321	43,733	578,404	288,388	335,985	17,505	(194,119)	(115,998)	(7,770)
Other financing sources (uses):										
Transfers in	108,677	-	-	-	-	-	-	325,000	-	-
Transfers out	-	(100,000)	-	-	-	(225,000)	(108,677)	-	-	-
Total other financing sources (uses)	108,677	(100,000)	-	-	-	(225,000)	(108,677)	325,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	87,327	477,321	43,733	578,404	288,388	110,985	(91,172)	130,881	(115,998)	(7,770)
Cash and investments - ending	\$ 279,905	\$ 1,627,949	\$ 34,089	\$ 668,816	\$ 459,770	\$ 179,631	\$ -	\$ 472,670	\$ -	\$ 1,079

GREENCASTLE 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)

	School Lunch	Textbook Rental	Educational License Plates	Safe Haven	Donation	Alpha	Safe Haven Gr/Writ	Instruction Support	Duke Energy Challenge Grant	Art Grant - Robinson
Cash and investments - beginning	\$ 224,397	\$ 57,522	\$ 2,550	\$ 793	\$ 6	\$ 304	\$ 5,284	\$ 3,471	\$ -	\$ -
Receipts:										
Local sources	465,008	92,600	-	-	-	-	-	2,300	10,000	638
Intermediate sources	-	-	450	-	-	-	-	-	-	-
State sources	10,748	43,008	-	2,560	-	-	-	-	-	-
Federal sources	473,523	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	949,279	135,608	450	2,560	-	-	-	2,300	10,000	638
Disbursements:										
Current:										
Instruction	-	-	-	3,353	-	188	-	1,374	-	638
Support services	235	145,443	-	-	-	-	30	-	-	-
Noninstructional services	858,365	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,700	-	-	-	-	-	-	-
Total disbursements	858,600	145,443	2,700	3,353	-	188	30	1,374	-	638
Excess (deficiency) of receipts over disbursements	90,679	(9,835)	(2,250)	(793)	-	(188)	(30)	926	10,000	-
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	90,679	(9,835)	(2,250)	(793)	-	(188)	(30)	926	10,000	-
Cash and investments - ending	\$ 315,076	\$ 47,687	\$ 300	\$ -	\$ 6	\$ 116	\$ 5,254	\$ 4,397	\$ 10,000	\$ -

GREENCASTLE 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)

	NEA Grant - D. Rode	Putnam County Foundation Band Grant	Elementary Tutoring	Ridpath PTO Fund	Ridpath Library Fund	Elementary Dental Program	Coca-Cola Contract Receipts	Tech Prep Staff Development	Teacher Quality Improvement Program	Drug Free Communities
Cash and investments - beginning	\$ 1,555	\$ -	\$ 1,255	\$ 8,280	\$ 187	\$ 449	\$ 18,360	\$ 92	\$ 515	\$ 19,423
Receipts:										
Local sources	2,000	780	-	-	-	550	23,712	-	-	1,500
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	33,925	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,000	780	-	-	-	550	23,712	-	33,925	1,500
Disbursements:										
Current:										
Instruction	1,409	-	-	296	-	512	17,721	-	30,996	14,163
Support services	-	-	-	-	-	-	10,200	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,409	-	-	296	-	512	27,921	-	30,996	14,163
Excess (deficiency) of receipts over disbursements	591	780	-	(296)	-	38	(4,209)	-	2,929	(12,663)
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	591	780	-	(296)	-	38	(4,209)	-	2,929	(12,663)
Cash and investments - ending	\$ 2,146	\$ 780	\$ 1,255	\$ 7,984	\$ 187	\$ 487	\$ 14,151	\$ 92	\$ 3,444	\$ 6,760

GREENCASTLE 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)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 2009/2010	Title I 2010/2011	Title I Part D 2009/2010	Title I Part D 2010/2011	Innovative Education Program Strategies Title V (Part A)	Stewart Homeless Assistance Act	Drug Free Schools
Cash and investments - beginning	\$ 2,969	\$ 10,325	\$ (9,132)	\$ -	\$ 12,000	\$ -	\$ 437	\$ 43,753	\$ 278
Receipts:									
Local sources	-	114,120	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	2,299	-	-	-	-	-	-	-	-
Federal sources	-	-	226,650	-	89,106	-	1,205	23,257	6,453
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,299	114,120	226,650	-	89,106	-	1,205	23,257	6,453
Disbursements:									
Current:									
Instruction	3,313	-	155,167	8,320	69,606	24,000	1,642	20,498	-
Support services	-	72,959	-	-	-	-	-	-	278
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	3,313	72,959	155,167	8,320	69,606	24,000	1,642	20,498	278
Excess (deficiency) of receipts over disbursements	(1,014)	41,161	71,483	(8,320)	19,500	(24,000)	(437)	2,759	6,175
Other financing sources (uses):									
Transfers in	-	-	-	8,320	-	24,000	-	-	-
Transfers out	-	-	(8,320)	-	(24,000)	-	-	-	-
Total other financing sources (uses)	-	-	(8,320)	8,320	(24,000)	24,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,014)	41,161	63,163	-	(4,500)	-	(437)	2,759	6,175
Cash and investments - ending	\$ 1,955	\$ 51,486	\$ 54,031	\$ -	\$ 7,500	\$ -	\$ -	\$ 46,512	\$ 6,453

GREENCASTLE 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)

	Drug Free 2008/2009	Drug Free Schools 2007/2008	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	McKinney Vento Education for Homeless	Title I Part D Subpart 2	Totals
Cash and investments - beginning	\$ -	\$ 6,525	\$ -	\$ 25,594	\$ 170,779	\$ -	\$ -	\$ -	\$ 2,829,781
Receipts:									
Local sources	-	-	-	-	-	-	-	-	11,231,264
Intermediate sources	-	-	-	-	-	-	-	-	642
State sources	-	-	668	-	-	-	-	-	11,864,027
Federal sources	4,448	-	-	119,202	406,025	97,976	8,752	48,523	1,505,120
Temporary loans	-	-	-	-	-	-	-	-	2,224,840
Other	-	-	-	-	-	-	-	-	29,960
Total receipts	4,448	-	668	119,202	406,025	97,976	8,752	48,523	26,855,853
Disbursements:									
Current:									
Instruction	-	-	-	69,084	122,435	71,692	8,752	48,523	8,999,390
Support services	3,430	-	51	-	454,369	30,414	-	-	6,663,793
Noninstructional services	-	-	-	-	-	-	-	-	1,011,076
Facilities acquisition and construction	-	-	-	-	-	-	-	-	241,654
Debt services	-	-	-	-	-	-	-	-	8,060,110
Nonprogrammed charges	-	-	-	-	-	-	-	-	317,901
Total disbursements	3,430	-	51	69,084	576,804	102,106	8,752	48,523	25,293,924
Excess (deficiency) of receipts over disbursements	1,018	-	617	50,118	(170,779)	(4,130)	-	-	1,561,929
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	465,997
Transfers out	-	-	-	-	-	-	-	-	(465,997)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,018	-	617	50,118	(170,779)	(4,130)	-	-	1,561,929
Cash and investments - ending	\$ 1,018	\$ 6,525	\$ 617	\$ 75,712	\$ -	\$ (4,130)	\$ -	\$ -	\$ 4,391,710

GREENCASTLE 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 279,905	\$ 1,627,949	\$ 34,089	\$ 668,816	\$ 459,770	\$ 179,631	\$ 472,670	\$ 1,079	\$ 315,076
Receipts:									
Local sources	145,314	4,260,767	281,095	2,359,724	896,880	387,966	-	-	470,025
Intermediate sources	288	-	-	-	-	-	-	-	-
State sources	11,941,531	10,924	-	-	-	-	-	-	10,538
Federal sources	-	-	-	-	-	-	-	-	517,814
Other	-	-	-	-	19,121	-	-	-	-
Total receipts	<u>12,087,133</u>	<u>4,271,691</u>	<u>281,095</u>	<u>2,359,724</u>	<u>916,001</u>	<u>387,966</u>	<u>-</u>	<u>-</u>	<u>998,377</u>
Disbursements:									
Current:									
Instruction	8,346,515	-	-	-	-	-	-	-	-
Support services	3,200,019	-	-	1,814,913	892,582	40,779	497,656	-	-
Noninstructional services	235,811	-	-	-	-	-	-	-	960,637
Facilities acquisition and construction	-	-	-	217,543	-	-	-	-	-
Debt services	-	4,124,915	267,585	196,665	289,180	-	-	-	-
Nonprogrammed charges	31,726	-	-	-	-	-	-	-	-
Total disbursements	<u>11,814,071</u>	<u>4,124,915</u>	<u>267,585</u>	<u>2,229,121</u>	<u>1,181,762</u>	<u>40,779</u>	<u>497,656</u>	<u>-</u>	<u>960,637</u>
Excess (deficiency) of receipts over disbursements	<u>273,062</u>	<u>146,776</u>	<u>13,510</u>	<u>130,603</u>	<u>(265,761)</u>	<u>347,187</u>	<u>(497,656)</u>	<u>-</u>	<u>37,740</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	23,607	-	650,000	-	-
Transfers out	-	-	-	(400,000)	(25,000)	(225,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(1,393)</u>	<u>(225,000)</u>	<u>650,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>273,062</u>	<u>146,776</u>	<u>13,510</u>	<u>(269,397)</u>	<u>(267,154)</u>	<u>122,187</u>	<u>152,344</u>	<u>-</u>	<u>37,740</u>
Cash and investments - ending	<u>\$ 552,967</u>	<u>\$ 1,774,725</u>	<u>\$ 47,599</u>	<u>\$ 399,419</u>	<u>\$ 192,616</u>	<u>\$ 301,818</u>	<u>\$ 625,014</u>	<u>\$ 1,079</u>	<u>\$ 352,816</u>

GREENCASTLE 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)

	Textbook Rental	Levy Excess	Educational License Plates	Safe Haven 2010-2011	Donation	Alpha	Safe Haven Gr/Writ	Instruction Support	Duke Energy Challenge Grant
Cash and investments - beginning	\$ 47,687	\$ -	\$ 300	\$ -	\$ 6	\$ 116	\$ 5,254	\$ 4,397	\$ 10,000
Receipts:									
Local sources	81,888	23,607	-	-	1,000	-	-	-	1,250
Intermediate sources	-	-	356	-	-	-	-	-	-
State sources	41,595	-	-	5,512	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	123,483	23,607	356	5,512	1,000	-	-	-	1,250
Disbursements:									
Current:									
Instruction	-	-	-	8,787	-	-	-	2,207	499
Support services	32,366	-	-	-	-	-	487	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	32,366	-	-	8,787	-	-	487	2,207	499
Excess (deficiency) of receipts over disbursements	91,117	23,607	356	(3,275)	1,000	-	(487)	(2,207)	751
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(23,607)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(23,607)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	91,117	-	356	(3,275)	1,000	-	(487)	(2,207)	751
Cash and investments - ending	\$ 138,804	\$ -	\$ 656	\$ (3,275)	\$ 1,006	\$ 116	\$ 4,767	\$ 2,190	\$ 10,751

GREENCASTLE 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)

	Art Grant - Robinson	NEA Grant - D. Rode	Art Grant - A. Robinson	Rise 2011 - 12 Energy Grant	Putnam County Foundation Band Grant	Elementary Tutoring	Ridpath PTO Fund	Ridpath Library Fund	2010 Tobacco Grant
Cash and investments - beginning	\$ -	\$ 2,146	\$ -	\$ -	\$ 780	\$ 1,255	\$ 7,984	\$ 187	\$ -
Receipts:									
Local sources	-	-	212	9,500	-	-	-	-	500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	212	9,500	-	-	-	-	500
Disbursements:									
Current:									
Instruction	215	1,429	-	-	-	-	6,615	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	215	1,429	-	-	-	-	6,615	-	-
Excess (deficiency) of receipts over disbursements	(215)	(1,429)	212	9,500	-	-	(6,615)	-	500
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	(215)	(1,429)	212	9,500	-	-	(6,615)	-	500
Cash and investments - ending	\$ (215)	\$ 717	\$ 212	\$ 9,500	\$ 780	\$ 1,255	\$ 1,369	\$ 187	\$ 500

GREENCASTLE 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)

	Elementary Dental Program	Coca-Cola Contract Receipts	Tech Prep Staff Development	Teacher Quality Improvement Program	Drug Free Communities	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I 2009/2010	Title I Part D 2009/2010
Cash and investments - beginning	\$ 487	\$ 14,151	\$ 92	\$ 3,444	\$ 6,760	\$ 1,955	\$ 51,486	\$ 54,031	\$ 7,500
Receipts:									
Local sources	573	23,008	-	-	1,688	-	42,812	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	33,414	-	2,304	-	-	-
Federal sources	-	-	-	-	-	-	4,603	185,310	68,402
Other	-	-	-	-	-	-	-	-	-
Total receipts	573	23,008	-	33,414	1,688	2,304	47,415	185,310	68,402
Disbursements:									
Current:									
Instruction	550	5,134	-	35,272	4,681	1,969	-	250,617	71,132
Support services	-	7,314	-	-	-	-	61,139	1,679	599
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	550	12,448	-	35,272	4,681	1,969	61,139	252,296	71,731
Excess (deficiency) of receipts over disbursements	23	10,560	-	(1,858)	(2,993)	335	(13,724)	(66,986)	(3,329)
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	23	10,560	-	(1,858)	(2,993)	335	(13,724)	(66,986)	(3,329)
Cash and investments - ending	\$ 510	\$ 24,711	\$ 92	\$ 1,586	\$ 3,767	\$ 2,290	\$ 37,762	\$ (12,955)	\$ 4,171

GREENCASTLE 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)

	Stewart Homeless Assistance Act	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	FY 2011 IDEA Part B	FY09 Pt B 14209-080-PY02	FY09 Presch 45709-080-PY02	2010 611 From ONT	2010 619 From ONT	Drug Free Schools	Drug Free 2008/2009
Cash and investments - beginning	\$ 46,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,453	\$ 1,018
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	345,188	19,765	12,522	4,025	17,400	11,783	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	345,188	19,765	12,522	4,025	17,400	11,783	-	-
Disbursements:									
Current:									
Instruction	22,087	394,235	29,877	12,522	4,025	11,570	474	-	-
Support services	-	-	-	-	-	16,500	-	2,763	1,018
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22,087	394,235	29,877	12,522	4,025	28,070	474	2,763	1,018
Excess (deficiency) of receipts over disbursements	(22,087)	(49,047)	(10,112)	-	-	(10,670)	11,309	(2,763)	(1,018)
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	(22,087)	(49,047)	(10,112)	-	-	(10,670)	11,309	(2,763)	(1,018)
Cash and investments - ending	\$ 24,425	\$ (49,047)	\$ (10,112)	\$ -	\$ -	\$ (10,670)	\$ 11,309	\$ 3,690	\$ -

GREENCASTLE 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)

	Drug Free Schools 2007/2008	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Special Education Part C	Title I Part D Subpart 2	Totals
Cash and investments - beginning	\$ 6,525	\$ 617	\$ 75,712	\$ (4,130)	\$ -	\$ -	\$ -	\$ 4,391,710
Receipts:								
Local sources	-	-	-	-	-	-	-	8,987,809
Intermediate sources	-	-	-	-	-	-	-	644
State sources	-	13,338	-	-	-	-	-	12,059,156
Federal sources	-	-	21,954	38,284	-	-	24,719	1,271,769
Other	-	-	-	-	-	-	-	19,121
Total receipts	-	13,338	21,954	38,284	-	-	24,719	22,338,499
Disbursements:								
Current:								
Instruction	-	-	98,434	32,768	3,854	96	24,719	9,370,283
Support services	6,525	346	-	-	-	-	-	6,576,685
Noninstructional services	-	-	-	-	-	-	-	1,196,448
Facilities acquisition and construction	-	-	-	-	-	-	-	217,543
Debt services	-	-	-	-	-	-	-	4,878,345
Nonprogrammed charges	-	-	-	-	-	-	-	31,726
Total disbursements	6,525	346	98,434	32,768	3,854	96	24,719	22,271,030
Excess (deficiency) of receipts over disbursements	(6,525)	12,992	(76,480)	5,516	(3,854)	(96)	-	67,469
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	673,607
Transfers out	-	-	-	-	-	-	-	(673,607)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,525)	12,992	(76,480)	5,516	(3,854)	(96)	-	67,469
Cash and investments - ending	\$ -	\$ 13,609	\$ (768)	\$ 1,386	\$ (3,854)	\$ (96)	\$ -	\$ 4,459,179

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
 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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 209,325
Buildings	37,456,253
Improvements other than buildings	3,546,629
Machinery and equipment	<u>4,585,754</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 45,797,961</u></u>

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Greencastle Middle School Building Corporation	\$ 1,865,000	\$ 978,500
Greencastle Northeast Elementary School Building Corporation	1,515,000	542,000
Greencastle Multi-School Building Corporation	15,205,000	1,564,000
Greencastle High School Building Corporation	3,055,000	129,000
Bonds payable:		
General obligation bonds:		
Funding of existing retirement or severance liability	<u>2,485,000</u>	<u>271,699</u>
Total governmental activities debt	<u>\$ 24,125,000</u>	<u>\$ 3,485,199</u>

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**CERTIFIED EMPLOYEE COMPENSATION**

One teacher was paid \$3,848 in excess of the approved amount per the teacher's salary schedule for each of the 2009-2010 and 2010-2011 school years. (See Summary of Questioned Costs, page 60)

We recommended that the School Corporation seek reimbursement from the individuals in which the excess payments were made or obtain School Board approval that the 2009-2010 and 2010-2011 teacher's salary schedule was amended.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**NONCERTIFIED EMPLOYEE COMPENSATION**

As shown in the table below, the minutes of the School Board of Trustee's meetings approved across the board percentage increases for noncertified staff, but an approved salary schedule was not presented for audit. A review of prior periods indicated some employees were paid percentages in excess of the across the board percentage increases approved by the School Board

School Year	2002- 2002	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011	Cumulative Effect on Compensation
Board Approved Increases paid in excess of Board approved increase	6%	3.25%	4.00%	3%	4%	4%	0%	0%	0%	
Treasurer					9.80%		\$3,500.00			\$ 30,539.39
Personnel Employees					9.80%					16,536.96
Central Office Secretary			35%	21.30%			17.40%			78,678.12
School Lunch Director	13%		4.70%		4.90%		3%			24,681.84
Cafeteria Managers				4.80%						3,628.80
Cafeteria Workers				3.30%						2,646.00
Maintenance Supervisor					4.90%					
					Additional \$900/mo					83,385.00
Maintenance Employee #1					Additional \$4.00/hr					52,400.00
Maintenance Employee #2					Additional \$4.00/hr					52,400.00
Totals										<u>\$ 344,896.11</u>

Two employees had a fixed number of overtime hours built in to their regular pay. The fixed overtime was calculated and paid out evenly over the 26 pays in 2009-2010 and 2010-2011. There was no documentation presented for audit that verified the employees worked the extra hours. We were unable to determine in the minutes of the School Board of Trustees' meetings if the fixed number of overtime hours were approved.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

In several instances, the only documentation for increases in payroll was a handwritten note or email from the Superintendent that was included in the employee's personnel file. Some increases were given with no supporting documentation in the personnel file. The basis for compensation for one non-certified employee could not be determined by the human resources employee charged with that duty. We were unable to determine in the minutes of the School Board of Trustees' meetings if these additional percentage increases in compensation were approved. (See Summary of Questioned Costs, page 60)

Additionally, handwritten notes signed and dated from Dr. Robert Green, former Superintendent of Schools, were included in employee personnel files approving base salary increases of \$7,000 and \$9,000 per year for the Deputy Superintendent and Director of Special Education Services, respectively, along with a 2 percent increase to their current annuity percentage beginning with the 2011-2012 school year. Another note written by Dr. Robert Green approved an additional payment of \$1,500 per year to the School Lunch Director with the same effective date. These increases were not approved by the School Board of Trustees and were subsequently stopped before the effective date.

We recommended that the School Corporation obtain School Board approval for actual rates the employees included in the table above were paid for the school years 2002-2003 to 2010-2011 or seek reimbursement from those employees for the excess payments.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

### ***MILEAGE REIMBURSEMENT***

Two employees were each paid a \$2,500 annual mileage stipend for each of the 2009-2010 and 2010-2011 school years, without filing Mileage Claim, General Form 101. (See Summary of Questioned Costs, page 60)

The mileage Claim (General Form 101) is designed to serve as a claim for mileage reimbursement to be presented to the School Board for allowance.

Administrators, teachers and other employees may be reimbursed for actual miles traveled in their own motor vehicles on official business of the school corporation at a reasonable rate per mile as fixed by a resolution of the school board. Reimbursement mileage shall not include travel to and from the employee's home and place of employment. If two or more persons ride in the same motor vehicle, only one mileage reimbursement is allowable. The odometer reading columns on the form are to be used only when distance between points cannot be determined by fixed mileage or official state highway map. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, 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 Indiana Public School Corporations, Chapter 9)

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***PENALTIES, INTEREST, AND OTHER CHARGES***

Information presented for audit indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services purchased by charge card are not being paid in a timely manner which resulted in finance charges of \$377.57 being assessed and paid. (See Summary of Questioned Costs, page 60)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***VEBA FUTURE LIABILITY***

The School Corporation through a VEBA (Voluntary Employee Benefits Association) invested proceeds from the sale of taxable General Obligation Pension Bonds. The bonds were issued to fund the actuarially computed amount required to make an unallocated contribution, which together with future earnings would be sufficient to provide for the liability and future payouts offered under the Contract between the School Board of Trustees of the Greencastle Community School Corporation and the Greencastle Classroom Teachers Association and an agreement with noncertified employees.

Three retirees are receiving benefits from the Plan who were not included in the original actuarial calculation. These retirees did not meet the requirement of being employed by the School Corporation in 2003 or before as set out in the contract. Four retirees are receiving family medical coverage instead of single coverage included in the actuarial calculation. Two retirees are receiving single plan medical coverage and are receiving an additional \$7,000 per year. Five employees were allowed to retire and receive benefits before reaching the required minimum age of 55. Also, one retiree meeting all requirements is not receiving benefits.

We have been advised by School Corporation Officials of the possibility of School Corporation responsibility if funds are insufficient.

Indiana Code 20-42-4-2 states:

- (a) A school corporation must fund on an actuarially sound basis the post-retirement or severance benefits that will be paid to employees under a plan, an agreement, or a contract described in section 1(1) of this chapter or an increase described in section 1(2) of this chapter.
- (b) A school corporation must place the assets used to fund on an actuarially sound basis the post-retirement or severance benefits in a separate fund or account, and the school corporation may not commingle the assets in the separate fund or account with any other asset of the school corporation."

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***SELF-INSURANCE FUND***

The School Corporation was self-funded for health insurance coverage, but failed to establish a self-insurance fund to account for transactions and balances. Self-insurance transactions were processed through the General Fund and included in the General Fund Balance.

Self insurance funds are to be in the custody, control and responsibility of the school corporation treasurer in accordance with IC 20-26-4-1. Accordingly, Fund Number 110 has been designated to account for all self insurance funds. Authorized expenditures should be made in the same manner as other school corporation expenditures. (The School Administrator and Uniform Compliance Guidelines, Volume 162)

Indiana Code 20-40-12-7 states: "Any balance remaining in the fund at the end of the year does not revert to the general fund."

***RETURN OF HEALTH INSURANCE PREMIUMS***

The November 10, 2010 minutes of the Board of School Trustees records prior Superintendent Dr. Robert Green reporting an excellent year for health insurance with only 67 percent of expected claims in 2010. He further reported there would be no rate increase in 2011 and premiums paid through November 2010 would be refunded as in past years.

The determination of health insurance performance was made before the end of the plan year and premiums were repaid before February 28, 2011, as specified in the contract.

The 2008-2011 Contract between the Board of School Trustees of the Greencastle Community School Corporation and the Greencastle Classroom Teachers Association regarding health insurance premiums states in part, "any unused portion of the teacher's payment towards health insurance shall be paid back at the end of the plan year to the teacher, less any required taxes once the actual costs have been determined for the health plan year. Definition of unused balance: Dollar amount between the budgeted (125%) of actual and the actual disbursement by the insurance program. The unused balance remaining in the insurance "escrow" shall be paid out to teachers participating in the medical insurance benefit plan under Option 1 or Option 2 below. Money will be returned no earlier than February 28 and no later than March 31 of the following plan year. This timeline may be extended by agreement of both parties. If the balance is less than 100% of the amount paid in by teachers, money will be returned prorated proportionally to the type of plan they had selected."

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***LEAVE POLICY***

One employee received five vacation days per year in excess of the amount approved for noncertified staff as prescribed in the employee manual. We were unable to determine in the minutes of the School Board of Trustees' meetings if this extra benefit was approved.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**EMPLOYEE BENEFITS**

The Corporation has no written compensation and benefit policy for administrative staff. Amounts contributed by the Corporation into administrative staff annuities varied from 2 percent to 10 percent of salary per year. One administrator's contract included a typed 2 percent annuity contribution that was changed in ink to a 5 percent annuity contribution. There were no initials or date indicating who made the change or when it was changed. We were unable to determine which percentage was presented to the School Board of Trustees for approval.

The 2008-2011 Collective Bargaining Agreement for certified personnel provides, "for a 401(a) contribution in an amount equal to one-half percent (.5%) of the teacher's salary on the Salary Schedule. The Board will pay one percent (1%) if the employee chooses to match the one-half percent beginning January 1, 2007." Contracts examined for the 2010-2011 school year indicated 401(a) contributions for special education personnel of 5 percent.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

**INTERNAL CONTROLS**

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

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of operations to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The Treasurer is responsible for collecting cash, issuing receipts, making deposits, posting receipts, issuing vendor and payroll checks, posting disbursements and performing monthly bank reconciliations. The failure to establish controls segregating duties could enable material misstatements or irregularities to remain undetected.
2. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. No monitoring of the fund balance of the Special Education - Grants to States program occurred to detect that disbursements exceeded the grant award by \$5,309 at June 30, 2011, and remain undetected. Internal controls over payroll were not sufficient to prevent improperly approved disbursement of funds. The School Board of Trustees has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

controls will prevent or detect material misstatements in a timely manner. Additionally, the School Board has no process to identify or communicate corrective actions to improve controls.

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

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

***CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES  
AND COMPENSATION OF PUBLIC EMPLOYEES***

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100R was not filed in 2010 or 2011 with the State Examiner of the State Board of Accounts.

Indiana Code 5-11-13-1 states:

"Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, 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 addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, 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. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year."

***OFFICIAL BOND***

The Public Official Position Schedule Bond for the Athletic Director, Extra Curricular Collection Agents, Cafeteria Supervisor, and Cafeteria Cashiers on file with the County Recorder is a continuous bond instead of a one year, term of office bond.

Whenever deemed necessary to bond any other employee of a school corporation, the governing body may bond or cause to be bonded such employee or employees by either individual or blanket bonds conditioned upon faithful performance of duties, and in amounts and with surety approved by the school board. We recommend bond coverage for any employee handling funds. A blanket bond should not include any officer, deputy or employee for whom an individual bond is required by statute. Individual bonds are required for the school corporation treasurer and the deputy treasurer.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

The State Board of Accounts is of the audit position a new bond should be obtained each year and continuation certificates should not be used in lieu of obtaining a new bond. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

**CREDIT CARDS**

The School Corporation is using credit cards to purchase items without an approved credit card policy.

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:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (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.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**SUPPORTING DOCUMENTATION**

Several payments for charge card purchases were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**ADVANCE PAYMENTS**

The ninth payroll check of the 2010-2011 school year was distributed on December 17, 2010, followed by the tenth check distributed on December 22, 2010, a separation of five days. The fifteenth payroll check was distributed on March 11, 2011, followed by the sixteenth check distributed on March 18, 2011, a separation of seven days. Payroll checks are distributed biweekly except during extended breaks such as Christmas or Spring Break as determined by the administration. Dates of transactions indicate that some payments were made to employees prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**BUDGETED LINE ITEMS**

A disbursement of \$247 for a Christmas dinner for custodians and maintenance employees was paid from the Transportation Operating Fund bus driver training line item. The amount could have been properly paid from the General Fund promotion expense line item.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**OLD OUTSTANDING CHECKS (Applies to Deer Meadow Elementary)**

Our review of the bank reconciliements as of June 30, 2011, revealed three checks outstanding in excess of two years.

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

Indiana Code 5-11-10.5-3 states in part:

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

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10.5-5 states:

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

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

***DEPOSITS (Applies to Greencastle High School)***

Receipts in numerous instances were not timely deposited. Review of receipts showed that Greencastle High School held receipts up to 20 days before deposit.

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

***RECEIPT ISSUANCE - (Applies to Deer Meadow Primary, Ridpath Primary, Tzouanakis Elementary, Greencastle High School, and Greencastle Middle School)***

Receipts were not always issued. Receipts were generated by the Harmony software system for all textbook rental collections; however, receipts were not issued for any other funds received unless requested.

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)

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 GREENCASTLE COMMUNITY  
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

Compliance

We have audited the compliance of the Greencastle 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 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.

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)

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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2, 2011-3 and 2011-4. 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 findings identified in our audit is described in the accompanying Official Response and 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 of Trustees, 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

February 13, 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.

GREENCASTLE 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		\$ 105,590	\$ 123,368
National School Lunch Program	10.555		411,616	445,136
Summer Food Service Program for Children	10.559		-	12,052
			<u>517,206</u>	<u>580,556</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			
		09-6755	8,320	-
		10-6755	155,168	74,631
		11-6755	-	177,665
			<u>163,488</u>	<u>252,296</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		102,107	6,302
		FY 2009-2010	48,523	16,100
		FY 2010-2011	-	8,619
			<u>150,630</u>	<u>31,021</u>
Total for cluster			<u>314,118</u>	<u>283,317</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
		14209-048-PY02	-	12,522
		14210-048-PN01	-	28,070
		14211-086-PN01	-	394,236
		45711-086-ON01	-	29,877
			<u>-</u>	<u>464,705</u>
Special Education - Preschool Grants	84.173			
		45709-048-PY02	-	4,025
		45710-048-PN01	-	474
			<u>-</u>	<u>4,499</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-086-PN01	-	96
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	33310-086-PN01	-	3,854
Total for cluster			<u>-</u>	<u>473,154</u>

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

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
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 (Continued)				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)				
- Education State Grants, Recovery Act				
	84.394		<u>576,804</u>	<u>-</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth				
	84.013	09-6755	24,000	-
		10-6755	69,606	15,000
		11-6755	<u>-</u>	<u>56,729</u>
Total for program			<u>93,606</u>	<u>71,729</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		08-6755	3,430	1,018
		08-6755	-	6,525
		09-6755	<u>278</u>	<u>2,763</u>
Total for program			<u>3,708</u>	<u>10,306</u>
State Grants for Innovative Programs				
	84.298	10-6755	<u>1,642</u>	<u>-</u>
Improving Teacher Quality State Grants				
	84.367		<u>69,084</u>	<u>98,434</u>
Education of Homeless Children and Youth Cluster				
Education of Homeless Children and Youth				
	84.196		20,497	22,087
ARRA - Education of Homeless Children and Youth, Recovery Act				
	84.387	FY 2009-2010	<u>8,752</u>	<u>-</u>
Total for cluster			<u>29,249</u>	<u>22,087</u>
Total for federal grantor agency			<u>1,088,211</u>	<u>959,027</u>
Total Federal Awards Expended			<u>\$ 1,605,417</u>	<u>\$ 1,539,583</u>

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

GREENCASTLE 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 Greencastle 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. Subrecipients**

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2010 and 2011:

Program Title	Federal CFDA Number	2009-2010	2010-2011
Title I Grants to Local Educational Agencies	84.010	\$ 93,606	\$ 74,426
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	48,523	16,100

**Note 3. 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	2009-2010	2010-2011
School Breakfast Program	10.553	\$ 8,918	\$ 13,615
National School Lunch Program	10.555	34,766	49,127

GREENCASTLE 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?	yes
Significant deficiency identified?	no
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 Program or Cluster

Title I, Part A Cluster  
Special Education Cluster (IDEA)  
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? yes

**Section II – Financial Statement Findings**

**FINDING 2011-1 - INTERNAL CONTROL OVER FINANCIAL REPORTING INTERNAL CONTROLS**

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

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of operations to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The Treasurer is responsible for collecting cash, issuing receipts, making deposits, posting

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

receipts, issuing vendor and payroll checks, posting disbursements and performing monthly bank reconciliements. The failure to establish controls segregating duties could enable material misstatements or irregularities to remain undetected.

2. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. No monitoring of the fund balance of the Special Education - Grants to States program occurred to detect that disbursements exceeded the grant award by \$5,309 at June 30, 2011, and remain undetected. Internal controls over payroll were not sufficient to prevent improperly approved disbursement of funds. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Board has no process to identify or communicate corrective actions to improve controls.

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

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 - INTERNAL CONTROL***

Federal Agency: U.S. Department of Education  
Federal Program: Title I, Part A Cluster  
CFDA Number: 84.010, 84.389  
Pass-Through Entity: Indiana Department of Education

The financial records for federal funds received as a part of the Title I, Part A Cluster program are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

***FINDING 2011-3 - INTERNAL CONTROL***

Federal Agency: U.S. Department of Education  
Federal Program: State Fiscal Stabilization Fund Cluster  
CFDA Number: 84.394  
Pass-Through Entity: Indiana Department of Education

The financial records for federal funds received as a part of the State Fiscal Stabilization Fund Cluster are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section, .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

***FINDING 2011-4 - INTERNAL CONTROL***

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027  
Pass-Through Entity: Indiana Department of Education

The financial records for federal funds received as a part of the Special Education Cluster are maintained in the School Corporation Business Office. Currently, due to the limited personnel in the School Corporation Business Office, the School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to go undetected.

Circular A133 Subpart C section, .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended the School Corporation develop internal control procedures to properly segregate accounting activities in the School Corporation Business Office.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matter are reportable.



# GREENCASTLE COMMUNITY SCHOOL CORPORATION

Central Office

711 S. Central Street, PO Box 480, Greencastle, IN 46135 765-653-9771 [greencastle.k12.in.us](http://greencastle.k12.in.us)

**Mrs. Dawn Puckett**  
Assistant Superintendent

**Dr. Lori M. Richmond**  
Superintendent

**Mr. Clayton H. Slaughter**  
Chief Financial Officer

## Corrective Action Plan

Contact Person: Clayton H. Slaughter, CFO

### Section II – Financial Statement Findings

#### FINDING 2011-1, INTERNAL CONTROL OVER FINANCIAL REPORTING

Lack of Segregation of Duties - The School Corporation's office will review office procedures and attempt to institute duties which would involve review of work performed by the CFO/Treasurer by the School Board. However, the school is a small governmental unit, and management has determined that the cost associated with employing additional staff in order to segregate duties effectively is cost prohibitive. Management acknowledges and assumes the risk inherent with the current set up of their business office.

Monitoring of Controls - The School Board will monitor and assess the quality of the School's system of internal control. The School Board will perform either an ongoing or separate evaluation of their system of internal controls. The School Board will exercise their oversight responsibly to minimize the risk of controls not operating effectively and provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Board will implement a process to identify and communicate corrective actions to improve controls.

### Section III – Federal Award Findings & Questioned Costs

#### FINDING 2011-2, INTERNAL CONTROL

Federal Agency: U.S. Department of Education

Federal Program: Title 1, Part A Cluster

CFDA Number: 84.010

Pass-through Entity: Indiana Department of Education

Lack of Segregation of Duties - The School Corporation's office will review office procedures and attempt to institute duties which would involve review of work performed by the CFO/Treasurer by the School Board. However, the school is a small governmental unit, and management has determined that the cost associated with employing additional staff in order to segregate duties effectively is cost prohibitive. Management acknowledges and assumes the risk inherent with the current set up of their business office.

*The challenge is ours...  
Commitment from everyone  
Excellence for everyone*

FINDING 2011-3, INTERNAL CONTROL

Federal Agency: U.S. Department of Education  
Federal Program: State Fiscal Stabilization Fund – Education State Grants Recovery Act  
CFDA Number: 84.394  
Pass-through Entity: Indiana Department of Education

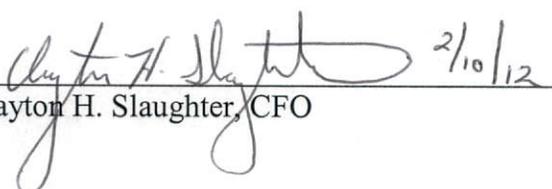
Lack of Segregation of Duties - The School Corporation's office will review office procedures and attempt to institute duties which would involve review of work performed by the CFO/Treasurer by the School Board. However, the school is a small governmental unit, and management has determined that the cost associated with employing additional staff in order to segregate duties effectively is cost prohibitive. Management acknowledges and assumes the risk inherent with the current set up of their business office.

FINDING 2011-4, INTERNAL CONTROL

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027  
Pass-through Entity: Indiana Department of Education

Lack of Segregation of Duties - The School Corporation's office will review office procedures and attempt to institute duties which would involve review of work performed by the CFO/Treasurer by the School Board. However, the school is a small governmental unit, and management has determined that the cost associated with employing additional staff in order to segregate duties effectively is cost prohibitive. Management acknowledges and assumes the risk inherent with the current set up of their business office.

This corrective action plan will be delivered to the school board at the next regularly scheduled meeting.

 2/10/12  
\_\_\_\_\_  
Clayton H. Slaughter, CFO

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2012, with Dr. Robert Green, former Superintendent of Schools. The Official Response has been made a part of this report and may be found on page 54.

The contents of this report were discussed on February 13, 2012, with Nancy Marlow, former Treasurer.

The contents of this report were discussed on February 13, 2012, with Dr. Lori Richmond, Superintendent of Schools; Dawn Puckett, Assistant Superintendent of Schools; Clayton H. Slaughter, Treasurer; Dr. Bruce Stinebrickner, President of the School Board; William Tobin, School Board member (Appointed); Michael Dean, School Board member; and Michael White, School Board member. The Official Response has been made a part of this report and may be found on pages 55 through 59.

The extracurricular comments included in this report were discussed on February 13, 2012, with Randall A. Corn, Greencastle High School Principal; Russler S. Hesler, Greencastle High School Assistant Principal; JoEllen Remsberg, Greencastle High School ECA Treasurer; Gwen Morris, Deer Meadow Primary School Principal; Shawn P. Gobert, Ridpath Primary School Principal; and Karen Sheldon, Ridpath Primary School ECA Treasurer. The officials concurred with our audit findings.

The extracurricular comments included in this report were discussed on February 13, 2012, with Tamara V. Walker, Greencastle Middle School Principal; Scott Wertz, Greencastle Middle School Assistant Principal; JoEllen Remsberg, Greencastle Middle School ECA Treasurer; and Marcia O'Hair, Tzouanakis Elementary School ECA Treasurer.



To: Sharon Coopridge

From: Robert Green

February 13, 2012 812 232-7339

Greencastle Non-certified Employee Compensation:

Director of Extended Services Eliminated July/August 2002 \$85,000. Per year savings.....	\$765,000.
Director of Safety Eliminated 2003 \$ 45,000. Per year savings.....	\$360,000.
Transportation Director Ellminated 2007 \$70,000. Per year savings.....	\$280,000.
Executive Secretary eliminated 2008 \$50,000. Per year savings.....	\$150,000.
<b>TOTAL SAVINGS 2002-2011.....</b>	<b>\$1,555,000.</b>

Board agreed to adjust salaries of Danny Green, Rick Knapp, & Linda Nelson for extra duty 2002

Board agreed to adjust Treasurer Salary in 2006/07 & 2008/09 & Personnel in 2006/07 for extra dutyies when positions absorbed

Secretary hired in at lower salary agreed to give increases as duties changes and positions absorbed.

Greencastle Community School Corporation  
 Formal Response to Indiana State Board of Accounts  
 July 1, 2009 – June 30, 2011 Audit Report

**Certified Employee Compensation**

- The overpayment referenced in the report has been corrected.
- Greencastle Community School Corporation (GCSC) has raised the following issues to the State Board of Accounts which they have chosen not to include in their report's liabilities table at this time. These issues have increased the liability of the school corporation and are in addition to the issues presented in the chart by the state board of accounts under Non-Certified Employee Compensation. This chart includes both certified and non-certified staff.

School Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Cumulative Effect on Compensation
Annuity (2%-5%) Asst. Sup.								\$2,490.00	\$2,490.00
Annuity (3%-5%) Asst. Principle								\$2,251.80	\$2,251.80
Technology Director Vacation Days (+5)	\$1094.00	\$1142.05	\$1167.65	\$1214.03	\$1260.40	\$1234.15	\$1244.80	\$1330.25	\$9687.33
Teachers (12) Annuity (5% - 2%)					\$10,734.41	\$5,361.84	\$4,205.01	\$16,780.91	\$37,082.17
Guidance Base Pay Advance 4 Years							\$3,848.00	\$3,848.00	\$7,696.00
Professional Development Consultant						\$2,500.00	\$2,500.00	\$2,500.00	\$7,500.00
Mileage							\$5000.00	\$5000.00	\$10,000.00
Other Charges								\$377.57	\$377.57
<b>Total</b>									\$77,084.87
State Board of Accounts Total									\$344,896.11
<b>Grand Total</b>									<b>\$421,980.98</b>

Greencastle Community School Corporation  
Formal Response – ISBOA Audit 2009-2011

- Upon establishing an independent special services department, GCSC hired employees who were previously employees of the cooperative or other corporations. These employees were hired in above the Association approved pay schedule, but appear to have valid contracts approved by the Board.
- The status of some staff as hourly or salaried is unclear. Staff members are assumed to be hourly under state law unless other employment arrangements have been made. Some GCSC staff are annualized. They have an hourly rate that is multiplied by their anticipated hours each pay cycle and then paid the full amount. These employees then only submit overtime time cards where the supervisor marks that a full 40 hours have been worked. This pay method results in what appears to be salaried employees receiving hourly overtime. This pay issue is being addressed as part of the new salary schedule.
- Some employees have been given blanket permission for unlimited overtime. This issue will be addressed by the start of the 2012-2013 school year.
- There is a history of service contracts for independent contractors not being approved by the board. All service contracts now go to the board for approval.

**Non-Certified Employee Compensation**

- A salary schedule will be presented to the GCSC School Board for adoption prior to the start of the 2012-2013 school year.
- All overtime will require a timecard starting at the beginning of the 2012-2013 school year. This change will be phased in beginning immediately.

**Mileage Reimbursement**

- A Mileage Claim General Form 101 is now required for all mileage claims.

**Penalties, Interest and Other Charges**

- GCSC vendors have been contacted to make arrangements for a payment schedule that takes in to account the dates the Board of Trustees meet and the necessary processing time after the board meeting.

**VEBA Future Liability**

- The five employees receiving benefits from the Plan have been presented to the GCSC school board for review and the board has opted to continue honoring these commitments made by the previous Superintendent even though the liability was not included in the original actuarial study.
- Active measures are being taken to address any potential shortfall of VEBA funds. Options being examined include a buyout of current liabilities and budget reductions to meet the liabilities.
- The employees who were allowed to retire and receive benefits before reaching the required age of 55 are retirees *after* the date of the actuarial study. Additional under 55 year old retirees

Greencastle Community School Corporation  
Formal Response – ISBOA Audit 2009-2011

were allowed to retire before the date of the actuarial study but were not part of the assessed liability.

- The actuarial study assumed a retirement age of 59. This assumption has been severely violated as the average retirement age is much closer to 55 years old, thus increasing substantially the overall liability of the corporation.
- The actuarial study included non-certified employees who were not under contract to receive VEBA benefits. These employees were then added to the VEBA buy-out. This benefit was ended prior to distribution of the benefits.

**Self-Insurance Fund**

- A self-insurance fund has been created by the CFO and the statutorily required reserves have been established.
- The corporation self-insurance policy allowed for a refund of premiums if the corporation met certain financial benchmarks at the end of the calendar year. The previous Superintendent authorized the refund of premiums several months prior to receiving the financial data for the year. This premature refund happened several years.
- The corporation paid retiree health insurance premiums from the VEBA but paid retiree health insurance claims from the VEBA. This action aligns with Indiana statute, but does require claims liabilities to be paid from the corporation general fund as they occur. This result is due to the corporation being self-funded.

**Leave Policy**

- The employee referenced in the report has been formally approved by the school board for additional days.
- A benefits schedule will be presented to the GCSC School Board for adoption prior to the start of the 2012-2013 school year.

**Employee Benefits**

- A benefits schedule will be presented to the GCSC School Board for adoption prior to the start of the 2012-2013 school year.
- Annuity contributions for all administrative staff on teacher contracts have been homogenized by formal board action.

**Internal Controls**

- Fiscal constraints require the school corporation to keep staff to a minimum. Because of this limitation there is no additional staff to segregate duties between.
- The school board receives a fund report each month to allow for monitoring of funds and to establish board oversight.

Greencastle Community School Corporation  
Formal Response – ISBOA Audit 2009-2011

**Certified Report of Names, Addresses, Duties and Compensation of Public Employees (100R)**

- A 100R report will be filed with the State Examiner of the State Board of Accounts as soon as the employee census audit is complete but no later than the end of this term.

**Official Bond**

- The current continuous bond referenced in the report will be examined to be converted to a yearly bond. We have been advised by our bond agent that this change will be at a substantial increase in cost to the corporation.

**Credit Cards**

- A credit card policy is currently part of the GCSC policy handbook. This policy has been provided to the State Board of Accounts.
- GCSC recognizes that the credit card policy can be improved, and the CFO is currently rewriting the policy using the State Board of Accounts guidelines.
- Additional vendors are being secured who will invoice the corporation each month rather than requiring immediate payment.
- Being located in a small community, there are limited vendors to select from in certain industries. Some of these vendors, specifically grocery vendors, are unwilling to work with the purchase order system. GCSC is taking active steps to investigate and alleviate this issue.

**Supporting Documentation**

- As part of the new credit card policy, supporting documentation will be required for all purchases.

**Advance Payments**

- GCSC has moved to a true bi-weekly pay schedule. Advanced payments for unworked time will no longer be made.

**Budgeted Line Items**

- It is unclear at this time if training actually occurred during the referenced event. This event was originally approved many years ago as a training event. The event will either return to be a training event or the funding line will be changed to a proper line item.

**Old Outstanding Checks (Applies to Deer Meadow Elementary)**

- All ECA treasurers have been advised to cancel checks over 2 years old.

Greencastle Community School Corporation  
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**Deposits (Applies to Greencastle High School)**

- All ECA treasurers and corporation treasurer are reassessing current protocol in order to deposit funds daily. This process will be implemented by March 1, 2012.

**Receipt Issuance (Applies to Deer Meadow Primary, Ridpath Primary, Tzouanakis Elementary, Greencastle High School, and Greencastle Middle School)**

- All ECA treasurers have been advised to issue receipts every time payments or donations are accepted.
- This change will take a great deal more time for collecting funds related to student activities including yearbooks, tickets, etc. Our current operating procedures are being evaluated by the CFO in conjunction with the ECA treasurers in order to find the most efficient method for implementing this change.

GREENCASTLE COMMUNITY SCHOOL CORPORATION  
SUMMARY OF QUESTIONED COSTS

	Questioned Costs
Certified Employee Compensation, page 30	\$ 7,696.00
Noncertified Employee Compensation, page 30 and 31	344,896.11
Mileage Reimbursement, page 31	10,000.00
Penalties, Interest, and Other Charges, page 32	377.57
Totals	\$ 362,969.68

A questioned cost is a cost that is questioned by the Board of Accounts because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.