

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PERU COMMUNITY SCHOOLS
MIAMI COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
12/18/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
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	5-6
Financial Statement:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statement	10-14
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	16-37
Schedule of Leases and Debt	38
Schedule of Capital Assets	39
Audit Results and Comments:	
Federal Expenditures for Unallowable Activities	40
Overdrawn Fund Balances	40
Subsidiary Ledgers	41
Outside Organizations (Elmwood Elementary)	41
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	44-45
Schedule of Expenditures of Federal Awards	48
Notes to Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50-51
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	52
Corrective Action Plan	53-54
Exit Conference	55

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stanley Hall	07-01-10 to 06-30-13
Superintendent of Schools	Charles Brimbury	07-01-10 to 06-30-13
President of the School Board	Sharon Shuey	07-01-10 to 06-30-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

We have audited the accompanying financial statement of the Peru Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012. 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

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 period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated October 25, 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.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.

STATE BOARD OF ACCOUNTS

October 25, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

We have audited the financial statement of the Peru Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated October 25, 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

Management of the School Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 25, 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.

PERU COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12
	Receipts	Disbursements			Receipts	Disbursements			
General	\$ 1,254,075	\$ 14,612,368	\$ 13,845,210	\$ (122,823)	\$ 1,898,410	\$ 14,478,198	\$ 15,301,934	\$ (237,558)	\$ 837,116
Debt Service	1,046,317	2,032,737	2,469,254	(2,305)	607,495	1,586,733	1,503,286	(11,365)	679,577
Retirement/Severance Bond Debt Service	109,901	369,890	353,525	18,000	144,266	527,400	551,859	(29,000)	90,807
Capital Projects	377,336	983,441	1,178,315	74,000	256,462	1,359,411	1,117,891	-	497,982
School Transportation	166,366	535,765	695,143	25,678	32,666	718,442	399,469	-	351,639
School Bus Replacement	176,150	131,649	74,742	(100,000)	133,057	113,999	83,725	-	163,331
Rainy Day	205,990	-	128,031	8,000	85,959	-	-	144,000	229,959
Retirement/Severance Bond	280,757	4,693	175,005	-	110,445	3,548	308,136	497,982	303,839
Post-Retirement/Severance Future Benefits	652,561	162,774	131,252	124,496	808,579	162,902	138,025	(373,488)	459,968
Construction	-	156,915	67,330	-	89,585	-	74,880	-	14,705
Tiger Den Construction	-	-	-	-	-	38,681	-	-	38,681
School Lunch	224,341	1,145,411	1,057,034	-	312,718	1,229,160	1,255,478	22	286,422
Textbook Rental	208,615	202,348	61,976	2,305	351,292	264,584	282,071	11,365	345,170
Levy Excess	-	22,715	-	(22,715)	-	-	-	-	-
Educational License Plates	1,645	281	1,750	-	176	300	-	-	476
Alternative Education	248,006	121,382	350,763	-	18,625	350,137	275,673	-	93,089
Early Intervention Grant	-	-	1,001	26,045	25,044	-	1,092	-	23,952
Project Soar - Donation Grant	-	-	-	-	-	5,000	-	-	5,000
LSEO Teacher Grant Science	21	500	500	-	21	-	-	-	21
Bring It Home	2,017	-	-	-	2,017	-	2,000	-	17
Readers Workshop Books	184	-	-	-	184	-	-	-	184
Tiger Reading Village	-	-	-	-	-	300	121	-	179
Tiger Leaders Grant 2010	300	30	330	-	-	-	-	-	-
Donation Special Ed Teachers	419	1,400	440	-	1,379	667	384	-	1,662
Summer Reading Donations	173	-	136	-	37	-	-	-	37
Transition Class	313	-	-	-	313	-	-	-	313
Project Extended Day	11,225	21,820	51,094	-	(18,049)	10,434	1,481	-	(9,096)
Computer Certification Exams	45	70	-	-	115	-	-	-	115
N Central IN Literacy Consort	-	10,000	195	-	9,805	600	4,008	-	6,397
Academic Monitoring Package	-	-	-	-	-	85,500	74,192	-	11,308
PJHS Recycling Project	-	557	557	-	-	-	-	-	-
Gifted & Talented 2011/12	-	-	-	-	-	33,246	27,651	-	5,595
Gifted & Talented 2009/10	6,870	-	6,870	-	-	-	-	-	-
Gifted & Talented 2010/11	-	34,557	11,744	-	22,813	-	22,813	-	-
Non-English Speaking Programs P.L. 273-1999	1,128	-	1,128	-	-	-	-	-	-

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

PERU COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Non-English Speaking Programs	1,122	-	1,122	-	-	-	-	-	-
WVEC Title III Consort-Non Eng	-	2,017	2,017	-	-	-	-	-	-
Non-English Speaking Program 2011	-	1,145	-	-	1,145	-	1,145	-	-
School Technology	-	2,837	-	-	2,837	3,781	-	-	6,618
Access Indiana	965	-	965	-	-	-	-	-	-
Technology Planning Grant	7,561	33,604	13,219	-	27,946	17,495	14,814	10,000	40,627
Classroom Innovation Grant	-	-	-	-	-	195,791	174,224	-	21,567
Title I 2009/10	136,661	53,997	145,531	(45,127)	-	-	-	-	-
Title I 2010/11	-	587,820	553,424	(34,396)	-	22,720	-	(22,720)	-
Title I 2011/12	-	-	-	79,523	79,523	546,093	670,875	22,720	(22,539)
Early Intervention	26,187	-	142	(26,045)	-	-	-	-	-
Title II-B	37,817	16,756	20,306	-	34,267	15,159	19,060	400	30,766
Parent Nurturing - Alcohol	118	607	750	-	(25)	-	(750)	-	725
Local Reading Improvement	212	-	-	-	212	-	-	-	212
Adult Education and Family Literacy, Title II	-	39,402	51,521	-	(12,119)	76,458	66,657	-	(2,318)
Gateway Academy Grant	1,408	2,000	1,878	-	1,530	-	1,530	-	-
Carl Perkins Grant 2009/10	(1,894)	1,894	-	-	-	-	-	-	-
Title IV-A 2008/09	1,133	-	1,133	-	-	-	-	-	-
Title IV-A 2009/10	4,510	6,419	34,510	25,000	1,419	-	1,419	-	-
Title IV-A 2010/11	-	-	-	-	-	-	23,525	25,000	1,475
Dukes Foundation Grant	-	3,967	3,966	-	1	2,467	2,468	-	-
Perkins - Tech Prep Grant 2010/11	-	14,932	15,000	-	(68)	68	-	-	-
PLTW - Category I / Pre-Engineer	-	-	5,444	-	(5,444)	15,000	9,556	-	-
PLTW - Category II / Princ/Biomed	-	-	3,880	-	(3,880)	8,923	5,043	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	18,459	150,000	75,675	(25,000)	67,784	123,630	196,004	(25,000)	(29,590)
Rural Schools and Low Income Program - Pass Through State	19,489	1,700	21,189	-	-	2,289	2,289	-	-
Title I - Grants to LEAs	124,857	91,854	145,394	-	71,317	-	71,317	-	-
Special Education - Part B	(6,241)	58,000	51,235	-	524	12,467	12,991	-	-
Education Jobs	-	-	-	-	-	456,769	456,769	-	-
Prepaid Lunch	6,218	335,700	335,188	-	6,730	335,174	326,682	-	15,222
Payroll Withholdings	188,239	3,604,800	3,630,364	-	162,675	3,681,414	3,560,865	-	283,224
Totals	<u>\$ 5,541,576</u>	<u>\$ 25,560,754</u>	<u>\$ 25,777,178</u>	<u>\$ 4,636</u>	<u>\$ 5,329,788</u>	<u>\$ 26,484,940</u>	<u>\$ 27,042,652</u>	<u>\$ 12,358</u>	<u>\$ 4,784,434</u>

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

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

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. Receipts are recorded when received and disbursements are recorded when paid.

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 include distributions from the State of Indiana and are 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.

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are 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.

Non-instructional services include outflows for food service operations, and community service operations.

Facilities acquisition and construction 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.

Non-programmed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, 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.

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

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

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

G. Fund Accounting

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

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 or highway use taxes are received 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.

PERU COMMUNITY SCHOOLS
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.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

PERU COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENT
 (Continued)

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. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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.

Note 7. Interfund Loans

Outstanding interfund loans as of June 30, 2012, were as follows:

Due From:	Due To:	Amount
School Transportation	General	\$ 265,000
Capital Projects	General	200,000

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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Retirement/ Serverance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,254,075	\$ 1,046,317	\$ 109,901	\$ 377,336	\$ 166,366	\$ 176,150	\$ 205,990
Receipts:							
Local sources	197,864	1,816,972	229,686	983,050	354,776	131,649	-
Intermediate sources	282	-	-	-	-	-	-
State sources	14,003,214	215,680	-	-	-	-	-
Federal sources	8,000	-	-	391	13,500	-	-
Temporary loans	382,019	-	140,204	-	167,404	-	-
Other	20,989	85	-	-	85	-	-
Total receipts	<u>14,612,368</u>	<u>2,032,737</u>	<u>369,890</u>	<u>983,441</u>	<u>535,765</u>	<u>131,649</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	9,052,850	-	-	-	-	-	-
Support services	4,114,699	-	-	755,190	455,998	4,461	128,031
Noninstructional services	112,105	-	-	-	-	-	-
Facilities acquisition and construction	9,646	-	-	423,125	-	-	-
Debt services	555,910	2,469,254	353,525	-	239,145	70,281	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>13,845,210</u>	<u>2,469,254</u>	<u>353,525</u>	<u>1,178,315</u>	<u>695,143</u>	<u>74,742</u>	<u>128,031</u>
Excess (deficiency) of receipts over disbursements	<u>767,158</u>	<u>(436,517)</u>	<u>16,365</u>	<u>(194,874)</u>	<u>(159,378)</u>	<u>56,907</u>	<u>(128,031)</u>
Other financing sources (uses):							
Sale of capital assets	4,636	-	-	-	-	-	-
Transfers in	35,000	-	127,000	421,959	25,678	170,000	277,959
Transfers out	(162,459)	(2,305)	(109,000)	(347,959)	-	(270,000)	(269,959)
Total other financing sources (uses)	<u>(122,823)</u>	<u>(2,305)</u>	<u>18,000</u>	<u>74,000</u>	<u>25,678</u>	<u>(100,000)</u>	<u>8,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>644,335</u>	<u>(438,822)</u>	<u>34,365</u>	<u>(120,874)</u>	<u>(133,700)</u>	<u>(43,093)</u>	<u>(120,031)</u>
Cash and investments - ending	<u>\$ 1,898,410</u>	<u>\$ 607,495</u>	<u>\$ 144,266</u>	<u>\$ 256,462</u>	<u>\$ 32,666</u>	<u>\$ 133,057</u>	<u>\$ 85,959</u>

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

	Retirement/ Severance Bond	Post Retirement/ Severance Future Benefits	Construction	Tiger Den Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 280,757	\$ 652,561	\$ -	\$ -	\$ 224,341	\$ 208,615
Receipts:						
Local sources	4,693	162,774	156,915	-	336,896	134,254
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	8,696	68,094
Federal sources	-	-	-	-	799,819	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>4,693</u>	<u>162,774</u>	<u>156,915</u>	<u>-</u>	<u>1,145,411</u>	<u>202,348</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	175,005	131,252	500	-	3,063	61,976
Noninstructional services	-	-	-	-	1,049,542	-
Facilities acquisition and construction	-	-	66,830	-	4,429	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>175,005</u>	<u>131,252</u>	<u>67,330</u>	<u>-</u>	<u>1,057,034</u>	<u>61,976</u>
Excess (deficiency) of receipts over disbursements	<u>(170,312)</u>	<u>31,522</u>	<u>89,585</u>	<u>-</u>	<u>88,377</u>	<u>140,372</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	124,496	-	-	-	2,305
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>124,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,305</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(170,312)</u>	<u>156,018</u>	<u>89,585</u>	<u>-</u>	<u>88,377</u>	<u>142,677</u>
Cash and investments - ending	<u>\$ 110,445</u>	<u>\$ 808,579</u>	<u>\$ 89,585</u>	<u>\$ -</u>	<u>\$ 312,718</u>	<u>\$ 351,292</u>

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

	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Project Soar - Donation Grant	LSEO Teacher Grant Science
Cash and investments - beginning	\$ -	\$ 1,645	\$ 248,006	\$ -	\$ -	\$ 21
Receipts:						
Local sources	22,715	-	98,537	-	-	500
Intermediate sources	-	281	-	-	-	-
State sources	-	-	22,845	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>22,715</u>	<u>281</u>	<u>121,382</u>	<u>-</u>	<u>-</u>	<u>500</u>
Disbursements:						
Current:						
Instruction	-	1,750	350,763	-	-	500
Support services	-	-	-	1,001	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,750</u>	<u>350,763</u>	<u>1,001</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>22,715</u>	<u>(1,469)</u>	<u>(229,381)</u>	<u>(1,001)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	26,045	-	-
Transfers out	<u>(22,715)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,715)</u>	<u>-</u>	<u>-</u>	<u>26,045</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(1,469)</u>	<u>(229,381)</u>	<u>25,044</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ 18,625</u>	<u>\$ 25,044</u>	<u>\$ -</u>	<u>\$ 21</u>

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

	Bring It Home	Readers Workshop Books	Tiger Reading Village	Tiger Leaders Grant 2010	Donation Special Ed Teachers	Summer Reading Donations
Cash and investments - beginning	\$ 2,017	\$ 184	\$ -	\$ 300	\$ 419	\$ 173
Receipts:						
Local sources	-	-	-	30	1,400	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	30	1,400	-
Disbursements:						
Current:						
Instruction	-	-	-	330	440	136
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	-	330	440	136
Excess (deficiency) of receipts over disbursements	-	-	-	(300)	960	(136)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(300)	960	(136)
Cash and investments - ending	\$ 2,017	\$ 184	\$ -	\$ -	\$ 1,379	\$ 37

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

	Transition Class	Project Extended Day	Computer Certification Exams	N Central IN Literacy Consort	Academic Monitoring Package	PJHS Recycling Project
Cash and investments - beginning	\$ 313	\$ 11,225	\$ 45	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	17,720	70	10,000	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	4,100	-	-	-	557
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>21,820</u>	<u>70</u>	<u>10,000</u>	<u>-</u>	<u>557</u>
Disbursements:						
Current:						
Instruction	-	51,094	-	-	-	557
Support services	-	-	-	195	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>51,094</u>	<u>-</u>	<u>195</u>	<u>-</u>	<u>557</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(29,274)</u>	<u>70</u>	<u>9,805</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(29,274)</u>	<u>70</u>	<u>9,805</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 313</u>	<u>\$ (18,049)</u>	<u>\$ 115</u>	<u>\$ 9,805</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Gifted & Talented 2011/12	Gifted & Talented 2009/10	Gifted & Talented 2010/11	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Programs	WVEC Title III Consort-Non Eng
Cash and investments - beginning	\$ -	\$ 6,870	\$ -	\$ 1,128	\$ 1,122	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	34,557	-	-	2,017
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	34,557	-	-	2,017
Disbursements:						
Current:						
Instruction	-	6,870	11,744	1,128	-	2,017
Support services	-	-	-	-	1,122	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	6,870	11,744	1,128	1,122	2,017
Excess (deficiency) of receipts over disbursements	-	(6,870)	22,813	(1,128)	(1,122)	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,870)	22,813	(1,128)	(1,122)	-
Cash and investments - ending	\$ -	\$ -	\$ 22,813	\$ -	\$ -	\$ -

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

	Non-English Speaking Program 2011	School Technology	Access Indiana	Technology Planning Grant	Classroom Innovation Grant	Title I 2009/10
Cash and investments - beginning	\$ -	\$ -	\$ 965	\$ 7,561	\$ -	\$ 136,661
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	1,145	2,837	-	33,604	-	-
Federal sources	-	-	-	-	-	53,997
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>1,145</u>	<u>2,837</u>	<u>-</u>	<u>33,604</u>	<u>-</u>	<u>53,997</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	115,229
Support services	-	-	-	13,219	-	30,302
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	965	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>965</u>	<u>13,219</u>	<u>-</u>	<u>145,531</u>
Excess (deficiency) of receipts over disbursements	<u>1,145</u>	<u>2,837</u>	<u>(965)</u>	<u>20,385</u>	<u>-</u>	<u>(91,534)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(45,127)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,127)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,145</u>	<u>2,837</u>	<u>(965)</u>	<u>20,385</u>	<u>-</u>	<u>(136,661)</u>
Cash and investments - ending	<u>\$ 1,145</u>	<u>\$ 2,837</u>	<u>\$ -</u>	<u>\$ 27,946</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title I 2010/11	Title I 2011/12	Early Intervention	Title II-B	Parent Nurturing - Alcohol	Local Reading Improvement
Cash and investments - beginning	\$ -	\$ -	\$ 26,187	\$ 37,817	\$ 118	\$ 212
Receipts:						
Local sources	-	-	-	2,900	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	587,820	-	-	13,856	607	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>587,820</u>	<u>-</u>	<u>-</u>	<u>16,756</u>	<u>607</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	459,918	-	-	-	-	-
Support services	62,397	-	142	20,306	750	-
Noninstructional services	25,609	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	5,500	-	-	-	-	-
Total disbursements	<u>553,424</u>	<u>-</u>	<u>142</u>	<u>20,306</u>	<u>750</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>34,396</u>	<u>-</u>	<u>(142)</u>	<u>(3,550)</u>	<u>(143)</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	45,127	79,523	-	-	-	-
Transfers out	(79,523)	-	(26,045)	-	-	-
Total other financing sources (uses)	<u>(34,396)</u>	<u>79,523</u>	<u>(26,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>79,523</u>	<u>(26,187)</u>	<u>(3,550)</u>	<u>(143)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 79,523</u>	<u>\$ -</u>	<u>\$ 34,267</u>	<u>\$ (25)</u>	<u>\$ 212</u>

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

	Adult Education and Family Literacy Title II	Gateway Academy Grant	Carl Perkins Grant 2009/10	Title IV-A 2008/09	Title IV-A 2009/10	Title IV-A 2010/11
Cash and investments - beginning	\$ -	\$ 1,408	\$ (1,894)	\$ 1,133	\$ 4,510	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	39,402	2,000	1,894	-	6,419	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>39,402</u>	<u>2,000</u>	<u>1,894</u>	<u>-</u>	<u>6,419</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	50,318	1,878	-	-	31,000	-
Support services	1,203	-	-	1,133	3,510	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>51,521</u>	<u>1,878</u>	<u>-</u>	<u>1,133</u>	<u>34,510</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(12,119)</u>	<u>122</u>	<u>1,894</u>	<u>(1,133)</u>	<u>(28,091)</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	25,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(12,119)</u>	<u>122</u>	<u>1,894</u>	<u>(1,133)</u>	<u>(3,091)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (12,119)</u>	<u>\$ 1,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ -</u>

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

	Dukes Foundation Grant	Perkins - Tech Prep Grant 2010/11	PLTW - Category I / Pre-Engineer	PLTW - Category II / Princ/Biomed	Improving Teaching Quality No Child Left Title II, Part A	Rural Schools and Low Income Program Pass Through State
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 18,459	\$ 19,489
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	3,967	-	-	-	-	-
Federal sources	-	14,932	-	-	150,000	1,700
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>3,967</u>	<u>14,932</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>1,700</u>
Disbursements:						
Current:						
Instruction	-	8,230	-	680	59,597	21,189
Support services	-	-	2,250	3,200	16,078	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	3,966	6,770	3,194	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>3,966</u>	<u>15,000</u>	<u>5,444</u>	<u>3,880</u>	<u>75,675</u>	<u>21,189</u>
Excess (deficiency) of receipts over disbursements	<u>1</u>	<u>(68)</u>	<u>(5,444)</u>	<u>(3,880)</u>	<u>74,325</u>	<u>(19,489)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(25,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1</u>	<u>(68)</u>	<u>(5,444)</u>	<u>(3,880)</u>	<u>49,325</u>	<u>(19,489)</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ (68)</u>	<u>\$ (5,444)</u>	<u>\$ (3,880)</u>	<u>\$ 67,784</u>	<u>\$ -</u>

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

	Title I Grants to LEAs	Special Education Part B	Education Jobs	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 124,857	\$ (6,241)	\$ -	\$ 6,218	\$ 188,239	\$ 5,541,576
Receipts:						
Local sources	-	-	-	-	-	4,663,401
Intermediate sources	-	-	-	-	-	563
State sources	-	-	-	-	-	14,396,656
Federal sources	91,854	58,000	-	-	-	1,848,848
Temporary loans	-	-	-	-	-	689,627
Other	-	-	-	335,700	3,604,800	3,961,659
Total receipts	<u>91,854</u>	<u>58,000</u>	<u>-</u>	<u>335,700</u>	<u>3,604,800</u>	<u>25,560,754</u>
Disbursements:						
Current:						
Instruction	145,394	51,235	-	-	-	10,424,847
Support services	-	-	-	-	-	5,986,983
Noninstructional services	-	-	-	-	-	1,187,256
Facilities acquisition and construction	-	-	-	-	-	518,925
Debt services	-	-	-	-	-	3,688,115
Nonprogrammed charges	-	-	-	335,188	3,630,364	3,971,052
Total disbursements	<u>145,394</u>	<u>51,235</u>	<u>-</u>	<u>335,188</u>	<u>3,630,364</u>	<u>25,777,178</u>
Excess (deficiency) of receipts over disbursements	<u>(53,540)</u>	<u>6,765</u>	<u>-</u>	<u>512</u>	<u>(25,564)</u>	<u>(216,424)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	4,636
Transfers in	-	-	-	-	-	1,360,092
Transfers out	-	-	-	-	-	(1,360,092)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,636</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(53,540)</u>	<u>6,765</u>	<u>-</u>	<u>512</u>	<u>(25,564)</u>	<u>(211,788)</u>
Cash and investments - ending	<u>\$ 71,317</u>	<u>\$ 524</u>	<u>\$ -</u>	<u>\$ 6,730</u>	<u>\$ 162,675</u>	<u>\$ 5,329,788</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,898,410	\$ 607,495	\$ 144,266	\$ 256,462	\$ 32,666	\$ 133,057	\$ 85,959
Receipts:							
Local sources	93,180	1,586,733	236,424	856,050	379,350	113,999	-
Intermediate sources	188	-	-	-	-	-	-
State sources	13,885,906	-	-	-	-	-	-
Federal sources	-	-	-	3,361	-	-	-
Temporary loans	-	-	145,488	-	-	-	-
Interfund loans	482,534	-	145,488	500,000	339,092	-	-
Other	16,390	-	-	-	-	-	-
Total receipts	<u>14,478,198</u>	<u>1,586,733</u>	<u>527,400</u>	<u>1,359,411</u>	<u>718,442</u>	<u>113,999</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	9,208,815	-	-	-	-	-	-
Support services	4,397,301	-	-	499,418	278,721	83,725	-
Noninstructional services	122,474	-	-	-	-	-	-
Facilities acquisition and construction	10,172	-	-	318,473	-	-	-
Debt services	578,592	1,503,286	406,371	-	83,702	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	984,580	-	145,488	300,000	37,046	-	-
Total disbursements	<u>15,301,934</u>	<u>1,503,286</u>	<u>551,859</u>	<u>1,117,891</u>	<u>399,469</u>	<u>83,725</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(823,736)</u>	<u>83,447</u>	<u>(24,459)</u>	<u>241,520</u>	<u>318,973</u>	<u>30,274</u>	<u>-</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	1,936	-	-	-	-	-	-
Transfers in	29,000	-	-	-	-	-	144,000
Transfers out	(268,494)	(11,365)	(29,000)	-	-	-	-
Total other financing sources (uses)	<u>(237,558)</u>	<u>(11,365)</u>	<u>(29,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,061,294)</u>	<u>72,082</u>	<u>(53,459)</u>	<u>241,520</u>	<u>318,973</u>	<u>30,274</u>	<u>144,000</u>
Cash and investments - ending	<u>\$ 837,116</u>	<u>\$ 679,577</u>	<u>\$ 90,807</u>	<u>\$ 497,982</u>	<u>\$ 351,639</u>	<u>\$ 163,331</u>	<u>\$ 229,959</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Retirement/ Severance Bond	Post Retirement/ Severance Future Benefits	Construction	Tiger Den Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 110,445	\$ 808,579	\$ 89,585	\$ -	\$ 312,718	\$ 351,292
Receipts:						
Local sources	3,548	162,902	-	-	327,400	158,899
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	8,867	105,685
Federal sources	-	-	-	-	892,893	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	38,681	-	-
Total receipts	<u>3,548</u>	<u>162,902</u>	<u>-</u>	<u>38,681</u>	<u>1,229,160</u>	<u>264,584</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	308,136	138,025	-	-	76,810	282,071
Noninstructional services	-	-	-	-	1,174,298	-
Facilities acquisition and construction	-	-	74,880	-	4,370	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>308,136</u>	<u>138,025</u>	<u>74,880</u>	<u>-</u>	<u>1,255,478</u>	<u>282,071</u>
Excess (deficiency) of receipts over disbursements	<u>(304,588)</u>	<u>24,877</u>	<u>(74,880)</u>	<u>38,681</u>	<u>(26,318)</u>	<u>(17,487)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	22	-
Transfers in	497,982	124,494	-	-	-	11,365
Transfers out	-	(497,982)	-	-	-	-
Total other financing sources (uses)	<u>497,982</u>	<u>(373,488)</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>11,365</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>193,394</u>	<u>(348,611)</u>	<u>(74,880)</u>	<u>38,681</u>	<u>(26,296)</u>	<u>(6,122)</u>
Cash and investments - ending	<u>\$ 303,839</u>	<u>\$ 459,968</u>	<u>\$ 14,705</u>	<u>\$ 38,681</u>	<u>\$ 286,422</u>	<u>\$ 345,170</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	Project Soar - Donation Grant	LSEO Teacher Grant Science
Cash and investments - beginning	\$ -	\$ 176	\$ 18,625	\$ 25,044	\$ -	\$ 21
Receipts:						
Local sources	-	-	327,677	-	5,000	-
Intermediate sources	-	300	-	-	-	-
State sources	-	-	22,460	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	300	350,137	-	5,000	-
Disbursements:						
Current:						
Instruction	-	-	275,673	-	-	-
Support services	-	-	-	1,092	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	-	275,673	1,092	-	-
Excess (deficiency) of receipts over disbursements	-	300	74,464	(1,092)	5,000	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	300	74,464	(1,092)	5,000	-
Cash and investments - ending	\$ -	\$ 476	\$ 93,089	\$ 23,952	\$ 5,000	\$ 21

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Bring It Home	Readers Workshop Books	Tiger Reading Village	Tiger Leaders Grant 2010	Donation Special Ed Teachers	Summer Reading Donations
Cash and investments - beginning	\$ 2,017	\$ 184	\$ -	\$ -	\$ 1,379	\$ 37
Receipts:						
Local sources	-	-	300	-	667	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	300	-	667	-
Disbursements:						
Current:						
Instruction	-	-	121	-	384	-
Support services	2,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	2,000	-	121	-	384	-
Excess (deficiency) of receipts over disbursements	(2,000)	-	179	-	283	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,000)	-	179	-	283	-
Cash and investments - ending	\$ 17	\$ 184	\$ 179	\$ -	\$ 1,662	\$ 37

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Transition Class	Project Extended Day	Computer Certification Exams	N Central IN Literacy Consort	Academic Monitoring Package	PJHS Recycling Project
Cash and investments - beginning	\$ 313	\$ (18,049)	\$ 115	\$ 9,805	\$ -	\$ -
Receipts:						
Local sources	-	10,434	-	600	85,500	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	10,434	-	600	85,500	-
Disbursements:						
Current:						
Instruction	-	1,481	-	-	-	-
Support services	-	-	-	4,008	74,192	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	1,481	-	4,008	74,192	-
Excess (deficiency) of receipts over disbursements	-	8,953	-	(3,408)	11,308	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,953	-	(3,408)	11,308	-
Cash and investments - ending	\$ 313	\$ (9,096)	\$ 115	\$ 6,397	\$ 11,308	\$ -

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Gifted & Talented 2011/12	Gifted & Talented 2009/10	Gifted & Talented 2010/11	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Programs	WVEC Title III Consort-Non Eng
Cash and investments - beginning	\$ -	\$ -	\$ 22,813	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	33,246	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>33,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	27,651	-	22,813	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>27,651</u>	<u>-</u>	<u>22,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,595</u>	<u>-</u>	<u>(22,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,595</u>	<u>-</u>	<u>(22,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 5,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Non-English Speaking Program 2011	School Technology	Access Indiana	Technology Planning Grant	Classroom Innovation Grant	Title I 2009/10
Cash and investments - beginning	\$ 1,145	\$ 2,837	\$ -	\$ 27,946	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	591	-
Intermediate sources	-	-	-	-	-	-
State sources	-	3,781	-	17,495	195,200	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>3,781</u>	<u>-</u>	<u>17,495</u>	<u>195,791</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	1,145	-	-	14,814	174,224	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>14,814</u>	<u>174,224</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,145)</u>	<u>3,781</u>	<u>-</u>	<u>2,681</u>	<u>21,567</u>	<u>-</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	10,000	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,145)</u>	<u>3,781</u>	<u>-</u>	<u>12,681</u>	<u>21,567</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,618</u>	<u>\$ -</u>	<u>\$ 40,627</u>	<u>\$ 21,567</u>	<u>\$ -</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I 2010/11	Title I 2011/12	Early Intervention	Title II-B	Parent Nurturing - Alcohol	Local Reading Improvement
Cash and investments - beginning	\$ -	\$ 79,523	\$ -	\$ 34,267	\$ (25)	\$ 212
Receipts:						
Local sources	-	-	-	5,000	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	22,720	546,093	-	10,159	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>22,720</u>	<u>546,093</u>	<u>-</u>	<u>15,159</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	615,764	-	-	-	-
Support services	-	22,732	-	19,060	(750)	-
Noninstructional services	-	21,324	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	11,055	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>670,875</u>	<u>-</u>	<u>19,060</u>	<u>(750)</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>22,720</u>	<u>(124,782)</u>	<u>-</u>	<u>(3,901)</u>	<u>750</u>	<u>-</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	400	-	-
Transfers in	-	22,720	-	-	-	-
Transfers out	<u>(22,720)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,720)</u>	<u>22,720</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(102,062)</u>	<u>-</u>	<u>(3,501)</u>	<u>750</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (22,539)</u>	<u>\$ -</u>	<u>\$ 30,766</u>	<u>\$ 725</u>	<u>\$ 212</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Adult Education and Family Literacy Title II	Gateway Academy Grant	Carl Perkins Grant 2009/10	Title IV-A 2008/09	Title IV-A 2009/10	Title IV-A 2010/11
Cash and investments - beginning	\$ (12,119)	\$ 1,530	\$ -	\$ -	\$ 1,419	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	76,458	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>76,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	63,357	1,530	-	-	-	20,000
Support services	3,300	-	-	-	1,419	3,525
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>66,657</u>	<u>1,530</u>	<u>-</u>	<u>-</u>	<u>1,419</u>	<u>23,525</u>
Excess (deficiency) of receipts over disbursements	<u>9,801</u>	<u>(1,530)</u>	<u>-</u>	<u>-</u>	<u>(1,419)</u>	<u>(23,525)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	25,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,801</u>	<u>(1,530)</u>	<u>-</u>	<u>-</u>	<u>(1,419)</u>	<u>1,475</u>
Cash and investments - ending	<u>\$ (2,318)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Dukes Foundation Grant	Perkins - Tech Prep Grant 2010/11	PLTW - Category I / Pre-Engineer	PLTW - Category II / Princ/Biomed	Improving Teaching Quality No Child Left Title II, Part A	Rural Schools and Low Income Program Pass Through State
Cash and investments - beginning	\$ 1	\$ (68)	\$ (5,444)	\$ (3,880)	\$ 67,784	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	2,467	-	-	-	-	-
Federal sources	-	68	15,000	8,923	123,630	2,289
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	2,467	68	15,000	8,923	123,630	2,289
Disbursements:						
Current:						
Instruction	-	-	4,316	2,007	60,738	-
Support services	-	-	-	-	131,016	2,289
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	2,468	-	5,240	3,036	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	4,250	-
Interfund loans	-	-	-	-	-	-
Total disbursements	2,468	-	9,556	5,043	196,004	2,289
Excess (deficiency) of receipts over disbursements	(1)	68	5,444	3,880	(72,374)	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(25,000)	-
Total other financing sources (uses)	-	-	-	-	(25,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1)	68	5,444	3,880	(97,374)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (29,590)	\$ -

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I Grants to LEAs	Special Education Part B	Education Jobs	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 71,317	\$ 524	\$ -	\$ 6,730	\$ 162,675	\$ 5,329,788
Receipts:						
Local sources	-	-	-	-	-	4,354,254
Intermediate sources	-	-	-	-	-	488
State sources	-	-	-	-	-	14,275,107
Federal sources	-	12,467	456,769	-	-	2,170,830
Temporary loans	-	-	-	-	-	145,488
Interfund loans	-	-	-	-	-	1,467,114
Other	-	-	-	335,174	3,681,414	4,071,659
Total receipts	<u>-</u>	<u>12,467</u>	<u>456,769</u>	<u>335,174</u>	<u>3,681,414</u>	<u>26,484,940</u>
Disbursements:						
Current:						
Instruction	71,317	12,991	-	-	-	10,388,958
Support services	-	-	452,853	-	-	6,971,126
Noninstructional services	-	-	-	-	-	1,318,096
Facilities acquisition and construction	-	-	-	-	-	418,639
Debt services	-	-	-	-	-	2,571,951
Nonprogrammed charges	-	-	3,916	326,682	3,560,865	3,906,768
Interfund loans	-	-	-	-	-	1,467,114
Total disbursements	<u>71,317</u>	<u>12,991</u>	<u>456,769</u>	<u>326,682</u>	<u>3,560,865</u>	<u>27,042,652</u>
Excess (deficiency) of receipts over disbursements	<u>(71,317)</u>	<u>(524)</u>	<u>-</u>	<u>8,492</u>	<u>120,549</u>	<u>(557,712)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	10,000
Sale of capital assets	-	-	-	-	-	2,358
Transfers in	-	-	-	-	-	854,561
Transfers out	-	-	-	-	-	(854,561)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,358</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(71,317)</u>	<u>(524)</u>	<u>-</u>	<u>8,492</u>	<u>120,549</u>	<u>(545,354)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,222</u>	<u>\$ 283,224</u>	<u>\$ 4,784,434</u>

PERU COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Elmwood Elementary	\$ 6,245,000	\$ 701,499
Peru Junior High	1,815,000	228,068
Series 2012 Bonds A&B	4,000,000	93,800
Notes and loans payable	7,666,000	720,500
Temporary Loan	79,021	79,021
Bonds payable:		
General obligation bonds:		
Post Retirement Benefits	<u>800,000</u>	<u>289,593</u>
Total governmental activities debt	<u>\$ 20,605,021</u>	<u>\$ 2,112,481</u>

PERU COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2012

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 and buildings	\$ 29,508,840
Improvements other than buildings	568,267
Machinery and equipment	<u>10,230,043</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 40,307,150</u></u>

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

FEDERAL EXPENDITURES FOR UNALLOWABLE ACTIVITIES

The School Corporation expended Education Jobs funds for stipends for various superintendents' office employees. Stipends of \$500 each were paid to nine different superintendents' office staff members.

Public Law 111-226, Title I, Education Jobs Fund, section 101 (5) states in part: ". . . funds awarded to local educational agencies . . . (B) may not be used for general administrative expenses . . ."

OMB Circular A-133, Subpart C, section .300 states:

"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."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Schools, Chapter 9)

OVERDRAWN FUND BALANCES

The Project Extended Day Fund was overdrawn as of June 30, 2011 and 2012. A similar comment was contained in the prior Audit Report B38350.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

SUBSIDIARY LEDGERS

The control ledger for prepaid lunches reconciles to the depository however it does not reconcile to the detail of individual students in the subsidiary ledger maintained by the Harmony system.

Subsidiary ledger balances must reconcile to the control ledger fund balance. Every transaction should be posted to the control ledger and to the appropriate subsidiary ledger. Fund balances should reconcile between the control ledger and the subsidiary ledger. (Accounting and Uniform Compliance Guidelines Manual for Schools, Chapter 8)

OUTSIDE ORGANIZATIONS (ELMWOOD ELEMENTARY)

During our review of the extra-curricular accounts of Elmwood Elementary School, it was noted that the records of an outside organization (PTO) were being maintained by the Extra-Curricular Treasurer.

Indiana Code 20-41-1-7 states in part:

"The treasurer shall have charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ." Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside organization's monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

Compliance

We have audited Peru Community Schools (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
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 item 2012-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 25, 2012

(This page intentionally left blank.)

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.

PERU COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2010-2012	\$ 194,931	\$ 226,673
National School Lunch Program	10.555	FY 2010-2012	598,639	667,722
Summer Food Service Program for Children	10.559	FY 2010-2012	<u>36,781</u>	<u>37,820</u>
Total for federal grantor agency			<u>830,351</u>	<u>932,215</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			
		10-5635	145,531	-
		11-5635	553,424	-
		12-5635	<u>-</u>	<u>648,336</u>
Total for program			<u>698,955</u>	<u>648,336</u>
ARRA Title 1 Grants to Local Educational Agencies, Recovery Act	84.389			
		11-5635	145,394	-
		12-5635	<u>-</u>	<u>71,317</u>
Total for program			<u>145,394</u>	<u>71,317</u>
Total for cluster			<u>844,349</u>	<u>719,653</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		10-5635	1,133	-
		11-5635	34,510	1,419
		12-5635	<u>-</u>	<u>25,000</u>
Total for program			<u>35,643</u>	<u>26,419</u>
Tech-Prep Education	84.243	A58-1-11CI-073	<u>15,000</u>	<u>-</u>
Rural Education	84.358	FY 2010-2012	<u>21,189</u>	<u>2,289</u>
Improving Teacher Quality State Grants	84.367			
		10-5635	18,459	-
		11-5635	57,216	84,164
		12-5635	<u>-</u>	<u>82,250</u>
Total for program			<u>75,675</u>	<u>166,414</u>
Education Jobs Fund	84.410	FY 2011-2012	<u>-</u>	<u>456,769</u>
Pass-Through Metropolitan School District of Wabash County				
Special Education Cluster (IDEA)				
ARRA Special Education - Grants to States, Recovery Act	84.391	33310-058-SN01	<u>51,235</u>	<u>12,991</u>
Pass-Through Lafayette School Corporation				
Adult Education - Basic Grants to States	84.002	FY 2011-2012	<u>51,521</u>	<u>64,339</u>
Pass-Through Indiana Department of Workforce Development				
Career and Technical Education - Basic Grants to States	84.048			
		FY 2010-2011	5,444	9,556
		FY 2011-2012	<u>3,880</u>	<u>5,043</u>
Total for program			<u>9,324</u>	<u>14,599</u>
Total for federal grantor agency			<u>1,043,091</u>	<u>1,384,535</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Child Services				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	FY 2010-2012	<u>13,856</u>	<u>44,426</u>
Total federal awards expended			<u>\$ 1,948,143</u>	<u>\$ 2,440,114</u>

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

PERU COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Peru Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 15,926	\$ 18,909
National School Lunch Program	10.555	48,026	56,727

PERU COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies 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:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-1 - UNALLOWABLE ACTIVITIES

Federal Agency: US Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year: FY 2011-2012
Pass-Through Entity: Indiana Department of Education

The School Corporation expended Education Jobs funds for stipends for various superintendents' office employees. Stipends of \$500 each were paid to nine different superintendents' office staff members.

Public Law 111-226, Title I, Education Jobs Fund, section 101 (5) states in part: ". . . funds awarded to local educational agencies . . . (B) may not be used for general administrative expenses . . ."

OMB Circular A-133, Subpart C, section .300 states:

"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."

The School Corporation did not ensure that employees responsible for preparing and approving expenditures were familiar with the applicable sections of the Public Law and related federal regulations.

Failure to comply with federal program requirements and requirements of the state pass-through agency could cause the School Corporation to forfeit the federal funds already received and jeopardize approval of future funding under federal assistance programs.

We recommended that the School Corporation review allowable activities with guidance from the federal awarding agency and the Indiana Department of Education (the pass-through agency), and design and implement internal control procedures that will ensure that federal funds are not expended for unallowable activities.

PERU COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2010-1

Original SBA Audit Report Number: B38350

Fiscal Year: 07-01-08 to 06-30-10

Auditee Contact Person: Stanley Hall

Title of Contact Person: Treasurer

Phone Number: 765-473-3081

Status of Finding: The corrective action plan for Finding 2010-1 has been implemented. Guidelines for the use of federally funded program dollars are reviewed by the Assistant Superintendent, Dr. David Thompson and Treasurer, Mr. Stanley Hall prior to the expenditure of the funds. The term "guidelines" includes memos issued by the federal awarding agency, along with handbooks, regulations and law.



*Peru Community
Schools*

*Administrative Center
35 W. Third St.
Peru, Indiana 46970
(765) 473-3081
Fax (765) 472-5129*

CORRECTIVE ACTION PLAN

FINDING NO. 2012-1. UNALLOWED ACTIVITIES

Federal Agency: U. S. Department of Education
Federal Program: Education Jobs Fund
Auditee Contact Person: Stanley Hall
Title of Contact Person: Executive Director of Finance and Operations
Phone Number: (765) 473-3081
Expected Completion Date: November 1, 2012

Corrective Action:

This finding is distinctly different than Finding NO. 2010-1. That finding was caused by incorrect guidance that was provided by Indiana Department of Education to us regarding allowable uses of State Fiscal Stabilization Funds. In simple terms, we were led to believe there were no restrictions on use of those funds.

Finding NO. 2012-1 is the result of an incorrect application of the knowledge that Education Jobs Fund "may not be used for general administrative expenses". Two enclosures from our file, a memorandum for the Office of School Finance dated March 4, 2011, and Public Law No. 111-226 clearly demonstrate our knowledge that the funds were restricted "for school-level educational and related services". This knowledge of the law also demonstrates that the corrective action plan for Finding NO. 2010-1 has been implemented.

However, it is evident that proper action was not taken during the process of administering the Education Jobs grant expenditures. Mr. Hall failed to communicate to the payroll and benefits coordinator that stipends paid to central office personnel were to be charged to the General Fund. After the funds were disbursed, there was no review of the payroll transaction to verify all of the disbursement was an allowable use.

The action to prevent a reoccurrence of this error is two-fold. Guidelines on the use of federal funds will be provided to finance department personnel so that everyone will have knowledge of allowable uses. Secondly, following the posting of a transaction to a federally funded program, someone other than the person who processed the transaction

will review the transaction to verify that it is an allowable transaction. Normally, this would be the treasurer or deputy treasurer.

Stu Hall

October 4, 2012

PERU COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2012, with Sharon Shuey, President of the School Board; Charles Brimbury, Superintendent of Schools; Stanley Hall, Treasurer; Lois Mongosa, Assistant Treasurer; and Jennifer Hopkins, Payroll Clerk. The officials concurred with our audit findings.

A second exit conference was held on December 4, 2012, with Stanley Hall, Treasurer, to discuss changes to the Independent Auditor's Report.