

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION
STARKE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
12/19/2012

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|------------------------------|--|
| Treasurer | Guy Richie | 07-01-10 to 06-30-13 |
| Superintendent of Schools | Lynn Johnson | 07-01-10 to 06-30-14 |
| President of the School Board | Murray Jain Patricia Goin | 07-01-10 to 06-30-11 07-01-11 to 06-30-13 |



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

We have audited the accompanying financial statement of the North Judson-San Pierre School Corporation (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 of accounting 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 November 20, 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 Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. The Schedules 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

November 20, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

We have audited the financial statement of the North Judson-San Pierre School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated November 20, 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, the 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

November 20, 2012

FINANCIAL STATEMENT

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

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NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

| Fund | 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 |
|---|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|
| General | \$ 2,256,201 | \$ 9,822,060 | \$ 9,128,312 | \$ 12,546 | \$ 2,962,495 | \$ 9,331,514 | \$ 9,201,642 | \$ 60,814 | \$ 3,153,181 |
| Debt Service | 1,741,170 | 1,813,159 | 2,045,906 | 6,089 | 1,514,512 | 1,447,784 | 1,981,922 | - | 980,374 |
| Retirement/Severance Bond Debt Service | 92,174 | 88,289 | 118,899 | - | 61,564 | 68,110 | 93,175 | - | 36,499 |
| Capital Projects | 974,307 | 1,338,480 | 1,510,241 | 3,295 | 805,841 | 1,002,212 | 1,265,105 | - | 542,948 |
| School Transportation | 829,703 | 1,144,934 | 1,173,443 | 14,806 | 816,000 | 1,057,936 | 961,365 | 595 | 913,166 |
| School Bus Replacement | 171,727 | 96,647 | - | 288 | 268,662 | 274,313 | 260,184 | - | 282,791 |
| Retirement/Severance Bond | 19,997 | - | 5,091 | - | 14,906 | - | 5,091 | - | 9,815 |
| School Lunch | 159,935 | 728,022 | 719,348 | 325 | 168,934 | 689,043 | 650,045 | - | 207,932 |
| Textbook Rental | 97,438 | 75,495 | 45,535 | - | 127,398 | 116,668 | 157,089 | - | 86,977 |
| Levy Excess | 11,442 | - | - | (11,442) | - | - | - | 11,522 | 11,522 |
| Educational License Plates | 8,138 | 394 | - | - | 8,532 | 263 | - | - | 8,795 |
| Instruction Support | - | 750 | 750 | - | - | - | - | - | - |
| Extra-Curricular Activities | (5,718) | 7,676 | 7,735 | 5,778 | 1 | 6,793 | 7,584 | - | (790) |
| Elementary Supplies | 5,922 | - | 2,775 | - | 3,147 | - | - | - | 3,147 |
| Instruction Support | 16,775 | 30,423 | 34,677 | (9,415) | 3,106 | 29,427 | 22,219 | - | 10,314 |
| Medicaid Reimbursement | 5,606 | 133 | - | - | 5,739 | 150 | - | - | 5,889 |
| Non-English Speaking Programs P.L. 273-1999 | 2,214 | - | - | - | 2,214 | - | - | - | 2,214 |
| School Technology | 15,473 | 32,009 | 20,053 | - | 27,429 | 30,145 | 54,559 | - | 3,015 |
| Miscellaneous Programs | 768 | - | - | - | 768 | - | - | - | 768 |
| Excess PTRC Distributions | 12,519 | - | - | (12,519) | - | - | - | - | - |
| Title I 2009-10 | 36,903 | 22,453 | 37,161 | (22,193) | 2 | - | - | - | 2 |
| Title I 2010-11 | - | 230,819 | 271,719 | 22,193 | (18,707) | 89,314 | 70,608 | - | (1) |
| Title I 2011-12 | - | - | - | - | - | 182,157 | 198,560 | - | (16,403) |
| Drug Free Grant | 501 | 6,191 | 6,692 | - | - | 957 | 957 | - | - |
| Tobacco Prevention Grant | 500 | - | 500 | - | - | - | - | - | - |
| Medicaid Reimbursement - Federal | - | 341 | 43 | - | 298 | 272 | 60 | - | 510 |
| Improving Teaching Quality, No Child Left, Title II, Part A | 146,150 | - | 85,729 | - | 60,421 | 85,811 | 96,190 | (60,420) | (10,378) |
| Title I - ARRA | 17,656 | - | 17,656 | - | - | - | - | - | - |
| Education Jobs | - | - | 229,900 | - | (229,900) | 309,833 | 82,881 | - | (2,948) |
| Totals | \$ 6,617,501 | \$ 15,438,275 | \$ 15,462,165 | \$ 9,751 | \$ 6,603,362 | \$ 14,722,702 | \$ 15,109,236 | \$ 12,511 | \$ 6,229,339 |

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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 may include, but are not limited to, 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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
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.

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 may include, but are not limited to, the following uses:

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

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

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

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

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

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 may include, but are not limited to, the following:

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Holding Corporation

The School Corporation has entered into capital leases with the North Judson-San Pierre School Building Corporation, North Judson-San Pierre Middle School Building Corporation, and with the North Judson-San Pierre Multi-School Building Corporation (the lessor). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2011, and June 30, 2012, totaled \$1,179,927 and \$1,567,500, respectively.

Note 8. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Tax warrants outstanding at June 30, 2011, for the Debt Service, Retirement/Severance Bond Debt Service, Capital Projects, School Transportation, and School Bus Replacement Funds were \$370,000; \$18,000; \$450,000; \$385,000; and \$21,000; respectively. Loans outstanding at June 30, 2012, for the Capital Projects, School Transportation, and School Bus Replacement Funds were \$258,900; \$330,000; and \$101,600; respectively.

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Retirement/ Severance Bond | School Lunch |
|---|---------------------|---------------------|---|---------------------|--------------------------|------------------------------|----------------------------------|-------------------|
| Cash and investments - beginning | \$ 2,256,201 | \$ 1,741,170 | \$ 92,174 | \$ 974,307 | \$ 829,703 | \$ 171,727 | \$ 19,997 | \$ 159,935 |
| Receipts: | | | | | | | | |
| Local sources | 255,411 | 1,443,159 | 70,289 | 888,480 | 759,859 | 75,647 | - | 362,589 |
| Intermediate sources | 81 | - | - | - | - | - | - | - |
| State sources | 9,565,724 | - | - | - | - | - | - | 3,525 |
| Federal sources | - | - | - | - | - | - | - | 361,908 |
| Temporary loans | - | 370,000 | 18,000 | 450,000 | 385,000 | 21,000 | - | - |
| Other | 844 | - | - | - | 75 | - | - | - |
| Total receipts | <u>9,822,060</u> | <u>1,813,159</u> | <u>88,289</u> | <u>1,338,480</u> | <u>1,144,934</u> | <u>96,647</u> | <u>-</u> | <u>728,022</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 6,618,470 | - | - | - | - | - | 5,091 | - |
| Support services | 2,306,084 | - | - | 728,443 | 667,443 | - | - | 191 |
| Noninstructional services | 203,758 | - | - | - | - | - | - | 689,359 |
| Facilities acquisition and construction | - | - | - | 330,798 | - | - | - | 29,798 |
| Debt services | - | 2,045,906 | 118,899 | 451,000 | 506,000 | - | - | - |
| Total disbursements | <u>9,128,312</u> | <u>2,045,906</u> | <u>118,899</u> | <u>1,510,241</u> | <u>1,173,443</u> | <u>-</u> | <u>5,091</u> | <u>719,348</u> |
| Excess (deficiency) of receipts over disbursements | <u>693,748</u> | <u>(232,747)</u> | <u>(30,610)</u> | <u>(171,761)</u> | <u>(28,509)</u> | <u>96,647</u> | <u>(5,091)</u> | <u>8,674</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | 8,867 | - | - | - | 517 | - | - | 325 |
| Transfers in | 9,415 | 6,089 | - | 3,295 | 14,289 | 288 | - | 810 |
| Transfers out | (5,736) | - | - | - | - | - | - | (810) |
| Total other financing sources (uses) | <u>12,546</u> | <u>6,089</u> | <u>-</u> | <u>3,295</u> | <u>14,806</u> | <u>288</u> | <u>-</u> | <u>325</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>706,294</u> | <u>(226,658)</u> | <u>(30,610)</u> | <u>(168,466)</u> | <u>(13,703)</u> | <u>96,935</u> | <u>(5,091)</u> | <u>8,999</u> |
| Cash and investments - ending | <u>\$ 2,962,495</u> | <u>\$ 1,514,512</u> | <u>\$ 61,564</u> | <u>\$ 805,841</u> | <u>\$ 816,000</u> | <u>\$ 268,662</u> | <u>\$ 14,906</u> | <u>\$ 168,934</u> |

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

| | Textbook Rental | Levy Excess | Educational License Plates | Instruction Support | Extra- Curricular Activities | Elementary Supplies | Instruction Support | Medicaid Reimbursement |
|---|--------------------|----------------|----------------------------------|------------------------|------------------------------------|------------------------|------------------------|---------------------------|
| Cash and investments - beginning | \$ 97,438 | \$ 11,442 | \$ 8,138 | \$ - | \$ (5,718) | \$ 5,922 | \$ 16,775 | \$ 5,606 |
| Receipts: | | | | | | | | |
| Local sources | 44,057 | - | - | - | 7,676 | - | - | - |
| Intermediate sources | - | - | 394 | - | - | - | - | - |
| State sources | 31,438 | - | - | - | - | - | 30,423 | 133 |
| Federal sources | - | - | - | 750 | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 75,495 | - | 394 | 750 | 7,676 | - | 30,423 | 133 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | 750 | - | 2,775 | 34,619 | - |
| Support services | 45,535 | - | - | - | - | - | 58 | - |
| Noninstructional services | - | - | - | - | 7,735 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Total disbursements | 45,535 | - | - | 750 | 7,735 | 2,775 | 34,677 | - |
| Excess (deficiency) of receipts over disbursements | 29,960 | - | 394 | - | (59) | (2,775) | (4,254) | 133 |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | 42 | - | - | - |
| Transfers in | - | - | - | - | 5,736 | - | - | - |
| Transfers out | - | (11,442) | - | - | - | - | (9,415) | - |
| Total other financing sources (uses) | - | (11,442) | - | - | 5,778 | - | (9,415) | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 29,960 | (11,442) | 394 | - | 5,719 | (2,775) | (13,669) | 133 |
| Cash and investments - ending | \$ 127,398 | \$ - | \$ 8,532 | \$ - | \$ 1 | \$ 3,147 | \$ 3,106 | \$ 5,739 |

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

| | Non-English Speaking Programs P.L. 273-1999 | School Technology | Miscellaneous Programs | Excess PTRC Distributions | Title I 2009-10 | Title I 2010-11 | Title I 2011-12 |
|---|--|----------------------|---------------------------|---------------------------------|--------------------|--------------------|--------------------|
| Cash and investments - beginning | \$ 2,214 | \$ 15,473 | \$ 768 | \$ 12,519 | \$ 36,903 | \$ - | \$ - |
| Receipts: | | | | | | | |
| Local sources | - | 28,063 | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 3,946 | - | - | - | - | - |
| Federal sources | - | - | - | - | 22,453 | 230,819 | - |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 32,009 | - | - | 22,453 | 230,819 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | 34,123 | 196,731 | - |
| Support services | - | 20,053 | - | - | 2,930 | 68,456 | - |
| Noninstructional services | - | - | - | - | 108 | 6,532 | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | - | 20,053 | - | - | 37,161 | 271,719 | - |
| Excess (deficiency) of receipts over disbursements | - | 11,956 | - | - | (14,708) | (40,900) | - |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | 22,193 | - |
| Transfers out | - | - | - | (12,519) | (22,193) | - | - |
| Total other financing sources (uses) | - | - | - | (12,519) | (22,193) | 22,193 | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 11,956 | - | (12,519) | (36,901) | (18,707) | - |
| Cash and investments - ending | \$ 2,214 | \$ 27,429 | \$ 768 | \$ - | \$ 2 | \$ (18,707) | \$ - |

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

| | Drug Free Grant | Tobacco Prevention Grant | Medicaid Reimbursement Federal | Improving Teaching Quality No Child Left Title II, Part A | Title I ARRA | Education Jobs | Totals |
|---|--------------------|--------------------------------|--------------------------------------|--|-----------------|---------------------|---------------------|
| Cash and investments - beginning | \$ 501 | \$ 500 | \$ - | \$ 146,150 | \$ 17,656 | \$ - | \$ 6,617,501 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 3,935,230 |
| Intermediate sources | - | - | - | - | - | - | 475 |
| State sources | - | - | - | - | - | - | 9,635,189 |
| Federal sources | 6,191 | - | 341 | - | - | - | 622,462 |
| Temporary loans | - | - | - | - | - | - | 1,244,000 |
| Other | - | - | - | - | - | - | 919 |
| Total receipts | <u>6,191</u> | <u>-</u> | <u>341</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,438,275</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 6,692 | 500 | - | 85,319 | - | 218,085 | 7,203,155 |
| Support services | - | - | 43 | 410 | 17,656 | 11,815 | 3,869,117 |
| Noninstructional services | - | - | - | - | - | - | 907,492 |
| Facilities acquisition and construction | - | - | - | - | - | - | 360,596 |
| Debt services | - | - | - | - | - | - | 3,121,805 |
| Total disbursements | <u>6,692</u> | <u>500</u> | <u>43</u> | <u>85,729</u> | <u>17,656</u> | <u>229,900</u> | <u>15,462,165</u> |
| Excess (deficiency) of receipts over disbursements | <u>(501)</u> | <u>(500)</u> | <u>298</u> | <u>(85,729)</u> | <u>(17,656)</u> | <u>(229,900)</u> | <u>(23,890)</u> |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | 9,751 |
| Transfers in | - | - | - | - | - | - | 62,115 |
| Transfers out | - | - | - | - | - | - | (62,115) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,751</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(501)</u> | <u>(500)</u> | <u>298</u> | <u>(85,729)</u> | <u>(17,656)</u> | <u>(229,900)</u> | <u>(14,139)</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 298</u> | <u>\$ 60,421</u> | <u>\$ -</u> | <u>\$ (229,900)</u> | <u>\$ 6,603,362</u> |

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 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 | Retirement/ Severance Bond | School Lunch |
|---|---------------------|-------------------|---|---------------------|--------------------------|------------------------------|----------------------------------|-------------------|
| Cash and investments - beginning | \$ 2,962,495 | \$ 1,514,512 | \$ 61,564 | \$ 805,841 | \$ 816,000 | \$ 268,662 | \$ 14,906 | \$ 168,934 |
| Receipts: | | | | | | | | |
| Local sources | 197,121 | 1,447,784 | 68,110 | 743,312 | 773,836 | 172,713 | - | 326,118 |
| Intermediate sources | 81 | - | - | - | - | - | - | - |
| State sources | 9,126,158 | - | - | - | - | - | - | 3,569 |
| Federal sources | - | - | - | - | - | - | - | 359,356 |
| Temporary loans | - | - | - | 258,900 | 284,100 | 101,600 | - | - |
| Other | 8,154 | - | - | - | - | - | - | - |
| Total receipts | <u>9,331,514</u> | <u>1,447,784</u> | <u>68,110</u> | <u>1,002,212</u> | <u>1,057,936</u> | <u>274,313</u> | <u>-</u> | <u>689,043</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 6,312,648 | - | - | - | - | - | 5,091 | - |
| Support services | 2,681,220 | - | - | 507,067 | 631,365 | 239,184 | - | 1,242 |
| Noninstructional services | 207,774 | - | - | - | - | - | - | 646,611 |
| Facilities acquisition and construction | - | - | - | 253,038 | - | - | - | 1,382 |
| Debt services | - | 1,981,922 | 93,175 | 505,000 | 330,000 | 21,000 | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | 810 |
| Total disbursements | <u>9,201,642</u> | <u>1,981,922</u> | <u>93,175</u> | <u>1,265,105</u> | <u>961,365</u> | <u>260,184</u> | <u>5,091</u> | <u>650,045</u> |
| Excess (deficiency) of receipts over disbursements | <u>129,872</u> | <u>(534,138)</u> | <u>(25,065)</u> | <u>(262,893)</u> | <u>96,571</u> | <u>14,129</u> | <u>(5,091)</u> | <u>38,998</u> |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | 394 | - | - | - | 595 | - | - | - |
| Transfers in | 60,420 | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>60,814</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>595</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>190,686</u> | <u>(534,138)</u> | <u>(25,065)</u> | <u>(262,893)</u> | <u>97,166</u> | <u>14,129</u> | <u>(5,091)</u> | <u>38,998</u> |
| Cash and investments - ending | <u>\$ 3,153,181</u> | <u>\$ 980,374</u> | <u>\$ 36,499</u> | <u>\$ 542,948</u> | <u>\$ 913,166</u> | <u>\$ 282,791</u> | <u>\$ 9,815</u> | <u>\$ 207,932</u> |

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | Textbook Rental | Levy Excess | Educational License Plates | Instruction Support | Extra- Curricular Activities | Elementary Supplies | Instruction Support | Medicaid Reimbursement |
|---|--------------------|----------------|----------------------------------|------------------------|------------------------------------|------------------------|------------------------|---------------------------|
| Cash and investments - beginning | \$ 127,398 | \$ - | \$ 8,532 | \$ - | \$ 1 | \$ 3,147 | \$ 3,106 | \$ 5,739 |
| Receipts: | | | | | | | | |
| Local sources | 67,364 | - | - | - | 6,793 | - | - | - |
| Intermediate sources | - | - | 263 | - | - | - | - | - |
| State sources | 49,304 | - | - | - | - | - | 29,427 | 150 |
| Federal sources | - | - | - | - | - | - | - | - |
| Temporary loans | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 116,668 | - | 263 | - | 6,793 | - | 29,427 | 150 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | - | 22,219 | - |
| Support services | 157,089 | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | 7,584 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 157,089 | - | - | - | 7,584 | - | 22,219 | - |
| Excess (deficiency) of receipts over disbursements | (40,421) | - | 263 | - | (791) | - | 7,208 | 150 |
| Other financing sources (uses): | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | 11,522 | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 11,522 | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (40,421) | 11,522 | 263 | - | (791) | - | 7,208 | 150 |
| Cash and investments - ending | \$ 86,977 | \$ 11,522 | \$ 8,795 | \$ - | \$ (790) | \$ 3,147 | \$ 10,314 | \$ 5,889 |

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 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 Programs P.L. 273-1999 | School Technology | Miscellaneous Programs | Excess PTRC Distributions | Title I 2009-10 | Title I 2010-11 | Title I 2011-12 |
|---|--|----------------------|---------------------------|---------------------------------|--------------------|--------------------|--------------------|
| Cash and investments - beginning | \$ 2,214 | \$ 27,429 | \$ 768 | \$ - | \$ 2 | \$ (18,707) | \$ - |
| Receipts: | | | | | | | |
| Local sources | - | 26,364 | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 3,781 | - | - | - | - | - |
| Federal sources | - | - | - | - | - | 89,314 | 182,157 |
| Temporary loans | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 30,145 | - | - | - | 89,314 | 182,157 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | 56,471 | 107,839 |
| Support services | - | 54,559 | - | - | - | 14,137 | 85,472 |
| Noninstructional services | - | - | - | - | - | - | 5,249 |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | - | 54,559 | - | - | - | 70,608 | 198,560 |
| Excess (deficiency) of receipts over disbursements | - | (24,414) | - | - | - | 18,706 | (16,403) |
| 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 | - | (24,414) | - | - | - | 18,706 | (16,403) |
| Cash and investments - ending | \$ 2,214 | \$ 3,015 | \$ 768 | \$ - | \$ 2 | \$ (1) | \$ (16,403) |

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

| | Drug Free Grant | Tobacco Prevention Grant | Medicaid Reimbursement Federal | Improving Teaching Quality No Child Left Title II, Part A | Title I ARRA | Education Jobs | Totals |
|---|--------------------|--------------------------------|--------------------------------------|--|-----------------|-------------------|--------------|
| Cash and investments - beginning | \$ - | \$ - | \$ 298 | \$ 60,421 | \$ - | \$ (229,900) | \$ 6,603,362 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 3,829,515 |
| Intermediate sources | - | - | - | - | - | - | 344 |
| State sources | - | - | - | - | - | - | 9,212,389 |
| Federal sources | 957 | - | 272 | 85,811 | - | 309,833 | 1,027,700 |
| Temporary loans | - | - | - | - | - | - | 644,600 |
| Other | - | - | - | - | - | - | 8,154 |
| Total receipts | 957 | - | 272 | 85,811 | - | 309,833 | 14,722,702 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 957 | - | - | 95,852 | - | 59,626 | 6,660,703 |
| Support services | - | - | 60 | 338 | - | 23,255 | 4,394,988 |
| Noninstructional services | - | - | - | - | - | - | 867,218 |
| Facilities acquisition and construction | - | - | - | - | - | - | 254,420 |
| Debt services | - | - | - | - | - | - | 2,931,097 |
| Nonprogrammed charges | - | - | - | - | - | - | 810 |
| Total disbursements | 957 | - | 60 | 96,190 | - | 82,881 | 15,109,236 |
| Excess (deficiency) of receipts over disbursements | - | - | 212 | (10,379) | - | 226,952 | (386,534) |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | 989 |
| Transfers in | - | - | - | - | - | - | 71,942 |
| Transfers out | - | - | - | (60,420) | - | - | (60,420) |
| Total other financing sources (uses) | - | - | - | (60,420) | - | - | 12,511 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | 212 | (70,799) | - | 226,952 | (374,023) |
| Cash and investments - ending | \$ - | \$ - | \$ 510 | \$ (10,378) | \$ - | \$ (2,948) | \$ 6,229,339 |

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

In our sample tests, we found an instance where a payment to a credit card company was not fully supported by invoices. On November 30, 2011, the School Corporation paid \$3,627 to a credit card company based on the credit card statement. Eight hundred and sixty-seven dollars or 24 percent of this credit card payment did not contain adequate supporting documentation, such as receipts, invoices, and other public records. We tested another credit card payment and it was fully supported by invoices.

We also found an instance in which the School Corporation paid for attorney fees but the invoice showed total amount due and hours of services provided, but did not show an hourly rate. On December 20, 2011, the School Corporation paid \$6,154 to a legal firm. The invoice showed 33.6 hours of legal services provided but did not show any rates for those services.

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

TEXTBOOK FUND AND LUNCH FUND

The School Corporation Treasurer did not include all of the Textbook Rental Fund and School Lunch Fund financial transactions in the biannual financial report filed with the Indiana Department of Education. The School Corporation Textbook Rental Fund included in the biannual financial report showed the free textbook reimbursements received from the State and then paid to each school. The Textbook Rental Fund financial transactions maintained by each school Extra-Curricular Treasurer were not included in the biannual financial report. We combined each school's Textbook Rental Fund financial transactions and suggested that the School Corporation Treasurer include this in the school's financial statements. The June 30, 2011 and June 30, 2012 combined cash balances were \$127,398 and \$86,977, respectively.

The School Corporation deposited all lunch and breakfast receipts into a bank account and then made monthly transfers to the School Corporation School Lunch Fund. The June 30 balance in the separate bank account was not included in the School Corporation's School Lunch Fund and not included in the biannual financial report to the Indiana Department of Education. The June 30, 2011 and June 30, 2012 balances in the separate bank account were \$5,953 and \$2,861, respectively.

The central office of a school corporation should ensure all financial information for school lunch and textbook rental maintained at all buildings is summarized and properly accounted for in School Lunch Fund 0800, and Textbook Rental Fund 0900, in each Biannual Financial Report (Form Nine) filed with the Indiana Department of Education. (The School Administrator and Uniform Compliance Guidelines, Volume 174, page 6, June 2006)

STATE TEXTBOOK REIMBURSEMENT

The 2011-2012 school year textbook reimbursement claim submitted by the School Corporation to the Indiana Department of Education was not accurate. The total costs claimed for the 49 eligible seventh grade students were \$10,741, which calculates to \$219 per student. The actual fee that the School Corporation charged seventh grade students was \$121. The total costs claimed for the 40 eligible eighth grade students were \$7,696, which calculates to \$192 per student. The actual fee that the School Corporation charged eighth grade students was \$119.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

School Corporation officials could not explain why the reimbursement claim costs for seventh and eighth grade students was significantly higher than the actual amounts that the School Corporation charged students. We suggested that the School Corporation contact the Indiana Department of Education to correct any data that the School Corporation provided.

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 Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA EDUCATIONAL FEES (Applies to all Schools)

Some educational fees were receipted to and retained in extra-curricular funds. For instance, first grade book fees included amounts for: writing paper, \$3; art supplies, \$5; and computer paper/ink, \$6. A similar exception was included in prior audit reports, the most recent being file No. B38408.

All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. The following items erroneously appear in funds of the extra-curricular account. Accounting for them should be in the general fund of the school corporation. Examples are: . . . Art Fees, . . . Supplies . . . (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

SCHOOL ACTIVITY RECEIPTS (Applies to High School)

The high school choir account receipts did not identify the activity for which monies are collected. Many of the choir account receipts show two or three activities on the receipt, such as trip, fundraiser, and Madrigal retreat. The Extra-Curricular Treasurer was unable to provide for our audit a separate accounting for the various choir account receipts.

Receipts from the golf outing fundraiser accounted for in the athletic account decreased from \$7,105 during the 2010-2011 school year to \$5,915 during the 2011-2012 year. Fees paid to the golf course increased from \$1,550 for the 2010-2011 outing to \$1,900 for the 2011-2012 outing. High school officials were unable to provide for audit an accounting of golf outing receipts for the two years. The Extra-Curricular Treasurer explained to us that the receipts from the 2012-2013 golf outing were kept by the basketball coach and not given to the Extra-Curricular Treasurer to account for in the extra-curricular records and to deposit into the extra-curricular bank account.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSITS (Applies to High School)

In our sample test, we found an instance in which cash amounts shown on the deposit slip was less than the cash amounts shown on the corresponding receipts. The total deposit amount agreed to the total of the corresponding receipts. Receipts No. 1237 to 1240 showed \$1,040 cash and \$1,177 total. The corresponding deposit slip showed \$960 cash and \$1,177 total. In another instance, the deposit slip did not show whether the amount deposited was in the form of cash or checks. For this instance, we were unable to determine if the receipts were deposited in the same form in which they were received.

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

OUTSIDE ORGANIZATIONS (Applies to the High School)

High school extra-curricular financial records indicated that monies from the Bluejay Football Parents Club were accounted for in the Extra-Curricular Accounts. A similar exception was also shown in the prior report, file No. B38408.

IC 20-5-7-2 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)

PRESCRIBED FORMS (Applies to Elementary School)

The receipts issued by the Elementary School Extra-Curricular Treasurer did not show the correct payment type. All receipts showed 100 percent cash collected. In our tests of receipts to deposits, deposit slips showed very little cash deposited.

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

The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

PUBLIC RECORDS RETENTION (Applies to Elementary School)

The Extra-Curricular Treasurer maintained a tally sheet in which she listed textbook rental receipts with a total to match the deposit. These tally sheets were not available for our audit. In our sample test of textbook rental receipts, there was one instance in which we were unable to balance the textbook rental receipts with the deposit, even with the Extra-Curricular Treasurer's assistance. The October 6, 2010 deposit, \$1,215, did not agree with the total of the textbook rental receipts, \$1,228.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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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
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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 THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Compliance

We have audited North Judson-San Pierre School Corporation's (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.

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.

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

November 20, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NORTH JUDSON-SAN PIERRE 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 | | \$ 131,459 | \$ 103,811 |
| National School Lunch Program | 10.555 | | 244,647 | 277,769 |
| Summer Food Service Program for Children | 10.559 | | <u>7,533</u> | <u>5,235</u> |
| Total for cluster | | | <u>383,639</u> | <u>386,815</u> |
| Child and Adult Care Food Program | 10.558 | | <u>4,232</u> | <u>4,528</u> |
| Total for federal grantor agency | | | <u>387,871</u> | <u>391,343</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 | | | |
| | | 10-7515 | 37,161 | - |
| | | 11-7515 | 230,819 | 89,314 |
| | | 12-7515 | <u>-</u> | <u>182,157</u> |
| Total for program | | | <u>267,980</u> | <u>271,471</u> |
| ARRA Title 1 Grants to Local Educational Agencies, Recovery Act | 84.389 | | <u>17,656</u> | <u>-</u> |
| Total for cluster | | | <u>285,636</u> | <u>271,471</u> |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | | <u>6,191</u> | <u>957</u> |
| Improving Teacher Quality State Grants | 84.367 | | <u>85,729</u> | <u>85,811</u> |
| Education Jobs Fund | 84.410 | | <u>-</u> | <u>309,833</u> |
| Total for federal grantor agency | | | <u>377,556</u> | <u>668,072</u> |
| Total federal awards expended | | | <u>\$ 765,427</u> | <u>\$ 1,059,415</u> |

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of 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 | \$ 9,471 | \$ 8,713 |
| National School Lunch Program | 10.555 | 17,492 | 23,274 |

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
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 deficiency identified? | none reported |
| Noncompliance material to financial statement noted? | no |

Federal Awards:

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | no |
| Significant deficiency identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | no |

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

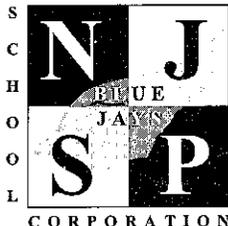
Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION

801 Campbell Drive • North Judson, IN 46366 • Ph (574) 896-2155 • Fax (574) 896-2156

LYNN JOHNSON, ED.S.
SUPERINTENDENT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number: 2010-2
SBA Audit Report number: B38408
Fiscal Year: 7/1/08 – 6/30/10
Contact Person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #3
Status of Finding: Deficiencies in Reporting

The North Judson-San Pierre school Corporation is implementing various internal controls to assist with maintaining the Food Service accounting process. The NJ-SP School corporation has hired a new full-time Food Service Treasurer to oversee and maintain the Food Service records. The NJ-SP School Corporation has also purchased Food Service financial software to maintain student meal counts and receipts. The NJ-SP School Corporation will continue to work on any areas within the Food Service accounting that require improvement.

Finding Number: 2010-3
SBA Audit Report number: B38408
Fiscal Year: 7/1/08 – 6/30/10
Contact Person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #3
Status of Finding: Deficiencies in Reporting

The North Judson-San Pierre School Corporation submits all Title I grants within each deadline period. There has also been a new Title I Administrator hired who assists with reports and meeting grant deadlines.





Finding Number: 2010-4
SBA Audit Report number: B38408
Fiscal Year: 7/1/08 – 6/30/10
Contact Person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #3
Status of Finding: Deficiencies in Internal Controls

The NJ-SP School Corporation has reviewed their office procedures and is attempting to institute practices that would allow work performed by employees to be separated when involving incompatible activities related to the areas of cash receipts and disbursements.

Finding Number: 2010-5
SBA Audit Report number: B38408
Fiscal Year: 7/1/08 – 6/30/10
Contact Person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #3
Status of Finding: Deficiencies in Internal Controls

The NJ-SP School Corporation has reviewed their office procedures and is attempting to institute practices that would allow work performed by employees to be separated when involving incompatible activities related to the areas of cash receipts and disbursements.

Finding Number: 2010-6
SBA Audit Report number: B38408
Fiscal Year: 7/1/08 – 6/30/10
Contact Person: Guy Richie
Title: Treasurer
Phone Number: 574-896-2155 ext. #3
Status of Finding: Deficiencies in Internal Controls

The NJ-SP School Corporation has reviewed their office procedures and is attempting to institute practices that would allow work performed by employees to be separated when involving incompatible activities related to the areas of cash receipts and disbursements.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2012, with Guy Richie, Treasurer; Lynn Johnson, Superintendent of Schools; and with Patricia Goin, President of the School Board. The officials concurred with our audit findings.