

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/26/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie D. Wake	07-01-10 to 06-30-13
Superintendent of Schools	Bryan Rausch	07-01-10 to 06-30-13
President of the School Board	Keith Davis	07-01-10 to 06-30-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

We have audited the accompanying financial statement of the Liberty-Perry Community 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.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, Other Financing Sources (Uses), 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. 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

January 24, 2013



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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 LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

We have audited the financial statement of the Liberty-Perry Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 24, 2013. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2012-1 to be material weaknesses.

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

Compliance and Other Matters

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

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

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

January 24, 2013

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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LIBERTY-PERRY COMMUNITY 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

	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	\$ 60,896	\$ 7,058,476	\$ 6,856,299	\$ 39,697	\$ 302,770	\$ 6,960,825	\$ 6,805,423	\$ -	\$ 458,172
Debt Service	48,069	500,075	456,954	-	91,190	360,224	266,667	-	184,747
Retirement/Severance Bond Debt Service	8,136	461,092	318,086	-	151,142	355,197	316,351	-	189,988
Capital Projects	1	1,040,946	816,631	-	224,316	668,180	689,907	-	202,589
School Transportation	149,474	960,808	503,648	(225,000)	381,634	524,762	531,290	-	375,106
School Bus Replacement	113,121	415,089	-	(325,000)	203,210	109,869	82,636	(160,000)	70,443
Rainy Day	394,798	79,647	288,915	550,000	735,530	23,431	553,279	160,000	365,682
Retirement/Severance Bond	346,118	-	94,375	-	251,743	-	87,653	-	164,090
School Lunch	16,934	496,458	425,082	-	88,310	531,442	528,500	-	91,252
Textbook Rental	65,217	88,227	45,303	-	108,141	98,300	174,357	-	32,084
Levy Excess	-	11,497	-	-	11,497	-	-	-	11,497
SAFE School Haven	164	-	-	-	164	-	-	-	164
CAPE Grant	12	-	-	-	12	-	-	-	12
Gifted and Talented	-	29,302	28,469	(833)	-	30,035	30,035	-	-
Medicaid Reimbursement	29	-	-	-	29	-	-	-	29
School Technology	-	-	-	-	-	7,315	4,300	-	3,015
Technology Grants	36	-	-	-	36	-	-	-	36
Performance Based Awards	138	-	-	-	138	-	-	-	138
Indiana Teachers Technology Grant	1	-	-	-	1	-	-	-	1
Library Media Specialist Cadre	28	-	-	-	28	-	-	-	28
Wellness Program GRIC	2,431	11,000	11,947	-	1,484	10,900	10,870	-	1,514
Title I FY 2010-11	-	121,020	121,020	-	-	18,991	18,241	-	750
Title I FY 2009-10	30,027	16,569	46,606	10	-	-	-	-	-
Title I FY 2011-12	-	-	-	-	-	155,202	155,202	-	-
Title VI	174	-	-	-	174	-	-	-	174
Title V Part A	190	-	-	-	190	-	-	-	190
Title V Supplemental	174	-	-	-	174	-	-	-	174
Special Education	26,863	255,732	281,906	(689)	-	300,342	300,342	-	-
Drug Free FY 2010-11	2,234	1,830	615	-	3,449	-	979	-	2,470
Drug Free FY 2005-06	18	-	18	-	-	-	-	-	-
Drug Free FY 2008-09	50	-	50	-	-	-	-	-	-
Drug Free FY 2011-12	-	-	-	-	-	591	320	-	271
Project Lead the Way	-	20,000	17,552	-	2,448	20,781	23,211	-	18
Title II - Eisenhower Science and Math	27	-	-	-	27	-	-	-	27
Tobacco Free Coalition	1,209	-	-	-	1,209	-	-	-	1,209
Medicaid Reimbursement - Federal	47	-	-	-	47	-	-	-	47
Title II Part A-Improving Teaching Quality	164	38,021	-	(38,185)	-	29,065	29,065	-	-
Education Technology Competitive Grant	67	-	-	-	67	-	-	-	67
Title III - Technology Literacy Challenge	62	-	-	-	62	-	-	-	62
ARRA Special Education	1,891	62,076	62,015	-	1,952	17,521	19,473	-	-
Education Jobs	-	-	-	-	-	223,327	223,327	-	-
Agency	19,246	1,820,122	1,818,404	-	20,964	2,009,127	1,994,168	-	35,923
Totals	\$ 1,288,046	\$ 13,487,987	\$ 12,193,895	\$ -	\$ 2,582,138	\$ 12,455,427	\$ 12,845,596	\$ -	\$ 2,191,969

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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.

LIBERTY-PERRY COMMUNITY 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.

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 which include outflows for food service operations, and community service operations.

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, 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.

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:

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 60,896	\$ 48,069	\$ 8,136	\$ 1	\$ 149,474	\$ 113,121	\$ 394,798	\$ 346,118	\$ 16,934	\$ 65,217
Receipts:										
Local sources	30,693	500,075	461,092	1,036,405	958,761	415,089	-	-	228,277	88,222
Intermediate sources	65	-	-	-	-	-	-	-	-	-
State sources	6,828,177	-	-	-	-	-	-	-	5,558	-
Federal sources	-	-	-	-	-	-	-	-	260,355	-
Interfund loans	100,000	-	-	-	-	-	79,647	-	-	-
Other	99,541	-	-	4,541	2,047	-	-	-	2,268	5
Total receipts	<u>7,058,476</u>	<u>500,075</u>	<u>461,092</u>	<u>1,040,946</u>	<u>960,808</u>	<u>415,089</u>	<u>79,647</u>	<u>-</u>	<u>496,458</u>	<u>88,227</u>
Disbursements:										
Current:										
Instruction	4,589,994	-	-	-	-	-	-	43,860	-	-
Support services	2,175,707	-	-	319,696	503,648	-	24,399	50,515	251	45,303
Noninstructional services	90,598	-	-	-	-	-	-	-	424,831	-
Facilities acquisition and construction	-	-	-	317,288	-	-	264,516	-	-	-
Debt services	-	456,954	318,086	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	179,647	-	-	-	-	-	-
Total disbursements	<u>6,856,299</u>	<u>456,954</u>	<u>318,086</u>	<u>816,631</u>	<u>503,648</u>	<u>-</u>	<u>288,915</u>	<u>94,375</u>	<u>425,082</u>	<u>45,303</u>
Excess (deficiency) of receipts over disbursements	<u>202,177</u>	<u>43,121</u>	<u>143,006</u>	<u>224,315</u>	<u>457,160</u>	<u>415,089</u>	<u>(209,268)</u>	<u>(94,375)</u>	<u>71,376</u>	<u>42,924</u>
Other financing sources (uses):										
Transfers in	69,142	-	-	-	-	-	550,000	-	-	-
Transfers out	(29,445)	-	-	-	(225,000)	(325,000)	-	-	-	-
Total other financing sources (uses)	<u>39,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>(325,000)</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>241,874</u>	<u>43,121</u>	<u>143,006</u>	<u>224,315</u>	<u>232,160</u>	<u>90,089</u>	<u>340,732</u>	<u>(94,375)</u>	<u>71,376</u>	<u>42,924</u>
Cash and investments - ending	<u>\$ 302,770</u>	<u>\$ 91,190</u>	<u>\$ 151,142</u>	<u>\$ 224,316</u>	<u>\$ 381,634</u>	<u>\$ 203,210</u>	<u>\$ 735,530</u>	<u>\$ 251,743</u>	<u>\$ 88,310</u>	<u>\$ 108,141</u>

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

	Levy Excess	SAFE School Haven	CAPE Grant	Gifted and Talented	Medicaid Reimbursement	Technology Grants	Performance Based Awards	Indiana Teachers Technology Grant	Library Media Specialist Cadre	Wellness Program GRIC
Cash and investments - beginning	\$ -	\$ 164	\$ 12	\$ -	\$ 29	\$ 36	\$ 138	\$ 1	\$ 28	\$ 2,431
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	11,000
State sources	11,497	-	-	29,302	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>11,497</u>	<u>-</u>	<u>-</u>	<u>29,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Disbursements:										
Current:										
Instruction	-	-	-	8,910	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	11,947
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	19,559	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,947</u>
Excess (deficiency) of receipts over disbursements	<u>11,497</u>	<u>-</u>	<u>-</u>	<u>833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(947)</u>
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(833)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(833)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(947)</u>
Cash and investments - ending	<u>\$ 11,497</u>	<u>\$ 164</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 36</u>	<u>\$ 138</u>	<u>\$ 1</u>	<u>\$ 28</u>	<u>\$ 1,484</u>

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

	Title I FY 2010-11	Title I FY 2009-10	Title VI	Title V Part A	Title V Supplemental	Special Education	Drug Free FY 2010-11	Drug Free FY 2005-06	Drug Free FY 2008-09	Project Lead the Way
Cash and investments - beginning	\$ -	\$ 30,027	\$ 174	\$ 190	\$ 174	\$ 26,863	\$ 2,234	\$ 18	\$ 50	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	121,020	16,569	-	-	-	255,732	1,830	-	-	20,000
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	121,020	16,569	-	-	-	255,732	1,830	-	-	20,000
Disbursements:										
Current:										
Instruction	88,234	46,606	-	-	-	281,906	472	18	50	17,552
Support services	-	-	-	-	-	-	143	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	32,786	-	-	-	-	-	-	-	-	-
Total disbursements	121,020	46,606	-	-	-	281,906	615	18	50	17,552
Excess (deficiency) of receipts over disbursements	-	(30,037)	-	-	-	(26,174)	1,215	(18)	(50)	2,448
Other financing sources (uses):										
Transfers in	-	4,487	-	-	-	-	-	-	-	-
Transfers out	-	(4,477)	-	-	-	(689)	-	-	-	-
Total other financing sources (uses)	-	10	-	-	-	(689)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(30,027)	-	-	-	(26,863)	1,215	(18)	(50)	2,448
Cash and investments - ending	\$ -	\$ -	\$ 174	\$ 190	\$ 174	\$ -	\$ 3,449	\$ -	\$ -	\$ 2,448

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

	Title II - Eisenhower Science and Math	Tobacco Free Coalition	Medicaid Reimbursement Federal	Title II Part A - Improving Teaching Quality	Education Technology Competitive Grant	Title III - Technology Literacy Challenge	ARRA Special Education	Agency	Totals
Cash and investments - beginning	\$ 27	\$ 1,209	\$ 47	\$ 164	\$ 67	\$ 62	\$ 1,891	\$ 19,246	\$ 1,288,046
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,718,614
Intermediate sources	-	-	-	-	-	-	-	-	11,065
State sources	-	-	-	-	-	-	-	-	6,874,534
Federal sources	-	-	-	38,021	-	-	62,076	-	775,603
Interfund loans	-	-	-	-	-	-	-	-	179,647
Other	-	-	-	-	-	-	-	1,820,122	1,928,524
Total receipts	-	-	-	38,021	-	-	62,076	1,820,122	13,487,987
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	62,015	-	5,139,617
Support services	-	-	-	-	-	-	-	-	3,131,609
Noninstructional services	-	-	-	-	-	-	-	-	515,429
Facilities acquisition and construction	-	-	-	-	-	-	-	-	581,804
Debt services	-	-	-	-	-	-	-	-	775,040
Nonprogrammed charges	-	-	-	-	-	-	-	1,818,404	1,837,963
Interfund loans	-	-	-	-	-	-	-	-	212,433
Total disbursements	-	-	-	-	-	-	62,015	1,818,404	12,193,895
Excess (deficiency) of receipts over disbursements	-	-	-	38,021	-	-	61	1,718	1,294,092
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	623,629
Transfers out	-	-	-	(38,185)	-	-	-	-	(623,629)
Total other financing sources (uses)	-	-	-	(38,185)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(164)	-	-	61	1,718	1,294,092
Cash and investments - ending	\$ 27	\$ 1,209	\$ 47	\$ -	\$ 67	\$ 62	\$ 1,952	\$ 20,964	\$ 2,582,138

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 302,770	\$ 91,190	\$ 151,142	\$ 224,316	\$ 381,634	\$ 203,210	\$ 735,530	\$ 251,743	\$ 88,310	\$ 108,141
Receipts:										
Local sources	48,050	352,179	355,197	659,423	522,610	109,869	-	-	240,006	97,865
Intermediate sources	33	-	-	-	-	-	-	-	-	-
State sources	6,827,533	-	-	-	-	-	-	-	9,388	-
Federal sources	-	-	-	-	-	-	-	-	277,538	-
Interfund loans	29,423	-	-	-	-	-	-	-	-	-
Other	55,786	8,045	-	8,757	2,152	-	23,431	-	4,510	435
Total receipts	6,960,825	360,224	355,197	668,180	524,762	109,869	23,431	-	531,442	98,300
Disbursements:										
Current:										
Instruction	4,561,869	-	-	-	-	-	17,224	34,262	-	-
Support services	2,092,662	-	-	466,563	531,290	82,636	10,970	53,391	210	174,357
Noninstructional services	93,184	-	-	-	-	-	-	-	528,290	-
Facilities acquisition and construction	-	-	-	223,344	-	-	525,085	-	-	-
Debt services	-	266,667	316,351	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	57,708	-	-	-	-	-	-	-	-	-
Total disbursements	6,805,423	266,667	316,351	689,907	531,290	82,636	553,279	87,653	528,500	174,357
Excess (deficiency) of receipts over disbursements	155,402	93,557	38,846	(21,727)	(6,528)	27,233	(529,848)	(87,653)	2,942	(76,057)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	160,000	-	-	-
Transfers out	-	-	-	-	-	(160,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(160,000)	160,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	155,402	93,557	38,846	(21,727)	(6,528)	(132,767)	(369,848)	(87,653)	2,942	(76,057)
Cash and investments - ending	\$ 458,172	\$ 184,747	\$ 189,988	\$ 202,589	\$ 375,106	\$ 70,443	\$ 365,682	\$ 164,090	\$ 91,252	\$ 32,084

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

	Levy Excess	SAFE School Haven	CAPE Grant	Gifted and Talented	Medicaid Reimbursement	School Technology	Technology Grants	Performance Based Awards	Indiana Teachers Technology Grant	Library Media Specialist Cadre
Cash and investments - beginning	\$ 11,497	\$ 164	\$ 12	\$ -	\$ 29	\$ -	\$ 36	\$ 138	\$ 1	\$ 28
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	30,035	-	7,315	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	30,035	-	7,315	-	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	30,035	-	-	-	-	-	-
Support services	-	-	-	-	-	4,300	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	30,035	-	4,300	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	3,015	-	-	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	3,015	-	-	-	-
Cash and investments - ending	<u>\$ 11,497</u>	<u>\$ 164</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 3,015</u>	<u>\$ 36</u>	<u>\$ 138</u>	<u>\$ 1</u>	<u>\$ 28</u>

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

	Wellness Program GRIC	Title I FY 2010-11	Title I FY 2011-12	Title VI	Title V Part A	Title V Supplemental	Special Education	Drug Free FY 2010-11	Drug Free FY 2011-12	Project Lead the Way
Cash and investments - beginning	\$ 1,484	\$ -	\$ -	\$ 174	\$ 190	\$ 174	\$ -	\$ 3,449	\$ -	\$ 2,448
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	10,900	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	4,201	136,938	-	-	-	267,783	-	591	20,781
Interfund loans	-	14,040	18,264	-	-	-	32,559	-	-	-
Other	-	750	-	-	-	-	-	-	-	-
Total receipts	10,900	18,991	155,202	-	-	-	300,342	-	591	20,781
Disbursements:										
Current:										
Instruction	-	18,241	141,162	-	-	-	270,919	660	320	23,211
Support services	10,870	-	-	-	-	-	-	319	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	14,040	-	-	-	29,423	-	-	-
Total disbursements	10,870	18,241	155,202	-	-	-	300,342	979	320	23,211
Excess (deficiency) of receipts over disbursements	30	750	-	-	-	-	-	(979)	271	(2,430)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30	750	-	-	-	-	-	(979)	271	(2,430)
Cash and investments - ending	\$ 1,514	\$ 750	\$ -	\$ 174	\$ 190	\$ 174	\$ -	\$ 2,470	\$ 271	\$ 18

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

	Title II - Eisenhower Science and Math	Tobacco Free Coalition	Medicaid Reimbursement Federal	Title II Part A - Improving Teaching Quality	Education Technology Competitive Grant	Title III - Technology Literacy Challenge	ARRA Special Education	Education Jobs	Agency	Totals
Cash and investments - beginning	\$ 27	\$ 1,209	\$ 47	\$ -	\$ 67	\$ 62	\$ 1,952	\$ -	\$ 20,964	\$ 2,582,138
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	2,385,199
Intermediate sources	-	-	-	-	-	-	-	-	-	10,933
State sources	-	-	-	-	-	-	-	-	-	6,874,271
Federal sources	-	-	-	21,280	-	-	17,521	223,327	-	969,960
Interfund loans	-	-	-	6,885	-	-	-	-	-	101,171
Other	-	-	-	900	-	-	-	-	2,009,127	2,113,893
Total receipts	-	-	-	29,065	-	-	17,521	223,327	2,009,127	12,455,427
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	19,473	178,975	-	5,296,351
Support services	-	-	-	29,065	-	-	-	44,352	-	3,500,985
Noninstructional services	-	-	-	-	-	-	-	-	-	621,474
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	748,429
Debt services	-	-	-	-	-	-	-	-	-	583,018
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,994,168	1,994,168
Interfund loans	-	-	-	-	-	-	-	-	-	101,171
Total disbursements	-	-	-	29,065	-	-	19,473	223,327	1,994,168	12,845,596
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(1,952)	-	14,959	(390,169)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	160,000
Transfers out	-	-	-	-	-	-	-	-	-	(160,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(1,952)	-	14,959	(390,169)
Cash and investments - ending	\$ 27	\$ 1,209	\$ 47	\$ -	\$ 67	\$ 62	\$ -	\$ -	\$ 35,923	\$ 2,191,969

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B38554.

1. Record balances were not completely reconciled to depository balances.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

2. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

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

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

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Part 9)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the Liberty-Perry Community School Corporation related to financial transactions and reporting. As in prior Report B38554, we believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the central office to reduce risks to the achievement of financial reporting objectives. The school corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.

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 Indiana Public School Corporations, Part 9)

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

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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 THE LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

Compliance

We have audited the Liberty-Perry Community 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

January 24, 2013

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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.

LIBERTY-PERRY 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 10-11	\$ 53,208	\$ -
		FY 11-12	-	65,499
			<u>53,208</u>	<u>65,499</u>
Total for program			<u>53,208</u>	<u>65,499</u>
National School Lunch Program				
	10.555			
		FY 10-11	242,756	-
		FY 11-12	-	247,921
			<u>242,756</u>	<u>247,921</u>
Total for program			<u>242,756</u>	<u>247,921</u>
Summer Food Service Program for Children				
	10.559			
		FY 2011	-	6,335
			<u>-</u>	<u>6,335</u>
Total for federal grantor agency			<u>295,964</u>	<u>319,755</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			
		10-1895	30,026	-
		11-1895	130,641	-
		12-1895	-	136,354
			<u>160,667</u>	<u>136,354</u>
Total for program			<u>160,667</u>	<u>136,354</u>
Total for cluster			<u>160,667</u>	<u>136,354</u>
Pass-Through Greater Randolph Interlocal Cooperative				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027			
		14210-066-PN01	26,863	-
		14211-066-PN01	255,731	-
		14212-066-ON01	-	267,783
			<u>282,594</u>	<u>267,783</u>
Total for program			<u>282,594</u>	<u>267,783</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391			
		33310-066-SN01	62,015	6,760
			<u>62,015</u>	<u>6,760</u>
Total for cluster			<u>344,609</u>	<u>274,543</u>

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities - State Grants	84.186			
		1895 FY 05-06	18	-
		1895 FY 08-09	50	-
		1895 FY 10-11	615	979
		1895 FY 11-12	-	<u>320</u>
Total for program			<u>683</u>	<u>1,299</u>
Projects with Industry	84.234			
		1895 FY 10-11	17,552	2,448
Pass-Through Muncie Community Schools Projects with Industry	84.234			
		FY 11-12	-	<u>20,763</u>
Total for program			<u>17,552</u>	<u>23,211</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		1895 FY 10-12	<u>38,185</u>	<u>29,065</u>
Education Jobs Fund	84.410			
		1895 FY 11-12	-	<u>223,327</u>
Total for federal grantor agency			<u>561,696</u>	<u>687,799</u>
Total federal awards expended			<u>\$ 857,660</u>	<u>\$ 1,007,554</u>

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 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	\$ 6,402	\$ 8,111
National School Lunch Program	10.555	29,207	30,912

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

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

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Liberty- Perry CSC
Summary Schedule of Prior Audit Findings

FINDING 2010-002, TITLE I – INTERNAL CONTROLS

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

The Corporation has made adjustments to correct the problem.

FINDING 2010-003, TITLE I CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010

The Corporation has made adjustments to correct the problem.

FINDING 2010-004, INVENTORY OF EQUIPMENT AND REAL PROPERTY-
TITLE I

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

The Corporation has made adjustments to correct the problem.

FINDING 2010-005, REPORTING TITLE I

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

The Corporation has made adjustments to correct the problem.

FINDING 2010-006, INTERNAL CONTROLS – SPECIAL EDUCATION

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

The Corporation has made adjustments to correct the problem.

FINDING 2010-007, INVENTORY OF EQUIPMENT AND REAL PROPERTY

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

The Corporation has made adjustments to correct the problem.

FINDING 2010-008, INTERNAL CONTROLS-FISCAL STABILAZATION

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

The Corporation has made adjustments to correct the problem.

Liberty- Perry CSC
Corrective Action Plan

FINDING 2012-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING

Control activities will be selected and developed at various levels to improve internal controls.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2013, with Julie D. Wake, Treasurer; Bryan Rausch, Superintendent of Schools; and Keith Davis, President of the School Board.