

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTHWEST PARKE COMMUNITY  
SCHOOL CORPORATION  
PARKE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
03/18/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheri L. Peacock	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Leonard R. Orr	07-01-10 to 06-30-13
President of the School Board	Max A. Case S. Shawn Brown	01-01-10 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTHWEST PARKE COMMUNITY  
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the accompanying financial statement of the Southwest Parke 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 February 5, 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

February 5, 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 SOUTHWEST PARKE COMMUNITY  
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the financial statement of the Southwest Parke Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 5, 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 item 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, 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

February 5, 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.

SOUTHWEST PARKE 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 June 30, 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	\$ 1,354,060	\$ 6,839,524	\$ 6,754,071	\$ 55,134	\$ 1,494,647	\$ 6,700,047	\$ 7,005,356	\$ 5,250	\$ 1,194,588
Debt Service	1,255,075	1,842,296	1,722,681	(250,000)	1,124,690	1,017,545	1,765,496	-	376,739
Capital Projects	876,925	1,263,802	1,293,942	-	846,785	579,699	1,293,320	-	133,164
School Transportation	670,090	1,186,792	1,205,544	-	651,338	516,761	1,134,597	-	33,502
School Bus Replacement	175,687	278,509	102,290	-	351,906	222,520	296,237	-	278,189
Rainy Day	286,314	-	84,722	250,000	451,592	-	-	-	451,592
Construction	641	-	85	-	556	-	200	-	356
School Lunch	181,826	459,459	422,183	-	219,102	462,249	455,304	-	226,047
Textbook Rental	56,335	83,501	55,639	-	84,197	100,334	101,586	-	82,945
Levy Excess	55,134	-	-	(55,134)	-	-	-	-	-
Child Care Program	(10,401)	38,585	18,840	-	9,344	26,148	29,078	-	6,414
Educational License Plates	(87)	113	263	-	(237)	150	327	-	(414)
Early Intervention Grant	63	7,155	7,135	-	83	-	12,981	-	(12,898)
College Success Coalition	-	-	-	-	-	1,000	-	-	1,000
Professional Development (R'dale)	1,558	-	3,265	-	(1,707)	1,800	66	-	27
Project Aspire/Vertical Team	1,015	-	1,015	-	-	-	-	-	-
Rosedale Elementary Grants	1,629	250	259	-	1,620	-	303	-	1,317
Recreational Activities	200	-	-	-	200	-	-	-	200
Cultural Arts	-	1,750	-	-	1,750	-	-	-	1,750
Bully Prevention Grants	1,817	-	1,817	-	-	-	-	-	-
Montezuma Menard's Grant	186	-	186	-	-	-	-	-	-
Welfare Activities	1,889	3,361	1,516	-	3,734	2,670	3,040	-	3,364
Donations Account	(78)	-	(750)	-	672	2,500	1,700	-	1,472
Vision Athena Mini Grant	222	-	-	-	222	-	100	-	122
Rosedale PCCF Grants	1,608	4,708	2,932	-	3,384	4,185	3,588	-	3,981
PCCF 4th Grade Grant	2,082	4,160	3,496	-	2,746	2,530	2,462	-	2,814
Rosedale Lilly Grant	500	-	-	-	500	3,537	2,890	-	1,147
Scholarships and Awards	194	-	-	-	194	-	-	-	194
LLC Grants from Parke County	-	500	-	-	500	-	-	-	500
PCCF Grants at Riverton Parke	3,475	2,835	2,938	-	3,372	1,900	1,640	-	3,632
High Ability (G&T) Grant	-	-	1,201	-	(1,201)	1,201	-	-	-

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

SOUTHWEST PARKE 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 June 30, 2012  
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
High Ability Grant FY 2011	-	28,545	28,545	-	-	27,731	19,680	-	8,051
Medicaid Reimbursement	2,531	13,676	4,962	-	11,245	20,029	13,937	-	17,337
Recreational Activities	230	-	102	-	128	916	175	-	869
School Technology	-	4,110	6,256	-	(2,146)	3,288	685	-	457
Technology Planning Grant	27,010	24,457	(5,248)	-	56,715	47,903	47,717	-	56,901
Distance Learning Plan Grant	30	-	-	-	30	-	-	-	30
Title I FY 2009/2010	114,682	16,233	97,200	(33,281)	434	424	234	(624)	-
Title I FY 2010/2011	-	109,587	157,645	33,281	(14,777)	143,506	95,557	(33,172)	-
Title I - FY 2011/12	-	-	-	-	-	-	132,802	33,796	(99,006)
Innovative Education Program									
Strategies Title V (Part A)	1,026	-	-	-	1,026	-	-	-	1,026
Title I School Improvement	4,374	-	-	-	4,374	-	3,058	-	1,316
Title IV - Drug Free	2,184	-	1,534	-	650	-	384	-	266
Drug Free Schools	6,169	-	(145)	-	6,314	676	4,277	-	2,713
Improving Teaching Quality, No Child Left, Title II, Part A	(35,765)	-	81,759	-	(117,524)	121,117	60,202	-	(56,609)
ITQ, Enhanced Education Through Technology, Title II, Part D	15,790	-	15,790	-	-	-	-	-	-
Rural Schools and Low Income Program - Pass Through State	15,992	3,998	29,811	-	(9,821)	22,367	32,085	-	(19,539)
Title I - Grants to LEAs	3,594	-	19,020	-	(15,426)	48,740	50,062	16,748	-
Title I - School Improvement	16,748	-	-	-	16,748	-	-	(16,748)	-
Special Education - Part B	(40,953)	40,953	13,115	-	(13,115)	15,591	15,591	13,115	-
Special Education - Part B - Preschool	-	-	-	-	-	13,115	-	(13,115)	-
Education Technology	-	-	14,735	-	(14,735)	167,085	184,256	-	(31,906)
Qualified School Construction Bond	-	-	-	-	-	-	417,427	417,427	-
Payroll Clearing Account	76,707	1,928,974	1,865,642	-	140,039	1,893,016	1,900,796	-	132,259
<b>Totals</b>	<b>\$ 5,128,308</b>	<b>\$ 14,187,833</b>	<b>\$ 14,015,993</b>	<b>\$ -</b>	<b>\$ 5,300,148</b>	<b>\$ 12,172,280</b>	<b>\$ 15,089,196</b>	<b>\$ 422,677</b>	<b>\$ 2,805,909</b>

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

SOUTHWEST PARKE 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.

SOUTHWEST PARKE 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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*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:

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. 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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teacher's Retirement Fund**

*Plan Description*

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. The Educational License Plates and Professional Development (Rosedale) Fund is a result of management failing to adequately monitor the cash balances. The Early Intervention Grant Fund and the Improving Teacher Quality, No Child Left Behind, Title II, Part A Fund are a result of expenditures exceeding the approved grant amount. The High Ability Grant Fund, School Technology Fund, Title I – ARRA Fund, Title I - FY 10/11 Fund, Title I - FY 11/12 Fund, Rural Schools and Low Income Fund, Special Education, Part B Fund and Education Technology Fund were set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by fiscal year end.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8.  *Holding Corporation***

The School Corporation has entered into a capital lease with Southwest Parke Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2011 and 2012, totaled \$1,006,000 and \$993,500, respectively.

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## 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.

SOUTHWEST PARKE 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,354,060	\$ 1,255,075	\$ 876,925	\$ 670,090	\$ 175,687	\$ 286,314	\$ 641	\$ 181,826
Receipts:								
Local sources	22,539	1,175,630	595,887	515,566	278,509	-	-	145,600
Intermediate sources	865	-	-	-	-	-	-	-
State sources	6,710,574	-	-	41	-	-	-	3,472
Federal sources	-	-	-	-	-	-	-	310,387
Temporary loans	-	666,666	666,666	666,668	-	-	-	-
Interfund loans	-	-	-	1,753	-	-	-	-
Other	105,546	-	1,249	2,764	-	-	-	-
Total receipts	<u>6,839,524</u>	<u>1,842,296</u>	<u>1,263,802</u>	<u>1,186,792</u>	<u>278,509</u>	<u>-</u>	<u>-</u>	<u>459,459</u>
Disbursements:								
Current:								
Instruction	4,595,176	-	-	-	-	-	-	-
Support services	2,073,457	-	372,871	538,876	102,290	5,432	-	-
Noninstructional services	85,438	-	-	-	-	-	-	422,183
Facilities acquisition and construction	-	-	254,405	-	-	79,290	85	-
Debt services	-	1,722,681	666,666	666,668	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>6,754,071</u>	<u>1,722,681</u>	<u>1,293,942</u>	<u>1,205,544</u>	<u>102,290</u>	<u>84,722</u>	<u>85</u>	<u>422,183</u>
Excess (deficiency) of receipts over disbursements	<u>85,453</u>	<u>119,615</u>	<u>(30,140)</u>	<u>(18,752)</u>	<u>176,219</u>	<u>(84,722)</u>	<u>(85)</u>	<u>37,276</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	55,134	-	-	-	-	250,000	-	-
Transfers out	-	(250,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>55,134</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>140,587</u>	<u>(130,385)</u>	<u>(30,140)</u>	<u>(18,752)</u>	<u>176,219</u>	<u>165,278</u>	<u>(85)</u>	<u>37,276</u>
Cash and investments - ending	<u>\$ 1,494,647</u>	<u>\$ 1,124,690</u>	<u>\$ 846,785</u>	<u>\$ 651,338</u>	<u>\$ 351,906</u>	<u>\$ 451,592</u>	<u>\$ 556</u>	<u>\$ 219,102</u>

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

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Early Intervention Grant	College Success Coalition	Professional Development (R'dale)	Project Aspire Vertical Team
Cash and investments - beginning	\$ 56,335	\$ 55,134	\$ (10,401)	\$ (87)	\$ 63	\$ -	\$ 1,558	\$ 1,015
Receipts:								
Local sources	54,799	-	38,585	-	-	-	-	-
Intermediate sources	-	-	-	113	-	-	-	-
State sources	28,702	-	-	-	7,155	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>83,501</u>	<u>-</u>	<u>38,585</u>	<u>113</u>	<u>7,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	18,840	263	7,135	-	3,265	1,015
Support services	55,009	-	-	-	-	-	-	-
Noninstructional services	630	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>55,639</u>	<u>-</u>	<u>18,840</u>	<u>263</u>	<u>7,135</u>	<u>-</u>	<u>3,265</u>	<u>1,015</u>
Excess (deficiency) of receipts over disbursements	<u>27,862</u>	<u>-</u>	<u>19,745</u>	<u>(150)</u>	<u>20</u>	<u>-</u>	<u>(3,265)</u>	<u>(1,015)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(55,134)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(55,134)</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>27,862</u>	<u>(55,134)</u>	<u>19,745</u>	<u>(150)</u>	<u>20</u>	<u>-</u>	<u>(3,265)</u>	<u>(1,015)</u>
Cash and investments - ending	<u>\$ 84,197</u>	<u>\$ -</u>	<u>\$ 9,344</u>	<u>\$ (237)</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ (1,707)</u>	<u>\$ -</u>

SOUTHWEST PARKE 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)

	Rosedale Elementary Grants	Recreational Activities	Cultural Arts	Bully Prevention Grants	Montezuma Menard's Grant	Welfare Activities	Donations Account	Vision Athena Mini Grant
Cash and investments - beginning	\$ 1,629	\$ 200	\$ -	\$ 1,817	\$ 186	\$ 1,889	\$ (78)	\$ 222
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	250	-	1,750	-	-	3,361	-	-
Total receipts	250	-	1,750	-	-	3,361	-	-
Disbursements:								
Current:								
Instruction	259	-	-	1,817	186	1,516	(750)	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	259	-	-	1,817	186	1,516	(750)	-
Excess (deficiency) of receipts over disbursements	(9)	-	1,750	(1,817)	(186)	1,845	750	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9)	-	1,750	(1,817)	(186)	1,845	750	-
Cash and investments - ending	\$ 1,620	\$ 200	\$ 1,750	\$ -	\$ -	\$ 3,734	\$ 672	\$ 222

SOUTHWEST PARKE 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)

	Rosedale PCCF Grants	PCCF 4th Grade Grant	Rosedale Lilly Grant	Scholarships and Awards	LLC Grants from Parke County	PCCF Grants at Riverton Parke	High Ability (G&T) Grant	High Ability Grant FY 2011
Cash and investments - beginning	\$ 1,608	\$ 2,082	\$ 500	\$ 194	\$ -	\$ 3,475	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	1,385	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	28,545
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	4,708	4,160	-	-	500	1,450	-	-
Total receipts	4,708	4,160	-	-	500	2,835	-	28,545
Disbursements:								
Current:								
Instruction	2,932	3,496	-	-	-	2,938	1,201	28,545
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	2,932	3,496	-	-	-	2,938	1,201	28,545
Excess (deficiency) of receipts over disbursements	1,776	664	-	-	500	(103)	(1,201)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,776	664	-	-	500	(103)	(1,201)	-
Cash and investments - ending	\$ 3,384	\$ 2,746	\$ 500	\$ 194	\$ 500	\$ 3,372	\$ (1,201)	\$ -

SOUTHWEST PARKE 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)

	Medicaid Reimbursement	Recreational Activities	School Technology	Technology Planning Grant	Distance Learning Plan Grant	Title I FY 2009/2010	Title I FY 2010/2011	Title I FY 2011/2012
Cash and investments - beginning	\$ 2,531	\$ 230	\$ -	\$ 27,010	\$ 30	\$ 114,682	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	1,233	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	13,676	-	4,110	-	-	-	-	-
Federal sources	-	-	-	-	-	15,000	109,587	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	24,457	-	-	-	-
Total receipts	13,676	-	4,110	24,457	-	16,233	109,587	-
Disbursements:								
Current:								
Instruction	-	102	-	(5,248)	-	85,284	135,622	-
Support services	-	-	6,256	-	-	11,916	22,023	-
Noninstructional services	4,962	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	4,962	102	6,256	(5,248)	-	97,200	157,645	-
Excess (deficiency) of receipts over disbursements	8,714	(102)	(2,146)	29,705	-	(80,967)	(48,058)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	33,281	-
Transfers out	-	-	-	-	-	(33,281)	-	-
Total other financing sources (uses)	-	-	-	-	-	(33,281)	33,281	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,714	(102)	(2,146)	29,705	-	(114,248)	(14,777)	-
Cash and investments - ending	\$ 11,245	\$ 128	\$ (2,146)	\$ 56,715	\$ 30	\$ 434	\$ (14,777)	\$ -

SOUTHWEST PARKE 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)

	Innovative Education Program Strategies Title V (Part A)	Title I School Improvement	Title IV Drug Free	Drug Free Schools	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Rural Schools and Low Income Program Pass Through State	Title I Grants to LEAs
Cash and investments - beginning	\$ 1,026	\$ 4,374	\$ 2,184	\$ 6,169	\$ (35,765)	\$ 15,790	\$ 15,992	\$ 3,594
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	3,998	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	3,998	-
Disbursements:								
Current:								
Instruction	-	-	1,534	(145)	81,759	15,790	-	-
Support services	-	-	-	-	-	-	29,811	19,020
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,534	(145)	81,759	15,790	29,811	19,020
Excess (deficiency) of receipts over disbursements	-	-	(1,534)	145	(81,759)	(15,790)	(25,813)	(19,020)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,534)	145	(81,759)	(15,790)	(25,813)	(19,020)
Cash and investments - ending	\$ 1,026	\$ 4,374	\$ 650	\$ 6,314	\$ (117,524)	\$ -	\$ (9,821)	\$ (15,426)

SOUTHWEST PARKE 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 School Improvement	Special Education Part B	Special Education Part B Preschool	Education Technology	Qualified School Construction Bond	Payroll Clearing Account	Totals
Cash and investments - beginning	\$ 16,748	\$ (40,953)	\$ -	\$ -	\$ -	\$ 76,707	\$ 5,128,308
Receipts:							
Local sources	-	-	-	-	-	-	2,829,733
Intermediate sources	-	-	-	-	-	-	978
State sources	-	-	-	-	-	-	6,796,275
Federal sources	-	40,953	-	-	-	-	479,925
Temporary loans	-	-	-	-	-	-	2,000,000
Interfund loans	-	-	-	-	-	-	1,753
Other	-	-	-	-	-	1,928,974	2,079,169
Total receipts	<u>-</u>	<u>40,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,928,974</u>	<u>14,187,833</u>
Disbursements:							
Current:							
Instruction	-	13,115	-	14,735	-	-	5,010,382
Support services	-	-	-	-	-	-	3,236,961
Noninstructional services	-	-	-	-	-	-	513,213
Facilities acquisition and construction	-	-	-	-	-	-	333,780
Debt services	-	-	-	-	-	-	3,056,015
Nonprogrammed charges	-	-	-	-	-	1,865,642	1,865,642
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>13,115</u>	<u>-</u>	<u>14,735</u>	<u>-</u>	<u>1,865,642</u>	<u>14,015,993</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>27,838</u>	<u>-</u>	<u>(14,735)</u>	<u>-</u>	<u>63,332</u>	<u>171,840</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	338,415
Transfers out	-	-	-	-	-	-	(338,415)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>27,838</u>	<u>-</u>	<u>(14,735)</u>	<u>-</u>	<u>63,332</u>	<u>171,840</u>
Cash and investments - ending	<u>\$ 16,748</u>	<u>\$ (13,115)</u>	<u>\$ -</u>	<u>\$ (14,735)</u>	<u>\$ -</u>	<u>\$ 140,039</u>	<u>\$ 5,300,148</u>

SOUTHWEST PARKE 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,494,647	\$ 1,124,690	\$ 846,785	\$ 651,338	\$ 351,906	\$ 451,592	\$ 556	\$ 219,102
Receipts:								
Local sources	21,457	1,017,425	577,097	516,761	222,520	-	-	150,423
Intermediate sources	576	-	-	-	-	-	-	-
State sources	6,612,074	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	311,826
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	65,940	120	2,602	-	-	-	-	-
Total receipts	<u>6,700,047</u>	<u>1,017,545</u>	<u>579,699</u>	<u>516,761</u>	<u>222,520</u>	<u>-</u>	<u>-</u>	<u>462,249</u>
Disbursements:								
Current:								
Instruction	4,734,576	-	-	-	-	-	-	-
Support services	2,188,023	-	359,029	467,929	296,237	-	-	-
Noninstructional services	82,757	-	-	-	-	-	-	455,304
Facilities acquisition and construction	-	-	267,625	-	-	-	200	-
Debt services	-	1,765,496	666,666	666,668	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>7,005,356</u>	<u>1,765,496</u>	<u>1,293,320</u>	<u>1,134,597</u>	<u>296,237</u>	<u>-</u>	<u>200</u>	<u>455,304</u>
Excess (deficiency) of receipts over disbursements	<u>(305,309)</u>	<u>(747,951)</u>	<u>(713,621)</u>	<u>(617,836)</u>	<u>(73,717)</u>	<u>-</u>	<u>(200)</u>	<u>6,945</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	5,250	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(300,059)</u>	<u>(747,951)</u>	<u>(713,621)</u>	<u>(617,836)</u>	<u>(73,717)</u>	<u>-</u>	<u>(200)</u>	<u>6,945</u>
Cash and investments - ending	<u>\$ 1,194,588</u>	<u>\$ 376,739</u>	<u>\$ 133,164</u>	<u>\$ 33,502</u>	<u>\$ 278,189</u>	<u>\$ 451,592</u>	<u>\$ 356</u>	<u>\$ 226,047</u>

SOUTHWEST PARKE 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)

	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Early Intervention Grant	College Success Coalition	Professional Development (R'dale)	Project Aspire Vertical Team
Cash and investments - beginning	\$ 84,197	\$ -	\$ 9,344	\$ (237)	\$ 83	\$ -	\$ (1,707)	\$ -
Receipts:								
Local sources	53,271	-	26,148	-	-	-	-	-
Intermediate sources	-	-	-	150	-	-	-	-
State sources	47,063	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,000	1,800	-
Total receipts	100,334	-	26,148	150	-	1,000	1,800	-
Disbursements:								
Current:								
Instruction	-	-	29,078	327	12,981	-	66	-
Support services	101,586	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	101,586	-	29,078	327	12,981	-	66	-
Excess (deficiency) of receipts over disbursements	(1,252)	-	(2,930)	(177)	(12,981)	1,000	1,734	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,252)	-	(2,930)	(177)	(12,981)	1,000	1,734	-
Cash and investments - ending	\$ 82,945	\$ -	\$ 6,414	\$ (414)	\$ (12,898)	\$ 1,000	\$ 27	\$ -

SOUTHWEST PARKE 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)

	Rosedale Elementary Grants	Recreational Activities	Cultural Arts	Bully Prevention Grants	Montezuma Menard's Grant	Welfare Activities	Donations Account	Vision Athena Mini Grant
Cash and investments - beginning	\$ 1,620	\$ 200	\$ 1,750	\$ -	\$ -	\$ 3,734	\$ 672	\$ 222
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,670	2,500	-
Total receipts	-	-	-	-	-	2,670	2,500	-
Disbursements:								
Current:								
Instruction	303	-	-	-	-	3,040	1,700	100
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	303	-	-	-	-	3,040	1,700	100
Excess (deficiency) of receipts over disbursements	(303)	-	-	-	-	(370)	800	(100)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(303)	-	-	-	-	(370)	800	(100)
Cash and investments - ending	\$ 1,317	\$ 200	\$ 1,750	\$ -	\$ -	\$ 3,364	\$ 1,472	\$ 122

SOUTHWEST PARKE 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)

	Rosedale PCCF Grants	PCCF 4th Grade Grant	Rosedale Lilly Grant	Scholarships and Awards	LLC Grants from Parke County	PCCF Grants at Riverton Parke	High Ability (G&T) Grant	High Ability Grant FY 2011
Cash and investments - beginning	\$ 3,384	\$ 2,746	\$ 500	\$ 194	\$ 500	\$ 3,372	\$ (1,201)	\$ -
Receipts:								
Local sources	-	-	-	-	-	1,900	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	27,731
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	4,185	2,530	3,537	-	-	-	1,201	-
Total receipts	4,185	2,530	3,537	-	-	1,900	1,201	27,731
Disbursements:								
Current:								
Instruction	3,588	2,462	2,890	-	-	1,640	-	19,680
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	3,588	2,462	2,890	-	-	1,640	-	19,680
Excess (deficiency) of receipts over disbursements	597	68	647	-	-	260	1,201	8,051
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	597	68	647	-	-	260	1,201	8,051
Cash and investments - ending	\$ 3,981	\$ 2,814	\$ 1,147	\$ 194	\$ 500	\$ 3,632	\$ -	\$ 8,051

SOUTHWEST PARKE 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)

	Medicaid Reimbursement	Recreational Activities	School Technology	Technology Planning Grant	Distance Learning Plan Grant	Title I FY 2009/2010	Title I FY 2010/2011	Title I FY 2011/2012
Cash and investments - beginning	\$ 11,245	\$ 128	\$ (2,146)	\$ 56,715	\$ 30	\$ 434	\$ (14,777)	\$ -
Receipts:								
Local sources	-	-	-	-	-	424	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	20,029	-	3,288	-	-	-	-	-
Federal sources	-	-	-	-	-	-	143,506	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	916	-	47,903	-	-	-	-
Total receipts	<u>20,029</u>	<u>916</u>	<u>3,288</u>	<u>47,903</u>	<u>-</u>	<u>424</u>	<u>143,506</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	175	-	47,717	-	-	75,299	132,742
Support services	-	-	685	-	-	234	20,258	60
Noninstructional services	13,937	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>13,937</u>	<u>175</u>	<u>685</u>	<u>47,717</u>	<u>-</u>	<u>234</u>	<u>95,557</u>	<u>132,802</u>
Excess (deficiency) of receipts over disbursements	<u>6,092</u>	<u>741</u>	<u>2,603</u>	<u>186</u>	<u>-</u>	<u>190</u>	<u>47,949</u>	<u>(132,802)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	33,796
Transfers out	-	-	-	-	-	(624)	(33,172)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(624)</u>	<u>(33,172)</u>	<u>33,796</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,092</u>	<u>741</u>	<u>2,603</u>	<u>186</u>	<u>-</u>	<u>(434)</u>	<u>14,777</u>	<u>(99,006)</u>
Cash and investments - ending	<u>\$ 17,337</u>	<u>\$ 869</u>	<u>\$ 457</u>	<u>\$ 56,901</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,006)</u>

SOUTHWEST PARKE 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)

	Innovative Education Program Strategies Title V (Part A)	Title I School Improvement	Title IV Drug Free	Drug Free Schools	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Rural Schools and Low Income Program Pass Through State	Title I Grants to LEAs
Cash and investments - beginning	\$ 1,026	\$ 4,374	\$ 650	\$ 6,314	\$ (117,524)	\$ -	\$ (9,821)	\$ (15,426)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	676	121,117	-	22,367	48,740
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	676	121,117	-	22,367	48,740
Disbursements:								
Current:								
Instruction	-	3,058	384	4,277	60,202	-	-	35,553
Support services	-	-	-	-	-	-	32,085	14,509
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	3,058	384	4,277	60,202	-	32,085	50,062
Excess (deficiency) of receipts over disbursements	-	(3,058)	(384)	(3,601)	60,915	-	(9,718)	(1,322)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	16,748
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	16,748
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,058)	(384)	(3,601)	60,915	-	(9,718)	15,426
Cash and investments - ending	\$ 1,026	\$ 1,316	\$ 266	\$ 2,713	\$ (56,609)	\$ -	\$ (19,539)	\$ -

SOUTHWEST PARKE 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 I School Improvement	Special Education Part B	Special Education Part B Preschool	Education Technology	Qualified School Construction Bond	Payroll Clearing Account	Totals
Cash and investments - beginning	\$ 16,748	\$ (13,115)	\$ -	\$ (14,735)	\$ -	\$ 140,039	\$ 5,300,148
Receipts:							
Local sources	-	-	-	-	-	-	2,587,426
Intermediate sources	-	-	-	-	-	-	726
State sources	-	-	-	-	-	-	6,710,185
Federal sources	-	15,591	13,115	167,085	-	-	844,023
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,893,016	2,029,920
Total receipts	<u>-</u>	<u>15,591</u>	<u>13,115</u>	<u>167,085</u>	<u>-</u>	<u>1,893,016</u>	<u>12,172,280</u>
Disbursements:							
Current:							
Instruction	-	15,591	-	184,256	-	-	5,371,685
Support services	-	-	-	-	-	-	3,480,635
Noninstructional services	-	-	-	-	-	-	551,998
Facilities acquisition and construction	-	-	-	-	417,427	-	685,252
Debt services	-	-	-	-	-	-	3,098,830
Nonprogrammed charges	-	-	-	-	-	1,900,796	1,900,796
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>15,591</u>	<u>-</u>	<u>184,256</u>	<u>417,427</u>	<u>1,900,796</u>	<u>15,089,196</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>13,115</u>	<u>(17,171)</u>	<u>(417,427)</u>	<u>(7,780)</u>	<u>(2,916,916)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	417,427	-	417,427
Sale of capital assets	-	-	-	-	-	-	5,250
Transfers in	-	13,115	-	-	-	-	63,659
Transfers out	(16,748)	-	(13,115)	-	-	-	(63,659)
Total other financing sources (uses)	<u>(16,748)</u>	<u>13,115</u>	<u>(13,115)</u>	<u>-</u>	<u>417,427</u>	<u>-</u>	<u>422,677</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16,748)</u>	<u>13,115</u>	<u>-</u>	<u>(17,171)</u>	<u>-</u>	<u>(7,780)</u>	<u>(2,494,239)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,906)</u>	<u>\$ -</u>	<u>\$ 132,259</u>	<u>\$ 2,805,909</u>

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***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 deficiencies constitute material weaknesses:

1. 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.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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

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

***CONDITION OF RECORDS***

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B38521.

1. There were a considerable number of posting errors such as: funds not included on the Form 9, correction of errors done incorrectly, and transfers made between funds that did not carry to the budget and revenue history reports. The local distribution for Levy Excess for \$10,132.92 in July 2010 was posted to the General Fund instead of Levy Excess Fund.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

2. An investment register was not used. The investment transactions were not presented to the School Board for review.
3. The County Adjusted Gross Income Tax distribution totaling \$168,237.94 was receipted to the General Fund instead of the Debt Service Fund, Capital Projects Fund, School Transportation Fund, and School Bus Replacement Fund.
4. The Classroom fees were receipted into a clearing account instead of the General Fund.
5. The receipts written for seven of the local distributions tested had a receipt date after the deposit date. Five of the local distributions tested were not deposited timely.
6. Some transactions were recorded as "negative" receipts and disbursements.
7. School lunch transactions were not included in the ECA ledger or the School Corporation ledger. The School Lunch Director kept an excel spreadsheet with a running balance but did not have a ledger.

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

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

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***ERRORS ON CLAIMS***

The following deficiencies were noted on claims during the audit period:

1. Claims that were paid for the following credit cards: John Deer Financial, Wal-Mart Community, and FIA Card Services did not contain detailed receipts for purchases. All expenses seem reasonable for the school corporation. Some of the purchases were: nurse supplies for \$30.55, parts for \$127.96, office supplies for \$166.50, and miscellaneous supplies for \$150.04.

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

2. Several claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services; . . ."

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

Information presented for audit indicated that, in some cases, amounts payable for credit card purchases were not remitted timely.

Penalties and interest totaling \$114.22 was paid to FIA Card Services on September 15, 2011, and \$68.67 was paid on December 5, 2011.

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

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

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

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

***FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS***

The School Corporation did not comply with directives of the Department of Education by:

1. Failed to spend school improvement federal cash balances in a timely manner. \$1,316 was still on hand from the 2007-2008 grant year for Title I School Improvement and \$266 from the Drug-Free Schools and Communities Grant for the same period.
2. Charged expenditures to the Title I, Part A Cluster federal grant funds without proper supporting documentation. \$10,000 in disbursements were transferred from the School Transportation Fund into the Title I Fund. This was the amount budgeted from Title I funds for transportation and was not based on the actual expenses of transporting the students under the Choice program.
3. Failed to retain copies of reports and supporting documentation for the Title I, Part A Cluster. Six reports selected for testing were not available for audit.
4. Failed to establish and maintain a proper system of internal control over the Child Nutrition Cluster and Title I, Part A Cluster.
5. Purchasing funeral flowers from food service funds in the amount of \$38.

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)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

**OVERDRAWN FUND BALANCES**

The following funds were overdrawn:

Fund	06-30-11	Explanation	06-30-12	Explanation
Educational License Plates	\$ 237	Reason unknown	\$ 414	Reason unknown
Early Intervention Grant			12,898	Grant was only approved for \$12,116
Professional Development (R'dale)	1,707	Reason unknown		
Improving Teacher Quality, No Child Left, Title II, Part A	117,524	Grant was only approved for \$56,583	56,609	Grant was only approved for \$64,534. No reimbursements will be received in the future. All grant money has been received prior to 06-30-12.

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

**EXTRA-CURRICULAR ACCOUNT (Applies to Rosedale Elementary School)**

The following items were noted from the information presented for audit:

1. Some disbursements lacked proper documentation. The Sam's Club credit card did not always have detailed receipts to support the transactions.

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)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

2. The following late fees and interest were paid on the Sam's Club credit card:

Interest paid	August 2010	\$	9.54
Late fees paid	August 2010		15.99
	July 2011		39.99
	February 2012		<u>39.99</u>
 Total		 \$	 <u>105.51</u>

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

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

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

3. The Ticket Sales reports (SA-4) were not reviewed by anyone other than the ECA Treasurer. The ECA Treasurer collected the money at the gate and completed the SA-4 without anyone else verifying the information.
4. Four of the disbursements tested did not have a SA-1, Purchase Order Accounts Payable Voucher or a SA-7, Claim for Payment attached.

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)

***OVERDRAWN FUND BALANCES (Applies to Rosedale Elementary School)***

The Teacher's Lounge Fund at Rosedale Elementary School was overdrawn \$187.15 as of June 30, 2012. A Faculty/Staff fund is not established to conduct an athletic, social, or other school function. If the faculty wishes to have these type funds, then each school's faculty group needs to designate a person to control the money. The ECA Treasurer should then disburse any remaining balance in the ECA fund to the designated person to zero out the fund.

Indiana Code 20-41-1-3(a), states in part: "A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, . . ."

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROLS (Applies to Riverton Parke Jr/Sr High School)***

The controls over the receipting, disbursing, recording, and accounting for the financial activities for textbook rental were insufficient. The ECA Treasurer did not reconcile the detailed student accounts with the Textbook Rental Fund. As students/parents paid their textbook rental fees throughout the school year they were issued a receipt. The payments were posted to the individual student accounts but not taken to the bank until the end of the week. At the end of the week, a detailed report was not printed from the student account activity to verify the amount collected or a receipt report to reconcile receipts collected prior to making a deposit. The ECA Treasurer deposits the checks and cash that were in her drawer at the end of the week without reconciling to receipts issued.

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)

***EXTRA-CURRICULAR ACCOUNT (Riverton Parke Jr./Sr. High School)***

The following items were noted from the information presented for audit:

1. Some disbursements lacked proper documentation. A donation from the Montezuma Fish and Game Club was received for the Bowling Team for \$200, but a check was written to Roscoe McGlynn the sponsor for the team. No supporting documentation was presented for the disbursement.

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)

2. The Ticket Sales reports (SA-4) were not reviewed by anyone other than the ECA Treasurer. The ECA Treasurer collected the money at the gate and completed the SA-4 without anyone else verifying the information.

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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://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 SOUTHWEST PARKE COMMUNITY  
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Compliance

We have audited the Southwest Parke 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. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-3 and 2012-4.

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

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2 to be material weaknesses.

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, 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

February 5, 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.

SOUTHWEST PARKE 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 09-10	\$ 16,114	\$ -
		FY 10-11	75,284	17,134
		FY 11-12	-	76,906
			<u>91,398</u>	<u>94,040</u>
Total for program				
	10.555			
National School Lunch Program				
		FY 09-10	40,399	-
		FY 10-11	204,135	44,096
		FY 11-12	-	210,443
			<u>244,534</u>	<u>254,539</u>
Total for program				
Total for federal grantor agency			<u>335,932</u>	<u>348,579</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			
		10-6260	97,200	-
		11-6260	157,644	95,557
		SY 11-12	-	132,802
		08-6260	-	3,058
			<u>254,844</u>	<u>231,417</u>
Total for program				
	84.389			
ARRA - Title I Grants to Local Educational Agencies				
		10-6260	19,020	50,063
Total for cluster			<u>273,864</u>	<u>281,480</u>
Education Technology State Grants Cluster				
Education Technology State Grants				
	84.318			
		S318X080014	15,790	-
Special Education Cluster				
ARRA - Special Education - Grants to States				
	84.391			
		FY 09-10	13,115	15,591

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

SOUTHWEST PARKE 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 (continued)				
Special Education Cluster (continued)				
Safe and Drug Free Schools and Communities State Grants	84.186	08-6260 09-6260	1,534 <u>595</u>	384 <u>4,277</u>
Total for program			<u>2,129</u>	<u>4,661</u>
Rural Education	84.358	7000S358B090014 7000S358B100014	23,989 <u>-</u>	- <u>32,084</u>
Total for program			<u>23,989</u>	<u>32,084</u>
Improving Teacher Quality State Grants	84.367	FY 10-11 FY 11-12	- <u>-</u>	64,534 <u>56,583</u>
Total for program			<u>-</u>	<u>121,117</u>
Education Jobs Fund	84.410	FY 10-11	<u>14,735</u>	<u>184,255</u>
Total for federal grantor agency			<u>343,622</u>	<u>639,188</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Education				
Medicaid Cluster				
Medical Assistance Program	93.778	SFY 10 SFY 11 SFY 12	2,506 7,537 <u>-</u>	- - <u>13,411</u>
Total for federal grantor agency			<u>10,043</u>	<u>13,411</u>
Total federal awards expended			<u>\$ 689,597</u>	<u>\$ 1,001,178</u>

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

SOUTHWEST PARKE 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 Southwest Parke 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	2010-2011	2011-2012
School Breakfast Program	10.553	\$ 6,928	\$ 8,209
National School Lunch Program	10.555	18,617	21,204

SOUTHWEST PARKE COMMUNITY 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies 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?	yes

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

Child Nutrition Cluster  
Title I, Part A Cluster

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**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 deficiencies constitute material weaknesses:

1. 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.

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

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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

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

***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2012-2, INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER AND CHILD NUTRITION CLUSTER***

Federal Agency: U.S. Department of Agriculture and U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies; ARRA - Title I Grants to Local

Educational Agencies; School Breakfast Programs; National School Lunch Program

CFDA Number: 84.010, 84.389, 10.553, and 10.555

Federal Award Number and Year (or Other Identifying Number): Title I, Part A: FY 09-10, FY 10-11, FY 11-12, 08-6260, 10-6260; Child Nutrition Cluster: FY 09-10, FY 10-11, FY 11-12

Pass-Through Entity: Indiana Department of Education

Management of the Southwest Parke Community School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Allowable Activities, Allowable Costs, Cash Management, Eligibility, Equipment and Real Property Management, Matching, Level of Effort and Earmarking, Period of Availability; Procurement, Suspension and Debarment, and Reporting for Title I, Part A and Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions for Child Nutrition. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant

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

agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The School Corporation's Child Nutrition bank account was turned over to the Extra-Curricular Treasurer, as instructed in the prior audit, but the account was not added to the Extra-Curricular ledger. A ledger sheet created on excel was used by the Food Service Director, who reconciled it to the bank account and created a monthly report for the School Board. This did not provide the required information.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

***FINDING 2012-3 - PERIOD OF AVAILABILITY***

Federal Agency: U.S. Department of Education  
Federal Program: Title I, Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 08-6260, FY 07-08  
Pass-Through Entity: Indiana Department of Education

The Notification of Grant Award provided by the Indiana Department of Education indicates the grant funds must be obligated by the end of the grant period, or June 30 of each grant year.

It was cited in the prior audit that \$4,374 was not spent within the period of availability which ended September 30, 2008. We recommended that the balance be returned to the grantor agency. School Corporation officials reported that they attempted to get guidance from the grantor agency, but did not receive a response. They decided to spend the remaining balance and \$3,058.03 was spent during the audit period leaving a balance of \$1,315.97 at June 30, 2012.

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

34 CAR 80.23 (a) states:

"Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

Surplus cash indicates noncompliance with the period of availability requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommend that School Corporation officials ensure that funding is obligated prior to the end of the period of availability.

***FINDING 2012-04 - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies; ARRA – Title I Grants to Local Educational Agencies  
CFDA Number: 84.010; 84.389  
Federal Award Number and Year (or Other Identifying Number): 08-6260, FY 07-08  
Pass-Through Entity: Indiana Department of Education

A Summary Schedule of Prior Audit Findings was prepared by the Treasurer as required by OMB Circular A-133. We reviewed the Schedule of Prior Audit Findings and noted that management had not taken corrective action as indicated in the schedule concerning the following findings from the prior audit:

Finding 2010-2, Internal Control Over  
Financial Transactions and Reporting  
Finding 2010-4, Period of Availability

The School Corporation officials indicated in the Summary Schedule of Prior Audit Findings that the four findings had been corrected. However, there are current findings for two of these same three requirements for the Title I, Part A Cluster with CFDA Numbers 84.010 and 84.389 and the Program Titles: Title I Grants to Local Educational Agencies, ARRA - Title I Grants to Local Educational Agencies. The School Corporation did not comply with the following requirements during the audit period:

Finding 2012-1, Internal Control Over  
Financial Transactions and Reporting  
Finding 2012-3, Period of Availability

Compliance requirements for Federal program audit findings follow-up, as found in §\_\_\_\_.315 of OMB Circular A-133, are as follows:

"(a) The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. . . .

(b) Summary schedule of prior audit findings. The summary schedule of prior audit findings shall report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. . . .

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

- (2) When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.
- (3) When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule shall provide an explanation. . . ."

We recommended that officials increase management oversight to ensure that necessary procedures are implemented, proper corrective actions are taken and an accurate Summary Schedule of Prior Audit Findings is prepared.

# Southwest Parke Community School Corporation

4851 South Coxville Road

Montezuma, IN 47862

Phone: 765-569-2073

Fax: 765-569-0309

Leonard R. Orr

*Superintendent of Schools*

Cheri L. Peacock

*Treasurer*

Leslie A. Shaffer

*Deputy Treas/Corp Secretary*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Finding Number 2010-2, Internal Controls Over Financial Transactions and Reporting

Original SBA Audit Report Number: B38521  
Fiscal Year: FY10  
Auditee Contact Person: Cheri Peacock  
Title of Contact Person: Corporation Treasurer  
Phone Number: 765-569-2073  
Status of Finding: **SWP implemented internal controls over our financial transactions to avoid any risk of invalid transactions and inaccuracies regarding records and financial statements.**

### Finding Number 2010-3, Cash Management (Title I)

Original SBA Audit Report Number: B38521  
Fiscal Year: FY10  
Auditee Contact Person: Cheri Peacock  
Title of Contact Person: Corporation Treasurer  
Phone Number: 765-569-2073  
Status of Finding: **This finding fixed itself – Procedures have changed where all federal fund money is by reimbursement of expenditures. Bills must be submitted prior to transferring funds to the corporation.**

### Finding Number 2010-4, Period of Availability (Title I)

Original SBA Audit Report Number: B38521  
Fiscal Year: FY10  
Auditee Contact Person: Cheri Peacock  
Title of Contact Person: Corporation Treasurer  
Phone Number: 765-569-2073  
Status of Finding: **All federal funds expended prior to end of the grant period.**

### Finding Number 2010-5, Reporting (Title I)

Original SBA Audit Report Number: B38521  
Fiscal Year: FY10  
Auditee Contact Person: Cheri Peacock  
Title of Contact Person: Corporation Treasurer  
Phone Number: 765-569-2073  
Status of Finding: **SWP is making every effort to submit required reports in a timely fashion.**

Finding Number 2010-6, Equipment and Property Management (Title I)

Original SBA Audit Report Number: B38521  
Fiscal Year FY10  
Auditee Contact Person Cheri Peacock  
Title of Contact Person Corporation Treasurer  
Phone Number 765-569-2073  
Status of Finding: **SWP is monitoring property and equipment purchased with federal funds with our fixed asset inventory listing.**

Finding Number 2010-7, Reporting (Fiscal Stabilization)

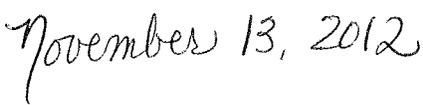
Original SBA Audit Report Number: B38521  
Fiscal Year FY10  
Auditee Contact Person Cheri Peacock  
Title of Contact Person Corporation Treasurer  
Phone Number 765-569-2073  
Status of Finding: **SWP has made every effort to submit the required reports in a timely fashion.**

Finding Number 2010-8, Subrecipient Monitoring (Title II)

Original SBA Audit Report Number: B38521  
Fiscal Year FY10  
Auditee Contact Person Cheri Peacock  
Title of Contact Person Corporation Treasurer  
Phone Number 765-569-2073  
Status of Finding: **SWP has not shared any federal grants during this audit period, but should it happen again, we will require them to submit proof of compliance with federal regulations, audit reports, or eliminating sub recipient situations by having them submit their claims directly to us for payment.**

Finding Number 2010-9, Cash Management (Title II)

Original SBA Audit Report Number: B38521  
Fiscal Year FY10  
Auditee Contact Person Cheri Peacock  
Title of Contact Person Corporation Treasurer  
Phone Number 765-569-2073  
Status of Finding: **I am working with the federal grant writers to be sure funds are expended as the grant was written.**

Signature:   
Date: 

# Southwest Parke Community School Corporation

4851 South Coxville Road

Montezuma, IN 47862

Phone: 765-569-2073

Fax: 765-569-0309

**Leonard R. Orr**  
*Superintendent of Schools*

**Cheri L. Peacock**  
*Treasurer*

**Leslie A. Shaffer**  
*Deputy Treas/Corp Secretary*

## Corrective Action Plan

Contact Person: Cheri Peacock, Treasurer  
Contact Information: peacockc@swparke.k12.in.us

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

**Corrective Action:** Southwest Parke Community School Corporation will make every effort to comply with the suggestions regarding segregation of duties, preparing financial statements, and control monitoring over financial reporting pointed out in the schedule of findings. We will provide more documentation that more than one person is looking at revenue and expenditure reports.

### FINDING 2012-2, INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER AND CHILD NUTRITION CLUSTER

Federal Agency: United States Department of Agriculture and United States Department of Education  
Federal Program: Title I Grants to Local Educational Agencies; ARRA – Title I Grants to Local Educational Agencies; School Breakfast Program; National School Lunch Program  
CFDA Number: 84.010, 84.389, 10.553, and 10.555  
Federal Award Number and Year (or Other Identifying Number): Title I, Part A: FY 09-10, FY 10-11, FY 11-12, 08-6260, 10-6260; Child Nutrition Cluster: FY 09-10, FY 10-11, FY 11-12  
Pass-Through Entity: Indiana Department of Education

Contact Person: Cheri L. Peacock  
Title of Contact Person: Treasurer  
Phone Number: 765-569-2073  
Expected Completion Date: February 28, 2013

**Corrective Action:** Southwest Parke will implement more controls in the Food Service area, making sure that daily receipts are verified by more than one person (than just the manager) at the elementary schools before submitting the information to the Food Service Director. The food service director, cafeteria manager, treasurers, and principals will work together to adhere to the control requirements as suggested in the corrective action plan.

### FINDING 2012-3, PERIOD OF AVAILABILITY

Federal Agency: United States Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 08-6260, FY 07-08  
Pass-Through Entity: Indiana Department of Education

Contact Person: Cheri L. Peacock  
Title of Contact Person: Treasurer  
Phone Number: 765-569-2073  
Expected Completion Date: February 5, 2013.

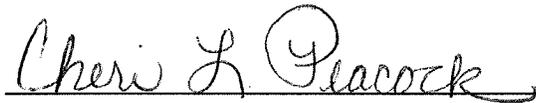
**Corrective Action:** The state was contacted by the corporation treasurer and Title I Director about returned funds that was left over, no response was received. The funds have now been expended so this suggestion has been resolved.

FINDING 2012-4, SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Federal Agency: United States Department of Education  
Federal Program: Title I Grants to Local Educational Agencies; ARRA – Title I Grants to Local Educational Agencies  
CFDA Number: 84.010; 84.389  
Federal Award Number and Year (or Other Identifying Number): 08-6260, FY 07-08  
Pass-Through Entity: Indiana Department of Education

Contact Person: Cheri L. Peacock  
Title of Contact Person: Treasurer  
Phone Number: 765-569-2073  
Expected Completion Date: February 28, 2013

**Corrective Action:** Southwest Parke will make more timely deposits, implement more controls over receipts, and make every attempt to not run funds in the negative. We will continue to make improvements over our internal controls as instructed by the SBOA.



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March 12, 2013

SOUTHWEST PARKE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2013, with Adrienne Gideon, Rosedale Elementary Principal; Jamie Mager, Rosedale Elementary ECA Treasurer; Dennis Moody, Riverton Parke High School Principal; Angie Gilstrap, Riverton Parke High School ECA Treasurer; Jonella McClintock, Food Service Director; Cheri L. Peacock, Treasurer; Max A. Case, former President of the School Board; and Dr. Leonard R. Orr, Superintendent of Schools.