

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

ELWOOD COMMUNITY SCHOOL CORPORATION  
MADISON COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
03/26/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Joa L. Griffith	07-01-10 to 06-30-13
Superintendent of Schools	Glenn A. Nelson Thomas W. Austin (Interim)	07-01-10 to 01-08-13 01-09-13 to 06-30-13
President of the School Board	Stephanie Hoel Robert Savage Richard Herndon	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

We were engaged to audit the accompanying financial statement of the Elwood 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.

The School Corporation did not provide properly maintained accounting records. The records provided for audit did not reconcile to the bank accounts and contained numerous errors. Auditing procedures applied did not provide sufficient competent evidential matter. The School Corporation's records did not permit the application of other auditing procedures to recommend audit adjustments or to ascertain if the financial statement was fairly stated.

Since the School Corporation did not provide properly maintained accounting records and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial statement was fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statement.

In accordance with Government Auditing Standards, we have also issued a report dated February 20, 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 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. Because of the significance of the matters described in the second paragraph and because federal grant monies were not accurately and separately identified in the financial ledgers, it is inappropriate to, and we do not express an opinion on the Schedule of Expenditures of Federal Awards referred to above.

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 and Schedule of Leases and Debt, 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 any auditing procedures and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 20, 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 ELWOOD COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

We were engaged to audit the financial statement of the Elwood Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 20, 2013. Since the School Corporation did not properly maintain its accounting records and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial information is fairly stated, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial information. We were unable to follow the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States due to the situation described above.

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 items 2012-1 and 2012-2 to be material weakness.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on 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 20, 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.

ELWOOD 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 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	\$ 1,413,976	\$ 11,421,631	\$ 10,825,227	\$ 20,910	\$ 2,031,290	\$ 11,168,531	\$ 10,031,328	\$ -	\$ 3,168,493
Debt Service	36,092	2,693,217	2,161,545	(25,000)	542,764	1,564,683	1,819,443	(8,453)	279,551
Retirement/Severance Bond Debt Service	3,100	435,199	342,315	-	95,984	151,119	273,692	-	(26,589)
Capital Projects	118,834	1,370,333	988,787	(36,374)	464,006	945,340	926,455	1,532	484,423
School Transportation	49,808	788,639	663,256	-	175,191	456,452	543,161	-	88,482
School Bus Replacement	184,227	380,674	47,627	(330,885)	186,389	114,194	201,000	-	99,583
Rainy Day	-	-	-	375,000	375,000	-	-	-	375,000
Construction	247,923	-	73,532	-	174,391	-	174,391	-	-
School Lunch	229,808	1,075,782	924,541	-	381,049	1,020,977	975,681	-	426,345
Textbook Rental	178,634	72,625	13,198	-	238,061	148,920	148,301	8,453	247,133
Levy Excess	17,019	-	-	-	17,019	-	-	-	17,019
Child Care Program	47	-	-	-	47	-	-	-	47
Educational License Plates	4,694	150	-	-	4,844	113	-	-	4,957
Alternative Education	5,690	6,970	12,660	-	-	6,920	-	-	6,920
Donations, Gifts and Trusts	17,231	14,600	4,010	-	27,821	3,600	2,354	-	29,067
Measured Progress High School	990	-	238	-	752	-	60	-	692
Dollar General Grant Middle School	20	-	20	-	-	-	-	-	-
Autism Advocates	562	3,000	2,654	-	908	-	574	-	334
Adult and Continuing Education 2009-2010	(9,675)	27,778	-	-	18,103	34,851	53,722	-	(768)
Adult and Continuing Education 2010-2011	-	24,789	48,397	-	(23,608)	23,608	-	-	-
Adult and Continuing Education 2011-2012	-	-	-	-	-	-	9,177	-	(9,177)
JobSource Grant	-	-	-	-	-	-	44	-	(44)
Adult and Continuing Education English	(396)	-	(396)	-	-	-	6,557	-	(6,557)
Wellness Grant 2008	18,592	19,750	17,477	-	20,865	19,250	28,899	-	11,216
Scholarships and Awards	400	-	-	-	400	-	-	-	400
Safe Hiring Solutions Reimbursement	(858)	3,171	2,313	-	-	2,132	2,132	-	-
Insurance Retirement Grant	64,500	39,000	70,000	-	33,500	96	-	-	33,596
Misc Programs - Drivers Education	-	15,120	15,120	-	-	-	-	-	-
CAPE	146,053	68,571	164,585	-	50,039	39,600	89,330	-	309
Middle School Incentive Grant	-	19,425	930	-	18,495	-	3,382	-	15,113
Gifted and Talented	-	32,262	10,062	-	22,200	-	22,200	-	-
Instruction Support	17,629	-	17,629	-	-	30,676	18,357	-	12,319
Non-English Speaking Programs P.L. 273-1999	10,884	8,558	10,884	-	8,558	7,461	14,326	-	1,693
School Technology	48,371	46,298	34,524	-	60,145	25,366	58,967	-	26,544
Technology Plan Buddy	1,247	1,115	-	-	2,362	-	-	-	2,362
Access Indiana	2,500	-	-	-	2,500	-	2,500	-	-
Construction, Remodeling, and Equipping Buildings	(28)	95,520	95,492	-	-	-	-	-	-
McKinney Vento Transportation Grant	3,557	-	3,121	-	436	-	436	-	-
Student Workbooks and Supplies	464	45,777	46,241	-	-	740	740	-	-

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

ELWOOD 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 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
Title I 2010-2011	-	320,129	363,246	-	(43,117)	457,979	362,829	-	52,033
Title I 2009-2010	239,495	78,323	317,791	-	27	64,762	245,968	-	(181,179)
School Improvement Oakland	6,932	-	-	-	6,932	-	6,932	-	-
Migrant Title I	-	-	-	-	-	-	87,815	-	(87,815)
Summer Migrant Program	325,981	-	325,981	-	-	155,734	156,481	-	(747)
Fall Migrant Program	-	66,754	74,157	-	(7,403)	7,403	-	-	-
Fall Migrant Program 2009-2010	240	45	285	-	-	-	-	-	-
IDEA	-	236,454	274,310	-	(37,856)	173,454	135,598	-	-
PL 94-142 2011-2012	156,636	-	156,636	-	-	1,797	230,178	-	(228,381)
Federal Assistance Educational Preschool Handicapped	-	-	371	-	(371)	-	32,986	-	(33,357)
Pre-School	-	24,464	28,835	-	(4,371)	5,921	1,550	-	-
Adult Basic Education 2010-2011	-	43,034	66,785	-	(23,751)	27,962	4,211	-	-
Adult Basic Education 2009-2010	1,657	2,229	3,886	-	-	35,698	50,556	-	(14,858)
Region 4 Title II Adult Education	-	-	-	-	-	1,907	5,073	-	(3,166)
Adult Basic Education Region 4 State Education	-	4,767	6,873	-	(2,106)	2,106	-	-	-
Adult Basic Education	-	-	-	-	-	2,673	6,812	-	(4,139)
Adult Education	-	6,825	417	-	6,408	3,250	2,669	-	6,989
Safe and Drug Free 2009-2010	-	-	110	-	(110)	-	-	-	(110)
Drug Free	7,314	5,415	5,779	-	(364)	5,912	5,548	-	-
Perkins Basic Grant	(5,014)	-	7,314	-	-	-	-	-	-
Perkins Grant 2012-2013	-	18,654	13,207	-	433	-	433	-	-
Perkins Grant FY 2009	-	21,365	61,031	-	(39,666)	52,984	13,318	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	-	-	-	-	57,895	62,568	-	(4,673)
ITQ, Enhanced Education Through Technology, Title II, Part D	27,709	-	27,709	-	-	-	-	-	-
Title II, Part A Improving Teaching Quality	-	-	-	-	-	35,975	115,581	-	(79,606)
Title I - Grants to LEAs	70,000	13,946	92,780	-	(8,834)	36,495	37,298	-	(9,637)
Special Education - Part B	102,231	-	96,984	-	5,247	166,200	181,606	-	(10,159)
Special Education - Part B - Preschool	(10,470)	107,311	46,179	-	50,662	170,066	220,728	-	-
Education Technology	1,910	7,335	10,526	-	(1,281)	2,405	1,124	-	-
Education Jobs	6,890	28,142	36,550	-	(1,518)	1,518	-	-	-
Payroll	-	-	-	-	-	360,739	360,739	-	-
	113,277	2,513,274	2,542,335	-	84,216	2,530,821	2,549,548	-	65,489
Totals	\$ 3,856,683	\$ 22,208,420	\$ 21,156,066	\$ 3,651	\$ 4,912,688	\$ 20,126,285	\$ 20,285,358	\$ 1,532	\$ 4,755,147

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

ELWOOD 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.

ELWOOD 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.

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, funds held temporarily for an authorized recipient, 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:

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teacher's Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains funds with deficits in cash. The deficits were primarily related to reimbursable grant funds. According to grant agreements, these funds were required to disburse monies prior to requesting reimbursements. Some reimbursements of expenditures made by the School Corporation were not received by year end which resulted in the negative cash balances. Additionally, the Retirement/Severance Bond Debt Service fund reported a cash deficit at June 30, 2012. The fund did not receive adequate receipts to cover the required debt payments due during the school year which resulted in the negative balance. The fund remained negative until the December 2012 tax draw was received by the County.

**Note 8. Holding Corporation**

The School Corporation entered into a capital lease with Elwood Middle 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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments made during the school years ending June 30, 2011 and 2012, totaled \$376,500 and \$192,500, respectively. However, the lease was paid off with proceeds from the sale of the Oakland Elementary building in July 2011 and the payment of \$192,500 was returned to the School Corporation in January 2012 as an overpayment.

**Note 9. Other Postemployment Benefits**

In April 2007, an end of service/retirement option was made available to certified staff of the Elwood Community School Corporation who had attained the age of 55 and had completed 15 years of employment with the school district. The option offered was that the School Corporation would pay 100 percent of a single health insurance premium through and including August 31, 2011, or at age 65. Eight certified staff accepted this option. Disbursements for this benefit are recognized on a pay-as-you-go basis.

In March 2009, an end of service/retirement option was made available to certified staff of the Elwood Community School Corporation. Tier One was available for certified staff members who had attained the age of 62 as of Friday, August 7, 2009, and had completed 10 years of employment with the school district. The School Corporation agreed to pay 100 percent of a single health insurance premium for a maximum of 3 years or until the month that the certified employee reaches the age of 65, whichever comes first. Also, the certified employee eligible under the terms of Tier One would receive a one-time contribution of \$12,000 to their VEBA account. Four certified staff accepted this option. Tier Two was available for certified staff members who had attained the age of 55 years of age by Friday, August 7, 2009, and had completed 10 years of employment with the school district. The option offered was that the School Corporation would pay 100 percent of a single health insurance premium for a maximum of 4 years or until the month that the certified employee reaches the age of 65, whichever comes first. Also, the certified employee eligible under the terms of Tier Two would receive a one-time contribution of \$8,000 to their VEBA account. Seven certified staff accepted this option.

In March 2010, an end of service/retirement option was made available to certified staff of the Elwood Community School Corporation who had attained the age of 55 by June 1, 2010, and had completed 10 years of employment with the school district. The School Corporation agreed to pay a lump sum contribution of \$20,000 to an employee's VEBA account by October 1, 2010. Sixteen certified staff accepted this option.

These benefits pose a liability to the School Corporation for the current period and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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 is presented in this report 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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,413,976	\$ 36,092	\$ 3,100	\$ 118,834	\$ 49,808	\$ 184,227	\$ -	\$ 247,923	\$ 229,808
Receipts:									
Local sources	388,743	2,061,197	274,143	1,240,584	737,589	326,522	-	-	376,028
Intermediate sources	220	-	-	-	-	-	-	-	-
State sources	11,032,668	100,000	84,833	-	-	-	-	-	6,434
Federal sources	-	-	-	-	-	-	-	-	693,320
Temporary loans	-	532,020	76,223	129,749	51,050	54,152	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>11,421,631</u>	<u>2,693,217</u>	<u>435,199</u>	<u>1,370,333</u>	<u>788,639</u>	<u>380,674</u>	<u>-</u>	<u>-</u>	<u>1,075,782</u>
Disbursements:									
Current:									
Instruction	6,556,423	-	-	-	-	-	-	-	-
Support services	3,652,646	-	-	457,034	503,673	1,195	-	6,996	13,253
Noninstructional services	93,313	-	-	-	-	-	-	-	910,601
Facilities acquisition and construction	-	-	-	212,013	-	-	-	66,536	687
Debt services	522,845	2,161,545	342,315	319,740	159,583	46,432	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,825,227</u>	<u>2,161,545</u>	<u>342,315</u>	<u>988,787</u>	<u>663,256</u>	<u>47,627</u>	<u>-</u>	<u>73,532</u>	<u>924,541</u>
Excess (deficiency) of receipts over disbursements	<u>596,404</u>	<u>531,672</u>	<u>92,884</u>	<u>381,546</u>	<u>125,383</u>	<u>333,047</u>	<u>-</u>	<u>(73,532)</u>	<u>151,241</u>
Other financing sources (uses):									
Sale of capital assets	25	-	-	3,626	-	-	-	-	-
Transfers in	20,885	-	-	-	-	-	375,000	-	-
Transfers out	-	(25,000)	-	(40,000)	-	(330,885)	-	-	-
Total other financing sources (uses)	<u>20,910</u>	<u>(25,000)</u>	<u>-</u>	<u>(36,374)</u>	<u>-</u>	<u>(330,885)</u>	<u>375,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>617,314</u>	<u>506,672</u>	<u>92,884</u>	<u>345,172</u>	<u>125,383</u>	<u>2,162</u>	<u>375,000</u>	<u>(73,532)</u>	<u>151,241</u>
Cash and investments - ending	<u>\$ 2,031,290</u>	<u>\$ 542,764</u>	<u>\$ 95,984</u>	<u>\$ 464,006</u>	<u>\$ 175,191</u>	<u>\$ 186,389</u>	<u>\$ 375,000</u>	<u>\$ 174,391</u>	<u>\$ 381,049</u>

ELWOOD 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	Alternative Education	Donations, Gifts And Trusts	Measured Progress High School	Dollar General Grant Middle School	Autism Advocates
Cash and investments - beginning	\$ 178,634	\$ 17,019	\$ 47	\$ 4,694	\$ 5,690	\$ 17,231	\$ 990	\$ 20	\$ 562
Receipts:									
Local sources	72,625	-	-	-	-	14,600	-	-	3,000
Intermediate sources	-	-	-	150	-	-	-	-	-
State sources	-	-	-	-	6,970	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	72,625	-	-	150	6,970	14,600	-	-	3,000
Disbursements:									
Current:									
Instruction	-	-	-	-	-	1,587	108	-	-
Support services	13,198	-	-	-	12,660	1,827	130	20	2,654
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	596	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	13,198	-	-	-	12,660	4,010	238	20	2,654
Excess (deficiency) of receipts over disbursements	59,427	-	-	150	(5,690)	10,590	(238)	(20)	346
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59,427	-	-	150	(5,690)	10,590	(238)	(20)	346
Cash and investments - ending	\$ 238,061	\$ 17,019	\$ 47	\$ 4,844	\$ -	\$ 27,821	\$ 752	\$ -	\$ 908

ELWOOD 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)

	Adult and Continuing Education 2009-2010	Adult and Continuing Education 2010-2011	Adult and Continuing Education 2011-2012	JobSource Grant	Adult and Continuing Education English	Wellness Grant 2008	Scholarships and Awards	Safe Hiring Solutions Reimbursement	Insurance Retirement Grant
Cash and investments - beginning	\$ (9,675)	\$ -	\$ -	\$ -	\$ (396)	\$ 18,592	\$ 400	\$ (858)	\$ 64,500
Receipts:									
Local sources	-	-	-	-	-	19,750	-	3,171	39,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	27,778	24,789	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>27,778</u>	<u>24,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,750</u>	<u>-</u>	<u>3,171</u>	<u>39,000</u>
Disbursements:									
Current:									
Instruction	-	47,468	-	-	(396)	-	-	-	-
Support services	-	929	-	-	-	17,477	-	-	70,000
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	2,313	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>48,397</u>	<u>-</u>	<u>-</u>	<u>(396)</u>	<u>17,477</u>	<u>-</u>	<u>2,313</u>	<u>70,000</u>
Excess (deficiency) of receipts over disbursements	<u>27,778</u>	<u>(23,608)</u>	<u>-</u>	<u>-</u>	<u>396</u>	<u>2,273</u>	<u>-</u>	<u>858</u>	<u>(31,000)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>27,778</u>	<u>(23,608)</u>	<u>-</u>	<u>-</u>	<u>396</u>	<u>2,273</u>	<u>-</u>	<u>858</u>	<u>(31,000)</u>
Cash and investments - ending	<u>\$ 18,103</u>	<u>\$ (23,608)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,865</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 33,500</u>

ELWOOD 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)

	Misc Programs Drivers Education	CAPE	Middle School Incentive Grant	Gifted and Talented	Instruction Support	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Plan Buddy	Access Indiana
Cash and investments - beginning	\$ -	\$ 146,053	\$ -	\$ -	\$ 17,629	\$ 10,884	\$ 48,371	\$ 1,247	\$ 2,500
Receipts:									
Local sources	15,120	68,571	19,425	-	-	-	40,754	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	32,262	-	8,558	5,344	1,115	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	200	-	-
Total receipts	15,120	68,571	19,425	32,262	-	8,558	46,298	1,115	-
Disbursements:									
Current:									
Instruction	15,056	-	-	10,062	5,940	10,512	-	-	-
Support services	64	151,752	930	-	11,689	372	34,524	-	-
Noninstructional services	-	12,833	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,120	164,585	930	10,062	17,629	10,884	34,524	-	-
Excess (deficiency) of receipts over disbursements	-	(96,014)	18,495	22,200	(17,629)	(2,326)	11,774	1,115	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(96,014)	18,495	22,200	(17,629)	(2,326)	11,774	1,115	-
Cash and investments - ending	\$ -	\$ 50,039	\$ 18,495	\$ 22,200	\$ -	\$ 8,558	\$ 60,145	\$ 2,362	\$ 2,500

ELWOOD 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)

	Construction Remodeling and Equipping Buildings	McKinney Vento Transportation Grant	Student Workbooks and Supplies	Title I 2010-2011	Title I 2009-2010	School Improvement Oakland	Migrant Title I	Summer Migrant Program	Fall Migrant Program
Cash and investments - beginning	\$ (28)	\$ 3,557	\$ 464	\$ -	\$ 239,495	\$ 6,932	\$ -	\$ 325,981	\$ -
Receipts:									
Local sources	-	-	-	-	28	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	45,777	-	-	-	-	-	-
Federal sources	-	-	-	320,129	78,295	-	-	-	66,754
Temporary loans	95,520	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	95,520	-	45,777	320,129	78,323	-	-	-	66,754
Disbursements:									
Current:									
Instruction	-	-	-	281,659	302,716	-	-	149,116	74,157
Support services	95,492	3,121	46,241	49,173	9,053	-	-	176,865	-
Noninstructional services	-	-	-	32,414	6,022	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	95,492	3,121	46,241	363,246	317,791	-	-	325,981	74,157
Excess (deficiency) of receipts over disbursements	28	(3,121)	(464)	(43,117)	(239,468)	-	-	(325,981)	(7,403)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28	(3,121)	(464)	(43,117)	(239,468)	-	-	(325,981)	(7,403)
Cash and investments - ending	\$ -	\$ 436	\$ -	\$ (43,117)	\$ 27	\$ 6,932	\$ -	\$ -	\$ (7,403)

ELWOOD 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)

	Fall Migrant Program 2009-2010	IDEA	PL 94-142 2011-2012	Federal Assistance Educational Preschool Handicapped	Pre-School	Adult Basic Education 2010-2011	Adult Basic Education 2009-2010	Region 4 Title II Adult Education	Adult Basic Education
Cash and investments - beginning	\$ 240	\$ -	\$ 156,636	\$ -	\$ -	\$ -	\$ 1,657	\$ -	\$ -
Receipts:									
Local sources	45	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	236,454	-	-	24,464	43,034	2,229	-	4,767
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	45	236,454	-	-	24,464	43,034	2,229	-	4,767
Disbursements:									
Current:									
Instruction	48	260,897	147,476	371	28,835	60,792	3,815	-	5,461
Support services	237	13,413	9,160	-	-	5,993	71	-	1,412
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	285	274,310	156,636	371	28,835	66,785	3,886	-	6,873
Excess (deficiency) of receipts over disbursements	(240)	(37,856)	(156,636)	(371)	(4,371)	(23,751)	(1,657)	-	(2,106)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(240)	(37,856)	(156,636)	(371)	(4,371)	(23,751)	(1,657)	-	(2,106)
Cash and investments - ending	\$ -	\$ (37,856)	\$ -	\$ (371)	\$ (4,371)	\$ (23,751)	\$ -	\$ -	\$ (2,106)

ELWOOD 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)

	Region 4 State Education	Adult Basic Education	Adult Education	Safe and Drug Free 2009-2010	Drug Free	Perkins Basic Grant	Perkins Grant 2012-2013	Perkins Grant FY 2009	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 7,314	\$ (5,014)	\$ -	\$ -	\$ 27,709
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	6,825	-	5,415	-	18,654	21,365	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	6,825	-	5,415	-	18,654	21,365	-	-
Disbursements:									
Current:									
Instruction	-	417	110	5,779	7,314	11,237	3,202	-	25,467
Support services	-	-	-	-	-	1,970	57,829	-	2,242
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	417	110	5,779	7,314	13,207	61,031	-	27,709
Excess (deficiency) of receipts over disbursements	-	6,408	(110)	(364)	(7,314)	5,447	(39,666)	-	(27,709)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,408	(110)	(364)	(7,314)	5,447	(39,666)	-	(27,709)
Cash and investments - ending	\$ -	\$ 6,408	\$ (110)	\$ (364)	\$ -	\$ 433	\$ (39,666)	\$ -	\$ -

ELWOOD 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)

	ITQ Enhanced Education Through Technology Title II, Part D	Title II, Part A Improving Teaching Quality	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Technology	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ 70,000	\$ 102,231	\$ (10,470)	\$ 1,910	\$ 6,890	\$ -	\$ 113,277	\$ 3,856,683
Receipts:									
Local sources	-	-	-	179	-	-	-	-	5,701,074
Intermediate sources	-	-	-	-	-	-	-	-	370
State sources	-	-	-	-	-	-	-	-	11,376,528
Federal sources	-	13,946	-	107,132	7,335	28,142	-	-	1,678,260
Temporary loans	-	-	-	-	-	-	-	-	938,714
Other	-	-	-	-	-	-	-	2,513,274	2,513,474
Total receipts	-	13,946	-	107,311	7,335	28,142	-	2,513,274	22,208,420
Disbursements:									
Current:									
Instruction	-	81,371	65,400	38,305	10,526	-	-	-	8,211,231
Support services	-	11,409	31,584	7,874	-	36,550	-	-	5,512,712
Noninstructional services	-	-	-	-	-	-	-	-	1,055,183
Facilities acquisition and construction	-	-	-	-	-	-	-	-	282,145
Debt services	-	-	-	-	-	-	-	-	3,552,460
Nonprogrammed charges	-	-	-	-	-	-	-	2,542,335	2,542,335
Total disbursements	-	92,780	96,984	46,179	10,526	36,550	-	2,542,335	21,156,066
Excess (deficiency) of receipts over disbursements	-	(78,834)	(96,984)	61,132	(3,191)	(8,408)	-	(29,061)	1,052,354
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	3,651
Transfers in	-	-	-	-	-	-	-	-	395,885
Transfers out	-	-	-	-	-	-	-	-	(395,885)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	3,651
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(78,834)	(96,984)	61,132	(3,191)	(8,408)	-	(29,061)	1,056,005
Cash and investments - ending	\$ -	\$ (8,834)	\$ 5,247	\$ 50,662	\$ (1,281)	\$ (1,518)	\$ -	\$ 84,216	\$ 4,912,688

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 2,031,290	\$ 542,764	\$ 95,984	\$ 464,006	\$ 175,191	\$ 186,389	\$ 375,000	\$ 174,391	\$ 381,049
Receipts:									
Local sources	293,794	1,163,442	151,119	935,020	456,452	114,194	-	-	327,991
Intermediate sources	88	-	-	-	-	-	-	-	-
State sources	10,874,649	-	-	-	-	-	-	-	5,802
Federal sources	-	-	-	-	-	-	-	-	687,184
Temporary loans	-	401,241	-	-	-	-	-	-	-
Other	-	-	-	10,320	-	-	-	-	-
Total receipts	11,168,531	1,564,683	151,119	945,340	456,452	114,194	-	-	1,020,977
Disbursements:									
Current:									
Instruction	6,427,109	-	-	-	-	-	-	-	-
Support services	3,497,816	-	-	585,727	492,111	154,104	-	174,391	20,343
Noninstructional services	106,403	-	-	-	-	-	-	-	954,549
Facilities acquisition and construction	-	-	-	210,979	-	-	-	-	789
Debt services	-	1,819,443	273,692	129,749	51,050	46,896	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,031,328	1,819,443	273,692	926,455	543,161	201,000	-	174,391	975,681
Excess (deficiency) of receipts over disbursements	1,137,203	(254,760)	(122,573)	18,885	(86,709)	(86,806)	-	(174,391)	45,296
Other financing sources (uses):									
Sale of capital assets	-	-	-	1,532	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(8,453)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(8,453)	-	1,532	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,137,203	(263,213)	(122,573)	20,417	(86,709)	(86,806)	-	(174,391)	45,296
Cash and investments - ending	\$ 3,168,493	\$ 279,551	\$ (26,589)	\$ 484,423	\$ 88,482	\$ 99,583	\$ 375,000	\$ -	\$ 426,345

ELWOOD 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	Alternative Education	Donations, Gifts And Trusts	Measured Progress High School	Dollar General Grant Middle School	Autism Advocates
Cash and investments - beginning	\$ 238,061	\$ 17,019	\$ 47	\$ 4,844	\$ -	\$ 27,821	\$ 752	\$ -	\$ 908
Receipts:									
Local sources	65,294	-	-	-	-	3,600	-	-	-
Intermediate sources	-	-	-	113	-	-	-	-	-
State sources	83,626	-	-	-	6,920	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	148,920	-	-	113	6,920	3,600	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	1,760	60	-	-
Support services	148,301	-	-	-	-	594	-	-	574
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	148,301	-	-	-	-	2,354	60	-	574
Excess (deficiency) of receipts over disbursements	619	-	-	113	6,920	1,246	(60)	-	(574)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	8,453	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,453	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,072	-	-	113	6,920	1,246	(60)	-	(574)
Cash and investments - ending	\$ 247,133	\$ 17,019	\$ 47	\$ 4,957	\$ 6,920	\$ 29,067	\$ 692	\$ -	\$ 334

ELWOOD 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)

	Adult and Continuing Education 2009-2010	Adult and Continuing Education 2010-2011	Adult and Continuing Education 2011-2012	JobSource Grant	Adult and Continuing Education English	Wellness Grant 2008	Scholarships and Awards	Safe Hiring Solutions Reimbursement	Insurance Retirement Grant
Cash and investments - beginning	\$ 18,103	\$ (23,608)	\$ -	\$ -	\$ -	\$ 20,865	\$ 400	\$ -	\$ 33,500
Receipts:									
Local sources	-	-	-	-	-	19,250	-	2,132	96
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	34,851	23,608	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	34,851	23,608	-	-	-	19,250	-	2,132	96
Disbursements:									
Current:									
Instruction	48,436	-	9,177	44	6,557	-	-	-	-
Support services	5,286	-	-	-	-	28,899	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	2,132	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	53,722	-	9,177	44	6,557	28,899	-	2,132	-
Excess (deficiency) of receipts over disbursements	(18,871)	23,608	(9,177)	(44)	(6,557)	(9,649)	-	-	96
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,871)	23,608	(9,177)	(44)	(6,557)	(9,649)	-	-	96
Cash and investments - ending	\$ (768)	\$ -	\$ (9,177)	\$ (44)	\$ (6,557)	\$ 11,216	\$ 400	\$ -	\$ 33,596

ELWOOD 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)

	Misc Programs Drivers Education	CAPE	Middle School Incentive Grant	Gifted and Talented	Instruction Support	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Plan Buddy	Access Indiana
Cash and investments - beginning	\$ -	\$ 50,039	\$ 18,495	\$ 22,200	\$ -	\$ 8,558	\$ 60,145	\$ 2,362	\$ 2,500
Receipts:									
Local sources	-	39,600	-	-	-	-	19,972	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	30,676	7,461	5,394	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	39,600	-	-	30,676	7,461	25,366	-	-
Disbursements:									
Current:									
Instruction	-	-	-	17,604	18,357	14,326	-	-	-
Support services	-	85,830	3,382	4,596	-	-	58,967	-	2,500
Noninstructional services	-	3,500	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	89,330	3,382	22,200	18,357	14,326	58,967	-	2,500
Excess (deficiency) of receipts over disbursements	-	(49,730)	(3,382)	(22,200)	12,319	(6,865)	(33,601)	-	(2,500)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(49,730)	(3,382)	(22,200)	12,319	(6,865)	(33,601)	-	(2,500)
Cash and investments - ending	\$ -	\$ 309	\$ 15,113	\$ -	\$ 12,319	\$ 1,693	\$ 26,544	\$ 2,362	\$ -

ELWOOD 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)

	Construction Remodeling and Equipping Buildings	McKinney Vento Transportation Grant	Student Workbooks and Supplies	Title I 2010-2011	Title I 2009-2010	School Improvement Oakland	Migrant Title I	Summer Migrant Program	Fall Migrant Program
Cash and investments - beginning	\$ -	\$ 436	\$ -	\$ (43,117)	\$ 27	\$ 6,932	\$ -	\$ -	\$ (7,403)
Receipts:									
Local sources	-	-	740	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	457,979	64,762	-	-	155,734	7,403
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	740	457,979	64,762	-	-	155,734	7,403
Disbursements:									
Current:									
Instruction	-	-	-	331,765	202,967	-	87,774	109,395	(170)
Support services	-	436	740	20,062	21,073	6,932	-	47,086	170
Noninstructional services	-	-	-	11,002	21,928	-	41	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	436	740	362,829	245,968	6,932	87,815	156,481	-
Excess (deficiency) of receipts over disbursements	-	(436)	-	95,150	(181,206)	(6,932)	(87,815)	(747)	7,403
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(436)	-	95,150	(181,206)	(6,932)	(87,815)	(747)	7,403
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 52,033	\$ (181,179)	\$ -	\$ (87,815)	\$ (747)	\$ -

ELWOOD 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)

	Fall Migrant Program 2009-2010	IDEA	PL 94-142 2011-2012	Federal Assistance Educational Preschool Handicapped	Pre-School	Adult Basic Education 2010-2011	Adult Basic Education 2009-2010	Region 4 Title II Adult Education	Adult Basic Education
Cash and investments - beginning	\$ -	\$ (37,856)	\$ -	\$ (371)	\$ (4,371)	\$ (23,751)	\$ -	\$ -	\$ (2,106)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	173,454	1,797	-	5,921	27,962	35,698	1,907	2,106
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	173,454	1,797	-	5,921	27,962	35,698	1,907	2,106
Disbursements:									
Current:									
Instruction	-	127,595	198,124	32,986	1,550	2,968	45,345	4,490	-
Support services	-	8,003	32,054	-	-	1,243	5,211	583	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	135,598	230,178	32,986	1,550	4,211	50,556	5,073	-
Excess (deficiency) of receipts over disbursements	-	37,856	(228,381)	(32,986)	4,371	23,751	(14,858)	(3,166)	2,106
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	37,856	(228,381)	(32,986)	4,371	23,751	(14,858)	(3,166)	2,106
Cash and investments - ending	\$ -	\$ -	\$ (228,381)	\$ (33,357)	\$ -	\$ -	\$ (14,858)	\$ (3,166)	\$ -

ELWOOD 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)

	Region 4 State Education	Adult Basic Education	Adult Education	Safe and Drug Free 2009-2010	Drug Free	Perkins Basic Grant	Perkins Grant 2012-2013	Perkins Grant FY 2009	Improving Teaching Quality No Child Left Title II, Part A
Cash and investments - beginning	\$ -	\$ 6,408	\$ (110)	\$ (364)	\$ -	\$ 433	\$ (39,666)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	2,673	3,250	-	5,912	-	-	52,984	57,895	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,673	3,250	-	5,912	-	-	52,984	57,895	-
Disbursements:									
Current:									
Instruction	6,079	2,669	-	3,198	-	433	7,431	3,969	-
Support services	733	-	-	1,800	-	-	5,887	58,599	-
Noninstructional services	-	-	-	550	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,812	2,669	-	5,548	-	433	13,318	62,568	-
Excess (deficiency) of receipts over disbursements	(4,139)	581	-	364	-	(433)	39,666	(4,673)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,139)	581	-	364	-	(433)	39,666	(4,673)	-
Cash and investments - ending	\$ (4,139)	\$ 6,989	\$ (110)	\$ -	\$ -	\$ -	\$ -	\$ (4,673)	\$ -

ELWOOD 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)

	ITQ Enhanced Education Through Technology Title II, Part D	Title II, Part A Improving Teaching Quality	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Technology	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ (8,834)	\$ 5,247	\$ 50,662	\$ (1,281)	\$ (1,518)	\$ -	\$ 84,216	\$ 4,912,688
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,592,696
Intermediate sources	-	-	-	-	-	-	-	-	201
State sources	-	-	-	-	-	-	-	-	11,072,987
Federal sources	35,975	36,495	166,200	170,066	2,405	1,518	360,739	-	2,518,019
Temporary loans	-	-	-	-	-	-	-	-	401,241
Other	-	-	-	-	-	-	-	2,530,821	2,541,141
Total receipts	<u>35,975</u>	<u>36,495</u>	<u>166,200</u>	<u>170,066</u>	<u>2,405</u>	<u>1,518</u>	<u>360,739</u>	<u>2,530,821</u>	<u>20,126,285</u>
Disbursements:									
Current:									
Instruction	89,999	23,825	157,160	195,179	950	-	317,858	-	8,496,969
Support services	25,582	13,473	19,470	25,549	174	-	42,881	-	5,601,162
Noninstructional services	-	-	4,976	-	-	-	-	-	1,102,949
Facilities acquisition and construction	-	-	-	-	-	-	-	-	213,900
Debt services	-	-	-	-	-	-	-	-	2,320,830
Nonprogrammed charges	-	-	-	-	-	-	-	2,549,548	2,549,548
Total disbursements	<u>115,581</u>	<u>37,298</u>	<u>181,606</u>	<u>220,728</u>	<u>1,124</u>	<u>-</u>	<u>360,739</u>	<u>2,549,548</u>	<u>20,285,358</u>
Excess (deficiency) of receipts over disbursements	<u>(79,606)</u>	<u>(803)</u>	<u>(15,406)</u>	<u>(50,662)</u>	<u>1,281</u>	<u>1,518</u>	<u>-</u>	<u>(18,727)</u>	<u>(159,073)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	1,532
Transfers in	-	-	-	-	-	-	-	-	8,453
Transfers out	-	-	-	-	-	-	-	-	(8,453)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,532</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(79,606)</u>	<u>(803)</u>	<u>(15,406)</u>	<u>(50,662)</u>	<u>1,281</u>	<u>1,518</u>	<u>-</u>	<u>(18,727)</u>	<u>(157,541)</u>
Cash and investments - ending	<u>\$ (79,606)</u>	<u>\$ (9,637)</u>	<u>\$ (10,159)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,489</u>	<u>\$ 4,755,147</u>

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ELWOOD COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Sovereign Bank	Purchase 2 new buses	<u>\$ 19,588</u>	07-01-11	07-01-15

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension debt buy-out	\$ 1,350,000	\$ 219,691
Common School Fund Advancement	Technology	137,194	35,585
Common School Fund Advancement	Oakland Elementary renovation	4,275,000	523,688
Common School Fund Advancement	Edgewood Elementary renovation	4,147,704	508,094
Common School Fund Advancement	High School renovation	<u>4,637,199</u>	<u>740,235</u>
Totals		<u>\$ 14,547,097</u>	<u>\$ 2,027,293</u>

ELWOOD COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

***FINANCIAL REPORT OPINION MODIFICATIONS***

The financial statement presented for audit contained numerous errors and did not reconcile to the bank accounts. Due to the condition of the financial records, sufficient audit evidence could not be reasonably obtained to support the accuracy of the financial statement. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditor's Report for the financial statement. Material weaknesses in internal controls and errors in the financial statement identified by the audit are indicated in the Audit Results in Comments below.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Several deficiencies existed in the controls over the receipting, disbursing, recording, and accounting for the financial activities of the School Corporation. The following control deficiencies were noted:

1. Controls over cash were not properly implemented or effective. Staff assigned to perform monthly cash reconcilements did not complete the reconcilements monthly and the reconcilements that were completed did not reconcile.
2. Proper controls were not in place for receipts. Official receipts were not issued by the School Corporation at the time money was received nor was a register or other method used to keep track of monies as they were received. Official receipts were issued and recorded in the records when deposits were prepared and were based on checks and cash that was on hand at the time the deposit was prepared. The School Corporation also did not have proper procedures in place to ensure that electronic deposits were properly recorded in the records in a timely manner. Additionally, reconcilements of receipts to bank deposits were not performed on a timely basis.
3. Proper controls were not in place for disbursements. Numerous errors were recorded in the financial records and not detected or properly corrected by personnel responsible for those activities. Additionally, proper procedures were not in place for reviewing disbursement information before recording disbursement transactions.
4. Proper controls were not in place for identifying and reporting federal awards passed through from other local agencies. This resulted in the comingling of various federal grant monies into one fund and the misclassification of federal receipts as local.
5. Proper monitoring controls were not in place. The School Corporation failed to properly monitor activities to ensure that the transactions were recorded accurately in the financial records.

The combination of deficiencies in controls noted above was considered to be a material weakness in controls over financial transactions and reporting.

ELWOOD COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

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 – ERRORS**

As a result of the deficiencies in internal controls noted in the comment above, numerous errors related to the financial records were identified during the audit. The errors were considered material based on the dollar value, nature, or magnitude in relation to the fund affected and impact on the financial statement. Due to the condition of records, we were not confident that these were the only errors that existed. The following financial statement errors were noted:

1. A reimbursement for the school lunch and breakfast program was deposited electronically on June 14, 2010, totaling \$72,379, but was not recorded until July 13, 2010, which is not in the correct accounting period.
2. A reimbursement for the testing and remediation program was deposited electronically on June 29, 2010, totaling \$13,286, but was not recorded until July 13, 2010, which is not in the correct accounting period.
3. The June 2011 Commercial Vehicle Excise Tax of \$10,432 and Financial Institute Tax of \$15,119 were recorded to the General Fund instead of the appropriate funds noted on the County Auditor's Tax Certificate.
4. The March 2011 State Connectivity grant distribution of \$1,068.75 was receipted into the records twice.
5. A distribution in the amount of \$28,191 was received in September 2010 for the summer food service program and reported with the wrong receipt classification. The distribution was reported as local sources instead of federal sources. As a result, the distribution was misclassified on the Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash Balances and was not included in the original Schedule of Federal Expenditures.

In addition to the errors noted above, numerous negative receipts and disbursements were noted in the financial records to correct errors and make adjustments. Some corrections and adjustments were made in the records without retaining supporting documentation.

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)

ELWOOD COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check or receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 7)

***CASH NECESSARY TO BALANCE - BANK RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were not prepared on a monthly basis. Bank reconciliations were only performed a few times each school year and were not accurate. A comparison of the records to the bank accounts at June 30, 2012, indicated cash necessary to balance of \$22,188. Due to the condition of records, we were unable to verify the accuracy of this bank reconciliation.

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

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

***RECEIPT ISSUANCE AND RECORDING***

Receipts were not always issued or recorded when monies were received in the School Corporation's office. Monies were received in the School Corporation's office via checks in the mail, checks written to the School Corporation for transfers, and checks from the Extra-Curricular Accounts of the school buildings in which receipts were not issued at the time of receipt. The School Corporation's office did not maintain a receipt register, log, or have any other method to accurately identify the date and amounts received on a daily basis to ensure that all monies received were deposited and recorded. Receipts were not issued or recorded until a deposit was prepared. The receipt date and amounts were based on the date the deposit was prepared and the amount of checks on hand at that time. Amounts were also received through direct deposit into the School Corporation's bank account in which receipts were not issued at the time of notification or within a reasonable time. In some instances, receipts were not issued until the bank statements were received and a reconciliation of receipts to deposits was performed, which was not conducted timely. As a result, some receipts were not issued and recorded in the proper accounting period. The "Condition of Records - Errors" comment noted above contains specific instances.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ELWOOD COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***OVERDRAWN FUND BALANCES***

The fund balance of the Retirement/Severance Bond Debt Service Fund was overdrawn \$26,589 at June 30, 2012. This was due to insufficient amount of funding received to meet debt requirements. The fund remained overdrawn until the December 2012 tax distribution was received.

The cash 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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Compliance

We were engaged to audit the Elwood Community School Corporation's (School Corporation) compliance with 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 the Title I, Part A Cluster and the Special Education Cluster (IDEA). We have audited the School Corporation's 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 the Migrant Education – State Grant Program and the Education Jobs Fund. 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.

Except as discussed in the following paragraph, 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.

As described in item 2012-3 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the compliance of the School Corporation with the Title I, Part A Cluster and the Special Education Cluster (IDEA), regarding allowable activities, allowable costs, cash management, eligibility, level of effort and earmarking, and reporting, nor were we able to satisfy ourselves as to the School Corporation's compliance with those requirements by applying other auditing procedures.

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)

Since the School Corporation did not provide sufficient documentation to allow us to determine compliance with the compliance requirements noted in the preceding paragraph and we were not able to apply other auditing procedures to satisfy ourselves as to the School Corporation's compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express an opinion as to the School Corporation's compliance with requirements referred to above that could have a direct and material effect on the Title I, Part A Cluster or the Special Education Cluster (IDEA) for the period of July 1, 2010 to June 30, 2012.

As described in items 2012-4 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding cash management that are applicable to its Migrant Education - State Grant Program. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance noted in the preceding paragraph, and the scope limitation listed above, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its other major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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 items 2012-3 and 2012-4 to be material weaknesses.

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

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)

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 20, 2013

## 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.

ELWOOD 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
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 10-11	\$ 226,854	\$ -
		FY 11-12	-	221,862
National School Lunch Program	10.555	FY 10-11	538,079	-
		FY 11-12	-	503,457
Summer Food Service Program for Children	10.559	FY 10-11	28,191	-
		FY 11-12	-	19,339
Total for Child Nutrition Cluster			<u>793,124</u>	<u>744,658</u>
Total for U.S. Department of Agriculture			<u>793,124</u>	<u>744,658</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
Pass-Through Indiana Department of Workforce Development				
WIA Cluster				
WIA Adult Program	17.258	FY 2011	417	2,670
Total for WIA Cluster			<u>417</u>	<u>2,670</u>
Total for U.S. Department of Labor			<u>417</u>	<u>2,670</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	10-5280	153,848	-
		11-5280	-	457,979
		12-5280	-	64,762
Total for Title I Grants to Local Educational Agencies			<u>153,848</u>	<u>522,741</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	5280	96,984	171,447
Total for Title I Cluster			<u>250,832</u>	<u>694,188</u>
Pass-Through Anderson Community School Corporation				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	14210-002-PN01	156,638	-
		14211-095-PN01	236,454	173,454
		14212-095-PN01	-	1,799
Total for Special Education - Grants to States			<u>393,092</u>	<u>175,253</u>
Pass-Through Indiana Department of Education				
Special Education - Preschool Grants	84.173	45711-095-PN01	24,464	5,921
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-002-SN01	46,178	220,550
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-002-SN01	9,245	2,405
Total for Special Education Cluster (IDEA)			<u>472,979</u>	<u>404,129</u>
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386	C209S5280	35,032	1,518

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

ELWOOD 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
<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>				
Pass-Through Indiana Department of Education Adult Education - Basic Grants to States	84.002	FY 1105D C1-2-AE-1-60	43,034 3,886	27,962 35,698
Pass-Through Lafayette School Corporation Adult Education - Basic Grants to States	84.002	FY 10-11 FY 11-12	4,767 -	2,106 4,580
Total for Adult Education - Basic Grants to States			<u>51,687</u>	<u>70,346</u>
Pass-Through Indiana Department of Education Migrant Education - State Grant Program	84.011	38210-009-DY02 FY 09-10 FY 10-11 FY 11-12	192,384 240 66,754 -	155,564 - 7,403 -
Total for Migrant Education - State Grant Program			<u>259,378</u>	<u>162,967</u>
Career and Technical Education - Basic Grants to States	84.048	10-4700-5280 11-4700-5280 12-4700-5280	13,206 21,365 -	433 52,984 57,895
Total for Career and Technical Education - Basic Grants to States			<u>34,571</u>	<u>111,312</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	09-5280 10-5280	7,314 5,415	- 5,912
Total for Safe and Drug-Free Schools and Communities - State Grants			<u>12,729</u>	<u>5,912</u>
Improving Teacher Quality State Grants	84.367	FY 08-09 FY 09-10 FY 10-11 FY 11-12	27,709 83,946 - -	- - 35,975 36,495
Total for Improving Teacher Quality State Grants			<u>111,655</u>	<u>72,470</u>
Education Jobs Fund	84.410	FY 11-12	-	360,739
Total for U.S. Department of Education			<u>1,228,863</u>	<u>1,883,581</u>
Total federal awards expended			<u>\$ 2,022,404</u>	<u>\$ 2,630,909</u>

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

ELWOOD 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 Elwood Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 21,238	\$ 17,580
School lunch Program	10.555	50,375	39,894

ELWOOD COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Disclaimer
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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:	Disclaimer as to Title I, Part A Cluster and Special Education Cluster (IDEA) Qualified as to Migrant Education-State Grant Program Unqualified as to Education Jobs Fund
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster Special Education Cluster (IDEA)
84.011	Migrant Education - State Grant Program
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

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

Several deficiencies existed in the controls over the receipting, disbursing, recording, and accounting for the financial activities of the School Corporation. The following control deficiencies were noted:

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

1. Controls over cash were not properly implemented or effective. Staff assigned to perform monthly cash reconcilements did not complete the reconcilements monthly and the reconcilements that were completed did not reconcile.
2. Proper controls were not in place for receipts. Official receipts were not issued by the School Corporation at the time money was received nor was a register or other method used to keep track of monies as they were received. Official receipts were issued and recorded in the records when deposits were prepared and were based on checks and cash that was on hand at the time the deposit was prepared. The School Corporation also did not have proper procedures in place to ensure that electronic deposits were properly recorded in the records in a timely manner. Additionally, reconcilements of receipts to bank deposits were not performed on a timely basis.
3. Proper controls were not in place for disbursements. Numerous errors were recorded in the financial records and not detected or properly corrected by personnel responsible for those activities. Additionally, proper procedures were not in place for reviewing disbursement information before recording disbursement transactions.
4. Proper controls were not in place for identifying and reporting federal awards passed through from other local agencies. This resulted in the comingling of various federal grant monies into one fund and the misclassification of federal receipts as local.
5. Proper monitoring controls were not in place. The School Corporation failed to properly monitor activities to ensure that the transactions were recorded accurately in the financial records.

The combination of deficiencies in controls noted above was considered to be a material weakness in controls over financial transactions and reporting.

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)

We recommend that the School Corporation's management develop controls that will ensure the accuracy of the School Corporation's financial information related federal awards.

***FINDING 2012-2 - FEDERAL FUNDING NOT REPORTED***

The School Corporation did not have proper controls in place to identify federal funding passed through from other entities which resulted in the failure to report certain federal awards. The School Corporation received money from four other school corporations and transfers from their own School Corporation's

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

grant funds for the collaboration of effects related to staff training, which was referred to as "CAPE." The amounts sent to the School Corporation from each school were predetermined by prorating the estimated cost to operate the CAPE program by the number of employees each school had participating in CAPE activities. The monies received for this purpose were deposited into the CAPE fund reported on the financial statement. The CAPE fund was used to pay for expenses related to the operation of the CAPE program. Cash balances of the CAPE fund at the end of each school year were carried over into the next school year. The School failed to recognize that the monies receipted into the CAPE fund were from Title I, Title I (ARRA), and Special Education (ARRA) grants and did not report the monies as federal sources. As a result, the federal funding received and disbursed by the CAPE fund was not reported on the Schedule of Expenditures of Federal Awards. Because of the comingling of the various federal awards and the carry-over of cash balances from year to year, the amount of federal expenditures for CAPE related to Title I, Title I (ARRA), and Special Education (ARRA) could not be determined.

This was considered to be a material weakness in controls over reporting in regard to the Schedule of Expenditures of Federal Awards.

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)

We recommended that the School Corporation's management develop controls that will properly identify and report federal funding passed-through from other local agencies.

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

***FINDING 2012-3 – TITLE I CLUSTER AND SPECIAL EDUCATION CLUSTER MAJOR PROGRAM OPINION***

Federal Agency: U.S. Department of Education

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

CFDA Numbers: 84.010, 84.389

Federal Award Number and Year (or Other Identifying Number): Not Available

Pass-Through Entities: Indiana Department of Education, Alexandria Community School Corporation,  
Anderson Community School Corporation, Frankton-Lapel Community Schools,  
South Madison Community School Corporation

Federal Agency: U.S. Department of Education

Federal Program: ARRA - Special Education - Grants to States, Recovery Act

CFDA Numbers: 84.391

Federal Award Number and Year (or Other Identifying Number): Not Available

Pass-Through Entities: Indiana Department of Education, Anderson Community School Corporation,  
Frankton-Lapel Community Schools, South Madison Community School Corporation

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

As explained in Finding 2012-2 above, the School Corporation comingled monies for Title I, Title I (ARRA), Special Education (ARRA), and local funds in the CAPE fund and failed to recognize the monies as federal funding for each of the programs noted above. Due to the comingling of federal funding, sufficient information could not be obtained to perform procedures regarding the following compliance requirements: allowable activities, allowable costs, cash management, eligibility, level of effort and earmarking, and reporting. As a result, we were unable to express an opinion on the School Corporation's compliance with the requirements of these clusters.

Although we were not able to express an opinion on these clusters, we did perform some compliance procedures which identified noncompliance with cash management and special tests and provision requirements. The noncompliance identified is outlined in the next four paragraphs.

As explained in Finding 2012-2 above regarding CAPE funding, the School Corporation comingled monies for Title I, Title I (ARRA), Special Education (ARRA), and local funds into one fund and failed to account for American Reinvestment and Recovery Act (ARRA) funding separately as required to materially comply with Special Tests and Provisions for Title I and Special Education funding.

Additionally, management of the School Corporation did not establish an effective internal control system related to the cash management compliance requirements that have a direct and material effect to the programs listed above. The School Corporation did not have proper controls in place to determine the monthly cash needs of the federal programs, monitor programs for excessive cash balances, or return excessive or unobligated cash as necessary. The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the compliance requirements. As a result of the ineffective internal controls over cash management, the School Corporation failed to comply with cash management requirements for the programs listed above.

The School Corporation received advance draws for the Title I program during the 2009-2010 school year and carried over a cash balance of \$239,495 into the 2010-2011 school year, which represented approximately 35 percent of the total draws received in the Title I 2009-2010 Fund. The Title I 2009-2010 Fund continued to maintain excessive cash balances until October 2010 when \$163,942 was carried over to the Title I 2010-2011 Fund. The carry over represented approximately 23 percent of the total amount drawn for the 2009-2010 Title I program. Additionally the Title I - Grants to LEA's Fund which accounts for ARRA monies, maintained excessive cash balances for 11 of the 12 months in the 2010-2011 school year.

The School Corporation received advance draws for Special Education during the 2009-2010 school year and carried over a cash balance of \$156,636 into the 2010-2011 school year which represented approximately 33 percent of the total draws received in the PL 94-142 Fund. The Fund continued to maintain excessive cash balances until September 2010. Additionally, the Special Education - Part B Fund which accounts for ARRA monies maintained excessive cash balances for all of the 2010-2011 school year and the first two months of the 2011-2012 school year.

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.

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

34 CFR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

34 CFR 80.20 (b)(7) states:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

2 CFR 176.20 (b) states: "To maximize transparency of Recovery Act funds required for reporting by the assistance recipient, the award official shall consider structuring assistance awards to allow for separately tracking Recovery Act funds."

We recommended that the School Corporation properly identify and report transactions related to federal awards in accordance with federal compliance requirements. Additionally, we recommended that the School Corporation comply with Recovery Act requirements by recording transactions related to ARRA funding separately in their financial records. Finally, we recommended that the School Corporation's management establish controls related to cash management that will comply with the grant agreement and federal compliance requirements.

**FINDING 2012-4 – CASH MANAGEMENT**

Federal Agency: U.S. Department of Education  
Federal Program: Migrant Education - State Grant Program  
CFDA Number: 84.011  
Federal Award Number and Year (or Other Identifying Number): 38210-009-DY02  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation did not establish an effective internal control system related to the cash management requirements of the Migrant Education Program. The School Corporation did not have proper controls in place to determine the monthly cash needs of the program, monitor the program for excessive cash balances, or return excessive or unobligated cash as necessary. The failure to establish an

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

effective internal control system placed the School Corporation at risk of noncompliance with the compliance requirements. As a result of the ineffective internal controls over cash management, the School Corporation failed to comply with cash management requirements for the Migrant Education Program.

The School Corporation requested the entire Migrant Program award amount of \$326,128 for the 2010 Summer grant in June 2010 rather than requesting draws based on cash needs. This resulted in large cash balances being carried for several months and \$133,378 being returned to Indiana Department of Education (IDOE) as unused funding in October 2010. The returned amount was approximately 41 percent of the total grant money requested. However, the grant monies returned to IDOE were not returned to the proper department. Therefore, the check remained outstanding until April 2012 when another check was reissued to IDOE which remained outstanding until July 2012.

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

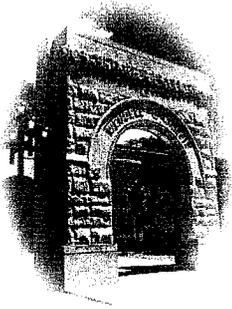
"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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.

34 CFR 80.20 (b)(7) states:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We recommended that the School Corporation's management establish controls related to cash management that will comply with the grant agreement and federal compliance requirements.



# Elwood Community School Corporation

1306 N. Anderson St.  
Elwood, IN 46036  
Phone: (765) 552-9861  
Fax: (765) 552-8088

Mr. Glen A. Nelson  
Superintendent

Mrs. Jan Kaye  
Director of Special Services

Mrs. Joa Griffith  
Business Manager/Treasurer

Mr. Don Garner  
Technology Coordinator

*The Hope of Our Country*

September 19, 2012

## Summary Schedule Of Prior Audit Findings

### FINDING NO. 2010-2. INTERNAL CONTROL/CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number: 09-5280 (FY 09) & 10-5280 (FY 10)

Auditee: Elwood Community School Corporation  
Name/Title of Contact Person: Joa L. Griffith, Business Manager/Treasurer

### FINDING NO. 2010-3. INTERNAL CONTROL/CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Grants to States  
CFDA Number: 84.027  
Federal Award Number: 14209-002PY02 (FY 09) & 14210-002-PN01 (FY 10)

Auditee: Elwood Community School Corporation  
Name/Title of Contact Person: Joa L. Griffith, Business Manager/Treasurer

The IDOE reimbursement process has changed from submitting a projected expenditure schedule at the time the grant is approved to submitting a reimbursement request only after expenditures are made. Consequently this change corrects grants from carrying a positive balance at any given time.

The above statement address's both of the Audit Findings listed above.

Joa L. Griffith  
Business Manager/Corporation Treasurer  
Elwood Community School Corporation  
September 19, 2012

# Elwood Community School Corporation

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*Interim Superintendent:*

**Mr. Thomas Austin**

*Director of Special Services:*

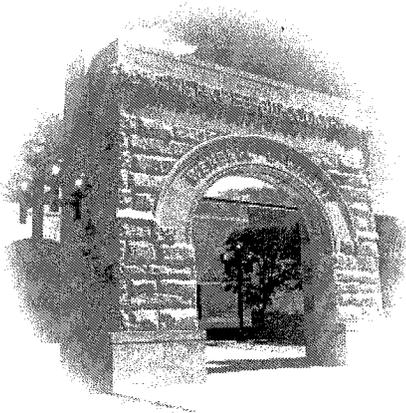
**Mrs. Jan Kaye**

*Business Mgr/Treasurer:*

**Mrs. Joa Griffith**

*Technology Coordinator:*

**Mr. Don Garner**



The Hope of Our Country

**February 20, 2013**

**State Board of Accounts**

**302 W. Washington Street, Room E418**

**Indianapolis, Indiana 46204-2765**

## **Commentary**

**This document contains RESPONSES and a CORRECTIVE ACTION PLAN to the Federal Audit findings and Audit Results and Comments for the audit period of -7-01-10 to 06-30-12. This commentary provides a narrative in the RESPONSES and CORRECTIVE ACTION PLAN.**

**It should be noted that the contents of Finding No. 2012-1 reflects a period of time where steps were taken to provide the former Accounts Payable Secretary with the necessary training and support to ensure her performance of duties associated with her position. Unfortunately, documentation on file at the Administration Office show that these efforts were unsuccessful thus causing errors to be made that are referenced in Finding No. 2012-1. The inability of the former Accounts Payable Secretary to grasp the scope of her responsibilities led to her sudden departure from her position in October 2010.**

**It cannot be understated that the errors committed by this former employee had an accumulating effect on the proper management of financial records associated with this position. This statement is not meant to be construed as an excuse. It is simply a statement of fact.**

On file at the Administration Office, 1306 North Anderson Street, Elwood, IN 46036, are the following documents that underscore the efforts that were made by school officials to provide the requisite support and training to this individual. The documents on file at the Administration Office are copies of invoices illustrating payments made to the previous Accounts Payable Secretary to pay her for providing 59.25 hours of training for this individual. The previous Accounts Payable Secretary who provided the training is now the treasurer of the Yorktown Community School Corporation.

The other documents on file at the Administration Office are 31 pages of Support Call Tickets to the school district's financial software vendor, Komputrol, that reflect calls made regarding errors made and how to correct the errors. These 31 pages of documentation of Support Call Tickets were made to the software vendor by the former Accounts Payable Secretary. It is worthwhile to note that a Komputrol representative states "She desperately needs training before she does something terribly wrong. She is a nice person but she doesn't get it." This comment was made by the customer service representative on August 2, 2010.

Re: Finding No. 2012-1- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

#### Corrective Action Plan

The school district's response to Paragraphs 1, 2, 3 and 5 in Finding No. 2012-1 are reflected in the following reference to a change in office personnel.

A new Accounts Payable Secretary was hired in December 2010 and has proven to be quite competent in the performance of her assigned responsibilities. The errors committed by the previous individual who served in this position have resulted in enhanced oversight of the duties of the Accounts Payable Secretary.

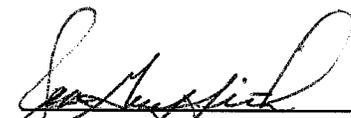
A procedure is now in place that involves the utilization of new daily, weekly and monthly check-off sheets that enable every member of the office staff to have an awareness of the flow and completion of usual and critical office procedures on a week to week basis.

Paragraph 4 in Finding No. 2012-1 will be addressed in the Corrective Action Plan for Finding No. 2012-2 and Finding No. 2012-3.

Sincerely,



Mr. Thomas Austin  
Interim Superintendent

  
Mrs. Joa Griffith  
Business Manager  
Mrs. Jan Kaye  
Director of Special  
Services

# Elwood Community School Corporation

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*Director of Special Services:*

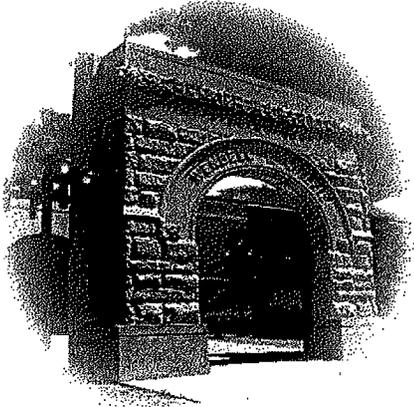
**Mrs. Jan Kaye**

*Business Mgr/Treasurer:*

**Mrs. Joa Griffith**

*Technology Coordinator:*

**Mr. Don Garner**



The Hope of Our Country

February 20, 2013

State Board of Accounts  
302 W. Washington Street, Room E418  
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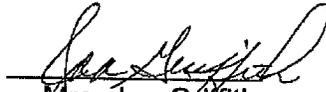
Re: Finding No. 2012-2 – FEDERAL FUNDING NOT REPORTED

The issue identified in this finding is related to the alleged failure to report certain federal awards on the schedule of expenditures on the federal awards. As noted in the attached, which outlines our communications with personnel with the department of education in April 2009, it was our interpretation that these funds were being transitioned into a fund representing miscellaneous programs under the direction of the IDOE, following the IDOE Chart of Accounts. The funds provided to support the activities of the CAPE initiative were outlined in each school's districts federal projects applications (Title I, Special Ed, ARRA) and were approved as proposed in each of those applications by the IDOE. It then became the responsibility of staff representing each district to assure that funds expended were consistent with the approved application. With the end of each application grant cycle final reports were made by each district showing funds expended to the IDOE. It should be noted that this practice was not called into question during the prior audit.

However, as there seems to be confusion about this issue, the following corrective action has been taken: Local Fund number 293 has been closed per the SBOA auditor's suggestion. Billing will occur in a manner approved by the SBOA auditor in that invoices will be submitted by the provider to each school district.

Sincerely,

  
Mr. Thomas Austin  
Interim Superintendent

  
Mrs. Joa Griffith  
Business Manager

  
Mrs. Jan Kaye  
Director of Special  
Services

**Jan Kaye - CAPE meeting reminder and attachments**

**From:** "Mary Lee Ewald" <mlewald@anderson.edu>  
**To:** "Rosetta Cummings" <cummings@acsc.net>, "Mickey Lowe" <mlowe@acsc.net>, ...  
**Date:** 4/16/2009 11:23 AM  
**Subject:** CAPE meeting reminder and attachments  
**CC:** "Joanne Hadley" <jkhadley@anderson.edu>  
**Attachments:** 2009. DRAFT 3 CAPE budget.xls; Mary Lee Ewald8.vcf

*Joanne  
 This needs  
 to go in the  
 Title I  
 Stimulus  
 file to  
 ready CAPE  
 support  
 Thank  
 Jan*

Dear CAPE Superintendents,

**This is a reminder that our next meeting is Tuesday, April 28, 2009 at 3:00 p.m. at the South Madison Administration Building.** Our meeting will include the District Coordinators and Special Education Directors. The purpose of the meeting will be to review a proposal to support the CAPE collaboration for two years with Title I and Special Education stimulus funds.

On March 18, 2009 Jan Kaye, Joanne Hadley and I went to the Indiana Department of Education to give an update on the deliverables and measurements for the 2008-2009 SISEP grant. We also requested an extension of the grant to fund the coordination of the Madison County CAPE collaboration. We met with Sharon Knoth, Director of Special Education and John Hill, Exceptional Learners Specialist. Dr. Marra, Director of Student Learning, was unable to make the meeting.

Two things were clear. First, the DOE will not offer SISEP grants in 2009-2010. Second, we were strongly encouraged to use monies from the stimulus funds to support our collaboration work over the next two years.

I have attached a proposed budget for your review. The District Coordinators and Bill Bishop met with me yesterday to review the proposed CAPE activities and budget. To compute the share for each district we used the total amount of Title I stimulus funds that will be distributed in Madison County and determined a percentage for each district. Alexandria, Frankton-Lapel and South Madison would each contribute 5%, Elwood 13% and Anderson 72%. The total cost of the CAPE collaboration is \$172,145 per year.

	<u>2009-2010</u>	<u>2010-2011</u>	<u>Total</u>
Alexandria	\$ 8,608	\$ 8,608	\$ 17,216
Anderson	\$123,945	\$123,945	\$247,890
Elwood	\$ 22,379	\$ 22,379	\$ 44,758
Frankton-Lapel	\$ 8,608	\$ 8,608	\$ 17,216

South Madison	\$ 8,608	\$ 8,608	\$ 17,216
---------------	----------	----------	-----------

It is important to note that districts may decide to use Special Education stimulus funds as well as Title I stimulus funds.

Please let me know if you plan to attend and if you have any questions or concerns that I could address prior to the meeting.

Thank you.

Mary Lee Ewald, Director  
CAPE Young Readers for Success  
1100 E. 5th Street  
Anderson, IN 46012  
765-641-4027  
Fax 765-641-3843

**CAPE Budget 2009-2010**

**CAPE Budget 2010-2011**

Director	\$ 58,050.00	\$ 58,050.00	Full time
Assoc. Director	\$ 48,375.00	\$ 48,375.00	Full time
Office Equipment	\$ 2,000.00	\$ 2,000.00	
Office Supplies	\$ 2,500.00	\$ 2,500.00	
Postage	\$ 100.00	\$ 100.00	
Unanticipated	\$ 900.00	\$ 900.00	
	<u>\$ 111,925.00</u>	<u>\$ 111,925.00</u>	

**Strategy One: TIG/Response to Intervention**

Principal Network	\$ 20,000.00	\$ 20,000.00	Membership in National School Leaders Network
Teacher Connection			
Materials	\$ 2,500.00	\$ 2,500.00	Grades K through 6, 4 times a year
Facilitation	\$ 5,000.00	\$ 5,000.00	Focused on Early Intervention Strategies
Meals	\$ 6,720.00	\$ 6,720.00	Coordinate with Title I, Special Ed and Curriculum Directors
	<u>\$ 34,220.00</u>	<u>\$ 34,220.00</u>	

**Strategy Two: Parent Academy for Leadership in Schools**

Resource Materials	\$ 875.00	\$ 875.00	Teams of 5 from each elementary school
Projects	\$ 4,500.00	\$ 4,500.00	Coordinate with building principal to support
Supplies	\$ 425.00	\$ 425.00	school goals for parent engagement
Facilitation Fees	\$ 4,000.00	\$ 4,000.00	
Food	\$ 3,000.00	\$ 3,000.00	
Postage	\$ 100.00	\$ 100.00	
Marketing	\$ 1,000.00	\$ 1,000.00	
Unanticipated	\$ 100.00	\$ 100.00	
	<u>\$ 14,000.00</u>	<u>\$ 14,000.00</u>	

**Strategy Three: Born Learning Connection**

Coordinators	\$ 50,000.00	\$ 50,000.00	
Prenatal Outreach	\$ 1,000.00	\$ 1,000.00	
Library Outreach	\$ 6,000.00	\$ 6,000.00	
Basket Parties	\$ 5,000.00	\$ 5,000.00	
Play and Learn	\$ 5,000.00	\$ 5,000.00	
Blast Off to Kindergarten	\$ 12,000.00	\$ 12,000.00	Only Born Learning expense assumed by school corporations
Marketing	\$ 1,000.00	\$ 1,000.00	
Born Learning Trails	\$ 4,000.00	\$ 4,000.00	
Office supplies	\$ 2,000.00	\$ 2,000.00	
Unanticipated	\$ 1,000.00	\$ 1,000.00	
	<u>\$ 12,000.00</u>	<u>\$ 12,000.00</u>	

<b>Total</b>	<b>\$ 172,145.00</b>	<b>\$ 172,145.00</b>	
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**Notes. CAPE Superintendents, District Coordinators and Special Education Directors. South Madison Community Schools Administration Center. Tuesday, April 28, 2009.**

**Present:** **Alexandria Community Schools** –Scott Deetz, Principal and District Coordinator  
**Anderson Community Schools** – Mikella Lowe, Superintendent, Nancy Farley, District Coordinator, Pam Storm, District Coordinator  
**Elwood Community Schools** – Tom Austin, Superintendent, Jan Kaye, District Coordinator  
**Frankton/Lapel Community Schools** – Bobby Fields, Superintendent, Genny Zetterberg, District Coordinator, Bill Bishop, Director of Special Education  
**South Madison Community Schools** – Dr. Tom Warmke, Superintendent, Laura Miller, District Coordinator, Lynn Mellinger and Mike Bennett, Special Education Directors for South Madison

**Staff:** Mary Lee Ewald – CAPE Director, Joanne Hadley – Coordinator PALS and Born Learning

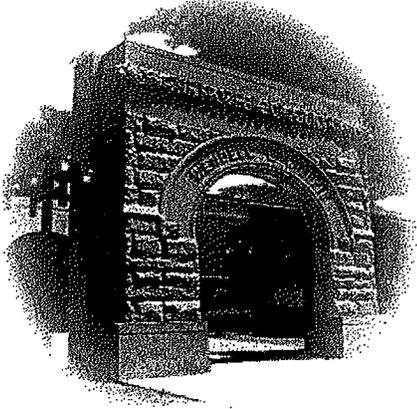
1. Mary Lee Ewald welcomed everyone and thanked Dr. Warmke and South Madison Community Schools for providing our meeting space. Mary Lee reviewed the purpose of the meeting – to discuss funding the CAPE collaboration for 2009-2010 and 2010-2011 using Title I and Special Education stimulus funds.
2. Mary Lee and Jan Kaye reported on the March 18 meeting with the DOE to request a grant extension to fund the Madison County CAPE collaboration. We met with Sharon Knoth, Director of Special Education and John Hill, Exceptional Learners Specialist. The DOE will not offer this discretionary grant in 2009-2010. After hearing the progress of our collaboration, we were encouraged to use monies from the stimulus funds to support our collaboration for the next two years.
3. At Jan's request Mary Lee put together a budget and the District Coordinators met and determined how to allocate a portion of the costs to each corporation. The total amount of Title I stimulus funds allocated to Madison County determined the percentages: Alexandria, Frankton-Lapel and South Madison would each contribute 5%, Elwood 13% and Anderson 72%. The total cost of the CAPE collaboration is \$172,145 per year.
4. Tom Austin moved that we accept the proposal to use stimulus funds to support the CAPE collaboration for two years. Mikella Lowe seconded. All corporations supported the motion.
5. Discussion followed on which corporation would serve as the LEA. Elwood Community Schools offered to continue to serve as the LEA. Mikella Lowe moved that Elwood Community Schools be the LEA to support the collaboration. Tom Warmke seconded. All corporations supported the motion.
6. Mary Lee asked for guidance on how to answer the question: How is CAPE funded? It was decided that CAPE is supported from multiple funding streams and grants. CAPE also receives support from a joint venture of the five Madison County school districts. All the initiative strategies are related to education. No funds to support CAPE come from the general funds.
7. The Powerpoint presentation "Madison County School Districts Commit to the Indiana One Plan to Support Student Success" was shared. This presentation will be featured at the Indiana Response to Intervention Academy in May and the Effective Schools Conference in June. Bobby Fields recommended that the presentation be shared with school boards. Laura Miller will submit the presentation for the state superintendent meeting.
8. Meeting adjourned. Our next meeting will be scheduled in the summer.



# Elwood Community School Corporation

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*Interim Superintendent:*  
**Mr. Thomas Austin**  
*Director of Special Services:*  
**Mrs. Jan Kaye**  
*Business Mgr/Treasurer:*  
**Mrs. Joa Griffith**  
*Technology Coordinator:*  
**Mr. Don Garner**



The Hope of Our Country

February 20, 2013

State Board of Accounts  
302 W. Washington Street, Room E418  
Indianapolis, IN 46204-2765

Re: Finding No. 2012-3 – Title I Cluster and Special Education Cluster Major Program Opinion

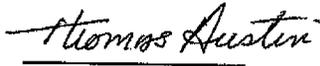
Paragraphs 1-4 in this Finding are a repeat of the issues identified in Federal Findings number 2012-2. Refer to the response in Federal Finding 2012-2.

Paragraph 5 references excess cash balances available in Title I at the end of the 2009-2010 school year. Please see attached as IDOE was aware of this situation and approved the application for the 2010-2011 school year with the carry over as noted. Even though the typical approved carry over amount is 15% of the grant appropriation, this was an exceptional year with the receipt of ARRA funds and the mandatory set aside for SES/Choice. Consequently schools were granted approval for excess carry over.

Paragraph 6 references excess cash balances for Federal Special Ed Funds. Unlike Title I there is no ceiling on the amount of carry over dollars that can be transitioned into the subsequent application.

With the change in fund distribution and funding cycles implemented by the IDOE these issues will no longer be evident.

Sincerely,

  
Mr. Thomas Austin  
Interim Superintendent

  
Mrs. Joa Griffith  
Business Manager

  
Mrs. Jan Kaye  
Director of Special  
Services

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The Hope of Our Country

February 20, 2013

State Board of Accounts  
302 W. Washington Street, Room E418  
Indianapolis, Indiana 46204-2765

Re: Finding No. 2012-4 – CASH MANAGEMENT

## Corrective Action Plan

It must be noted that the school corporation was complying with existing guidelines of the Indiana Department of Education (IDOE) and their Finance Division / Accounting Section when the district requested \$ 326,128.00 to operate the 2010 Summer Migrant Program. This program is only a 30 day program. That year the program ran from June 23, 2010 to July 30, 2010.

Attached to this document is a copy of the FISCAL YEAR 2010 PROJECT CASH REQUEST FORM for the IDOE Migrant Education Program. This was the old form being utilized by the Indiana Department of Education which required the full front load grant dollar amount to meet the estimated costs of running this 30 day program. Under the procedure at that time monies unexpended were to be returned to the IDOE. The money was returned in October 2010.

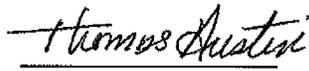
Reference should also be made to page 2 of the PROJECT CASH REQUEST FORM. This page reflects the planned change in the funding distribution process at the IDOE scheduled to go into effect July 1, 2010 following the beginning of the school district's Summer Migrant Program that started in June 2010. This sequence explains the reason for requesting the full amount of authorized funding for the Elwood Community School Corporation.

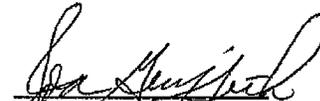
Furthermore, as noted in Finding No. 2012-4 \$ 133,378.00 was returned to the IDOE in October 2010. This three month time frame from the conclusion of the Summer Migrant Program to the return of unexpended monies is the typical expectation of the IDOE. Unfortunately, the check was sent to an address that proved to be an inaccurate address as reflected in the district's financial software program.

At that time the IDOE was undergoing a constant change in personnel that may have contributed to this mailing error. The Superintendent of Public Instruction, Dr. Tony Bennett, was in his second year of his four year term and many organizational changes were occurring.

We recognize the fact that the returned check remained outstanding until 2012 when another check was reissued to the IDOE. We believe that measures taken and in place now that are referenced in the Corrective Action Plan for Finding No. 2012-1 will prevent this incident from happening again.

Sincerely,

  
Mr. Thomas Austin  
Interim Superintendent

  
Mrs. Joa Griffith  
Business Manager

  
Mrs. Jan Kaye  
Director of Special  
Services

**TITLE I, Part C:  
Migrant Education Program**  
Fund/Program #: 62620/59G00  
**FISCAL YEAR 2010 PROJECT CASH REQUEST FORM**

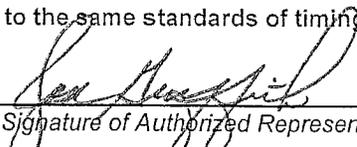
LEA/Agency Name:	<u>Elwood Community School Corporation</u>	Treasurer's Name	<u>Joa Griffith</u>
Street Address:	<u>1306 North Anderson Street</u>	Amount of Grant:	<u>\$326,128.00</u>
City:	<u>Elwood, IN</u>	LEA Code Number:	<u>5280</u>
	<u>Summer Migrant Program</u>		

MONTH	AMOUNT	MONTH	AMOUNT
July 09		March-10	
August 09		April-10	
September 09		May-10	
October 09		June-10	\$ 326,128.00
November 09		July-10	
December 09		August-10	
January-10		September-10	
February-10			
<p>Funds must be encumbered by June 30, 2010, and spent by September 30, 2010. Any unused funds must be returned to the Indiana Department of Education for reallocation.</p> <p>Note: The amounts indicated for July 2009 through September 2010 must equal the total grant award.</p>			

I certify that I have a copy of the approved Title I, Part C, Migrant Education Program grant application for the 2009-10 school year and that to the best of my knowledge, the amount of the estimated cash requested will not result in a surplus cash position greater than ten percent (10%) of our current monthly expenditures. For example, if January's cash balance is more than 10% of its expenditures, an amended cash request will be filed with the Indiana Department of Education for February in order to decrease the cash balance at the end of February.

Local educational agencies have the responsibility of monitoring its cash needs and balances. You are required to review the amount of cash on hand and the anticipated cash needed on a monthly basis and submit "revised" cash request forms as necessary throughout the project year. Revised cash request forms may be submitted anytime during the project period; however, they must be received by the 5th of the month for which the revision is to occur.

Governing Requirement: Circular A-102 (the Common Rule), subpart X20(b)(7) states, in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees must be followed whenever advance payment procedures are used.... Grantees must monitor cash draw downs by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

 <hr/> Signature of Authorized Representative	27-May-10 <hr/> Date Signed
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RETURN THIS FORM TO:  
 Robin J. Parker, Account Manager  
 Indiana Department of Education  
 Finance Division / Accounting Section  
 151 West Ohio Street  
 Indianapolis, Indiana 46204-2798  
 Telephone: 317/233-5435  
 Fax: 317/232-0504

*Grant Period*  
 6/23/10 TO 7/30/10



Indiana Department of Education  
SUPPORTING STUDENT SUCCESS

May 21, 2010

Mr. Glen A. Nelson, Superintendent  
Elwood Community Schools  
1306 N. Anderson Street  
Elwood, IN

RE: 2010 Summer Migrant Project

Dear Mr. Nelson:

This letter serves as notification that the Title I, Part C, Migrant Education Summer Project grant application has been approved. The total funding authorization has been approved for \$326,128.00. Funds are currently distributed based on a monthly Cash Request Form process. In order to receive a funding distribution, the Cash Request Form must be submitted by the 5<sup>th</sup> of the month. The Cash Request Form is posted at <http://www.doe.in.gov/lmmp/migrant.html>.

The funding distribution process will change as of July 1, 2010. As described in the May 7, 2010 Superintendent's Mail at <http://www.doe.in.gov/super/2010/05-May/050710/cov050710.html>, as of July 1, 2010 federal funding recipients will be required to:

- report on interest earned on federal funds on a quarterly basis; and
- submit a monthly Reimbursement Form listing actual expenditures for payment.

Please submit a Budget Amendment Sheet for approval before any line item changes are made. If there are any questions or further assistance needed, please feel free to call our office at (800) 257-1677.

Sincerely,

Lauren Harvey, Coordinator of English Language Learning & Migrant Education  
Division of Differentiated Learners

cc: Jan Kaye, Migrant Project Director  
Sharon Cook, IDOE Controller

ELWOOD COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2013, with Joa L. Griffith, Business Manager/Treasurer; Thomas W. Austin, Superintendent of Schools; and Janice Kaye, Director of Special Services. The Official Response has been made a part of this report and may be found on pages 72 and 73.

# Elwood Community School Corporation

1306 N. Anderson Street

Elwood, IN 46036

Ph: 765-552-9861

Fax: 765-552-8088

<http://www.elwood.k12.in.us>

*Interim Superintendent:*

**Mr. Thomas Austin**

*Director of Special Services:*

**Mrs. Jan Kaye**

*Business Mgr/Treasurer:*

**Mrs. Joa Griffith**

*Technology Coordinator:*

**Mr. Don Garner**



The Hope of Our Country

## ELWOOD COMMUNITY SCHOOL CORPORATION COMMENTS AND RESPONSES TO AUDIT PERIOD 07-01-10 TO 06-30-12

In this document it should be noted that the COMMENTS AND RESPONSES reflect a time period where necessary steps were taken to provide the former Accounts Payable Secretary with the appropriate training and support to ensure her performance of the duties associated with her position. Unfortunately, after providing this former employee with 59.25 hours of training the school corporation's business software company received thirty-one (31) pages of Support Call Tickets noting errors made and directions from the company on how to correct the errors noted. The inability of the former Accounts Payable Secretary to grasp the full scope of her responsibilities led to her sudden departure from her position in October 2010. A new Accounts Payable Secretary was not hired until December 20, 2010 which virtually took research time away from the Business Manager/Treasurer to research the numerous errors that remained with the financial documents of the school corporation.

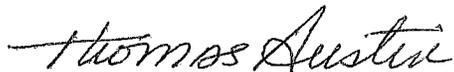
The hiring of the new Accounts Payable Secretary on December 20, 2010 occurred at the time when month end, quarter end and year end processing begins. This again eliminated the necessary time needed to focus on researching the errors made from July 1, 2010 to the end of October 2010.

To further complicate matters the Payroll Secretary resigned in April 2011 to take another position and a new Payroll Secretary was hired the same month. Training for the new Payroll Secretary started.

Furthermore, in the period of time beginning October 2011 the Business Manager/Treasurer received word that her sister had been diagnosed with inoperable cancer. This family matter required the Business Manager/Treasurer to be away from her position to share in the care of her sister with other family members.

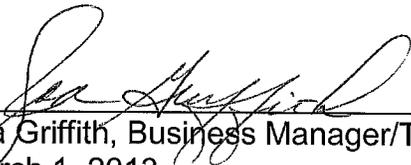
This family member passed away in March 2012. Shortly after this loss the Business Manager/Treasurer's father's health began to fail and hospice home care was required. Her father passed away in September 2012 and within days the auditor from the Indiana State Board of Accounts arrived to begin the audit process.

This commentary has been prepared to demonstrate the ebb and flow of several events that contributed to the difficulty of properly and completely addressing some of the flaws in the financial records of the school corporation.



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Thomas Austin, Interim Superintendent  
March 1, 2013



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Joa Griffith, Business Manager/Treasurer  
March 1, 2013