

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SUNMAN-DEARBORN COMMUNITY SCHOOLS
DEARBORN COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
09/19/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's 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 <i>Government Auditing Standards</i>	6-7
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement.....	12-17
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Leases and Debt	35
Audit Results and Comments: Appropriations.....	36
Average Daily Membership (ADM) - Lack of Records.....	36
Collective Bargaining Agreement	36-37
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	40-41
Schedule of Expenditures of Federal Awards	44-45
Notes to Schedule of Expenditures of Federal Awards.....	46
Schedule of Findings and Questioned Costs	47-52
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings	53
Corrective Action Plan.....	54-56
Exit Conference.....	57

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Charles Blake	01-01-11 to 06-30-15
Superintendent of Schools	Dr. Jeffrey Hendrix Dr. John Williams	07-01-11 to 06-30-14 07-01-14 to 06-30-15
President of the School Board	Glenn Scholl Jeffrey Lyness	01-01-11 to 12-31-11 01-01-12 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SUNMAN-DEARBORN COMMUNITY
SCHOOLS, DEARBORN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Sunman-Dearborn Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 17, 2014, 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* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information


Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional

INDEPENDENT AUDITOR'S REPORT
(Continued)

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis 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 the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

July 17, 2014



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON 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 SUNMAN-DEARBORN COMMUNITY
SCHOOLS, DEARBORN COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Sunman-Dearborn Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated July 17, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.

INDEPENDENT AUDITOR'S 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 item 2013-001.

Sunman-Dearborn Community Schools' Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 17, 2014

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

SUNMAN-DEARBORN COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 450,831	\$ 24,872,260	\$ 24,876,745	\$ 250,000	\$ 696,346	\$ 25,626,410	\$ 24,925,987	\$ -	\$ 1,396,769
Debt Service	884,407	7,846,406	7,026,539	50,000	1,754,274	7,809,773	7,054,249	-	2,509,798
Retirement/Severance Bond Debt Service	110,218	1,240,475	1,147,261	-	203,432	1,277,086	1,146,743	-	333,775
Capital Projects	2,723,687	2,588,277	2,502,776	(1,500,000)	1,309,188	2,822,003	2,543,311	-	1,587,880
School Transportation	813,005	2,948,164	3,161,258	58,823	658,734	3,013,084	2,083,783	-	1,588,035
School Bus Replacement	139,737	374,907	95,780	3,740	422,604	832,216	1,006,118	-	248,702
Rainy Day	530,000	-	-	1,250,000	1,780,000	-	147,829	-	1,632,171
Retirement/Severance Bond	1,663,052	-	576,135	-	1,086,917	-	325,993	-	760,924
Post-Retirement/Severance Future Benefits	230,000	-	230,000	-	-	-	-	-	-
School Lunch	562,022	1,673,774	1,708,122	-	527,674	1,759,509	1,752,256	-	534,927
Textbook Rental	179,285	469,895	578,362	-	70,818	455,711	345,183	-	181,346
Levy Excess	58,823	-	-	(58,823)	-	-	-	-	-
Joint Services and Supply - Special Education Cooperative	4,273,384	4,003,159	4,294,458	-	3,982,085	-	3,890,186	(91,899)	-
R-O-D Capital Projects	343,663	109,208	317,478	-	135,393	-	-	(135,393)	-
R-O-D Transportation	81,242	-	33,290	-	47,952	-	-	(47,952)	-
R-O-D Preschool	141,540	434,336	441,869	-	134,007	-	-	(134,007)	-
Educational License Plates	7,705	-	-	-	7,705	732	-	-	8,437
SAFE School Haven	-	12,000	7,482	-	4,518	10,000	14,518	-	-
Summer Art	1,901	7,380	7,445	-	1,836	5,552	7,761	-	(373)
UCB Donation	5,690	-	5,489	-	201	-	201	-	-
Dearborn County Foundation-Heart of Gold Grant	625	-	-	-	625	-	-	-	625
Dearborn County Foundation Grants	-	39,120	-	-	39,120	-	18,799	-	20,321
Envoy Scholarship	10,000	-	-	-	10,000	-	1,837	-	8,163
Donation-Education Foundation	83,683	325,178	203,830	-	205,031	269,650	324,614	-	150,067
City of Lawrenceburg Grant	132,859	656,000	717,996	-	70,863	1,316,668	619,392	-	768,139
CASA Grant	2,000	-	2,000	-	-	-	-	-	-
Eco15 Project Lead the Way Grant	-	24,924	12,859	-	12,065	-	12,065	-	-
Oxbow Grant	30	-	30	-	-	-	-	-	-
High Ability Grant	19,512	41,490	45,825	-	15,177	43,938	43,733	-	15,382
S-DIS Outdoor Lab	-	-	-	-	-	-	516	2,000	1,484
Medicaid Reimbursement	5,028	-	-	-	5,028	-	-	(5,028)	-
Non-English Speaking Programs P.L. 273-1999	-	1,625	1,625	-	-	1,508	1,508	-	-
School Technology	9,371	8,549	5,850	-	12,070	9,189	20,806	-	453
E-Rate Technology	3,699	-	1,015	-	2,684	24,454	-	-	27,138
Title I	(12,123)	281,595	332,500	-	(63,028)	299,158	250,188	-	(14,058)
Title V Part A	2,241	-	-	-	2,241	-	2,231	-	10
Serve America	-	4,151	4,151	-	-	-	-	-	-
R-O-D Carryover	(156)	1,194,611	1,640,637	70,599	(375,583)	51,092	-	324,491	-
R-O-D Federal Grant	(177,173)	1,993,019	1,853,947	(70,599)	(108,700)	38,220	25	70,481	(24)
Special Education Improvement Grant	-	-	2,850	-	(2,850)	56,587	53,737	-	-
R-O-D Federal Grant Preschool-Carryover	-	54,078	78,360	-	(24,282)	-	-	24,282	-
R-O-D Federal Grant-Preschool	(1,415)	45,039	36,567	-	7,057	-	-	(7,057)	-
Title IV Part A	-	1,728	1,728	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(8,062)	16,470	16,362	-	(7,954)	55,096	91,772	-	(44,630)
Title III-Lawrenceburg	-	-	-	-	-	2,285	2,022	-	263
Title I-Stimulus	(3,340)	29,202	25,862	-	-	-	-	-	-
Special Education - Part B	(181,039)	1,046,304	866,581	-	(1,316)	-	-	1,316	-
Special Education - Part B - Preschool	(4,904)	57,265	53,129	-	(768)	-	-	768	-
Education Jobs	(499,636)	510,726	11,090	-	-	15,556	15,556	-	-
Prepaid Food	-	15,399	1,020	-	14,379	10,393	-	-	24,772
Payroll Clearing	-	6,268,544	6,255,913	-	12,631	5,920,270	5,932,891	-	10
Totals	\$ 12,581,392	\$ 59,195,258	\$ 59,182,216	\$ 53,740	\$ 12,648,174	\$ 51,726,140	\$ 52,635,810	\$ 2,002	\$ 11,740,506

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include 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.

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' 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 Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. For the Summer Art fund, this is a result of expenses for the fund exceeding fees collected for participation in the summer art program. The remaining funds with deficits in cash are reimbursable grants. The reimbursements for grant funds with deficits in cash were not received by the School Corporation by June 30, 2012 and 2013.

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into various capital leases with Sunman-Dearborn Intermediate School Building Corporation, Sunman-Dearborn High School Building Corporation, and Northeast Dearborn School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the fiscal year ending June 30, 2013, totaled \$6,512,000.

Note 9. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and life insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 450,831	\$ 884,407	\$ 110,218	\$ 2,723,687	\$ 813,005	\$ 139,737	\$ 530,000	\$ 1,663,052
Receipts:								
Local sources	1,527,967	7,846,406	1,240,475	2,588,277	2,948,164	374,907	-	-
Intermediate sources	1,208	-	-	-	-	-	-	-
State sources	22,918,922	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	424,163	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>24,872,260</u>	<u>7,846,406</u>	<u>1,240,475</u>	<u>2,588,277</u>	<u>2,948,164</u>	<u>374,907</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	18,851,995	-	-	-	-	-	-	357,480
Support services	4,509,196	79	13	1,049,524	3,161,258	95,780	-	218,655
Noninstructional services	249,484	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,453,252	-	-	-	-
Debt services	1,266,070	7,026,460	1,147,248	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>24,876,745</u>	<u>7,026,539</u>	<u>1,147,261</u>	<u>2,502,776</u>	<u>3,161,258</u>	<u>95,780</u>	<u>-</u>	<u>576,135</u>
Excess (deficiency) of receipts over disbursements	<u>(4,485)</u>	<u>819,867</u>	<u>93,214</u>	<u>85,501</u>	<u>(213,094)</u>	<u>279,127</u>	<u>-</u>	<u>(576,135)</u>
Other financing sources (uses):								
Sale of capital assets	-	50,000	-	-	-	3,740	-	-
Transfers in	250,000	-	-	-	58,823	-	1,500,000	-
Transfers out	-	-	-	(1,500,000)	-	-	(250,000)	-
Total other financing sources (uses)	<u>250,000</u>	<u>50,000</u>	<u>-</u>	<u>(1,500,000)</u>	<u>58,823</u>	<u>3,740</u>	<u>1,250,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>245,515</u>	<u>869,867</u>	<u>93,214</u>	<u>(1,414,499)</u>	<u>(154,271)</u>	<u>282,867</u>	<u>1,250,000</u>	<u>(576,135)</u>
Cash and investments - ending	<u>\$ 696,346</u>	<u>\$ 1,754,274</u>	<u>\$ 203,432</u>	<u>\$ 1,309,188</u>	<u>\$ 658,734</u>	<u>\$ 422,604</u>	<u>\$ 1,780,000</u>	<u>\$ 1,086,917</u>

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

	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	R-O-D Capital Projects	R-O-D Transportation	R-O-D Preschool
Cash and investments - beginning	\$ 230,000	\$ 562,022	\$ 179,285	\$ 58,823	\$ 4,273,384	\$ 343,663	\$ 81,242	\$ 141,540
Receipts:								
Local sources	-	1,131,173	394,850	-	4,003,159	109,208	-	434,336
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	275,452	75,045	-	-	-	-	-
Federal sources	-	253,700	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	13,449	-	-	-	-	-	-
Total receipts	-	1,673,774	469,895	-	4,003,159	109,208	-	434,336
Disbursements:								
Current:								
Instruction	230,000	-	-	-	3,520,708	22,676	-	441,869
Support services	-	31,105	578,362	-	773,750	135,570	33,290	-
Noninstructional services	-	1,630,600	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	72,822	-	-
Debt services	-	-	-	-	-	86,410	-	-
Nonprogrammed charges	-	46,417	-	-	-	-	-	-
Total disbursements	230,000	1,708,122	578,362	-	4,294,458	317,478	33,290	441,869
Excess (deficiency) of receipts over disbursements	(230,000)	(34,348)	(108,467)	-	(291,299)	(208,270)	(33,290)	(7,533)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(58,823)	-	-	-	-
Total other financing sources (uses)	-	-	-	(58,823)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(230,000)	(34,348)	(108,467)	(58,823)	(291,299)	(208,270)	(33,290)	(7,533)
Cash and investments - ending	\$ -	\$ 527,674	\$ 70,818	\$ -	\$ 3,982,085	\$ 135,393	\$ 47,952	\$ 134,007

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

	Educational License Plates	SAFE School Haven	Summer Art	UCB Donation	Dearborn County Foundation- Heart of Gold Grant	Dearborn County Foundation Grants	Envoy Scholarship	Donation- Education Foundation
Cash and investments - beginning	\$ 7,705	\$ -	\$ 1,901	\$ 5,690	\$ 625	\$ -	\$ 10,000	\$ 83,683
Receipts:								
Local sources	-	-	7,380	-	-	39,120	-	325,178
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	12,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	12,000	7,380	-	-	39,120	-	325,178
Disbursements:								
Current:								
Instruction	-	-	7,445	-	-	-	-	43,664
Support services	-	7,482	-	-	-	-	-	158,223
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	5,489	-	-	-	1,943
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	7,482	7,445	5,489	-	-	-	203,830
Excess (deficiency) of receipts over disbursements	-	4,518	(65)	(5,489)	-	39,120	-	121,348
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	-	4,518	(65)	(5,489)	-	39,120	-	121,348
Cash and investments - ending	\$ 7,705	\$ 4,518	\$ 1,836	\$ 201	\$ 625	\$ 39,120	\$ 10,000	\$ 205,031

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

	City of Lawrenceburg Grant	CASA Grant	Eco15 Project Lead the Way Grant	Oxbow Grant	High Ability Grant	S-DIS Outdoor Lab	Medicaid Reimbursement
Cash and investments - beginning	\$ 132,859	\$ 2,000	\$ -	\$ 30	\$ 19,512	\$ -	\$ 5,028
Receipts:							
Local sources	656,000	-	-	-	-	-	-
Intermediate sources	-	-	24,924	-	-	-	-
State sources	-	-	-	-	41,490	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>656,000</u>	<u>-</u>	<u>24,924</u>	<u>-</u>	<u>41,490</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	45,825	-	-
Support services	717,996	2,000	12,859	30	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>717,996</u>	<u>2,000</u>	<u>12,859</u>	<u>30</u>	<u>45,825</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(61,996)</u>	<u>(2,000)</u>	<u>12,065</u>	<u>(30)</u>	<u>(4,335)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(61,996)</u>	<u>(2,000)</u>	<u>12,065</u>	<u>(30)</u>	<u>(4,335)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 70,863</u>	<u>\$ -</u>	<u>\$ 12,065</u>	<u>\$ -</u>	<u>\$ 15,177</u>	<u>\$ -</u>	<u>\$ 5,028</u>

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

	Non-English Speaking Programs P.L. 273-1999	School Technology	E-Rate Technology	Title I	Title V Part A	Serve America	R-O-D Carryover
Cash and investments - beginning	\$ -	\$ 9,371	\$ 3,699	\$ (12,123)	\$ 2,241	\$ -	\$ (156)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,625	8,549	-	-	-	-	-
Federal sources	-	-	-	281,595	-	4,151	1,194,611
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	1,625	8,549	-	281,595	-	4,151	1,194,611
Disbursements:							
Current:							
Instruction	1,625	-	-	314,565	-	4,151	1,350,201
Support services	-	5,850	1,015	17,935	-	-	290,436
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,625	5,850	1,015	332,500	-	4,151	1,640,637
Excess (deficiency) of receipts over disbursements	-	2,699	(1,015)	(50,905)	-	-	(446,026)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	70,599
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	70,599
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,699	(1,015)	(50,905)	-	-	(375,427)
Cash and investments - ending	\$ -	\$ 12,070	\$ 2,684	\$ (63,028)	\$ 2,241	\$ -	\$ (375,583)

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

	R-O-D Federal Grant	Special Education Improvement Grant	R-O-D Federal Grant Preschool- Carryover	R-O-D Federal Grant- Preschool	Title IV Part A	Improving Teaching Quality, No Child Left, Title II, Part A	Title III- Lawrenceburg
Cash and investments - beginning	\$ (177,173)	\$ -	\$ -	\$ (1,415)	\$ -	\$ (8,062)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	54,078	45,039	-	-	-
Federal sources	1,993,019	-	-	-	1,728	16,470	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>1,993,019</u>	<u>-</u>	<u>54,078</u>	<u>45,039</u>	<u>1,728</u>	<u>16,470</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	1,604,874	2,850	78,360	36,567	1,728	15,535	-
Support services	249,073	-	-	-	-	827	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>1,853,947</u>	<u>2,850</u>	<u>78,360</u>	<u>36,567</u>	<u>1,728</u>	<u>16,362</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>139,072</u>	<u>(2,850)</u>	<u>(24,282)</u>	<u>8,472</u>	<u>-</u>	<u>108</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(70,599)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(70,599)</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>68,473</u>	<u>(2,850)</u>	<u>(24,282)</u>	<u>8,472</u>	<u>-</u>	<u>108</u>	<u>-</u>
Cash and investments - ending	<u>\$ (108,700)</u>	<u>\$ (2,850)</u>	<u>\$ (24,282)</u>	<u>\$ 7,057</u>	<u>\$ -</u>	<u>\$ (7,954)</u>	<u>\$ -</u>

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

	Title I- Stimulus	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ (3,340)	\$ (181,039)	\$ (4,904)	\$ (499,636)	\$ -	\$ -	\$ 12,581,392
Receipts:							
Local sources	-	-	-	-	15,399	-	23,641,999
Intermediate sources	-	-	-	-	-	-	26,132
State sources	-	-	-	-	-	-	23,432,200
Federal sources	29,202	1,046,304	57,265	510,726	-	-	5,388,771
Temporary loans	-	-	-	-	-	-	424,163
Other	-	-	-	-	-	6,268,544	6,281,993
Total receipts	<u>29,202</u>	<u>1,046,304</u>	<u>57,265</u>	<u>510,726</u>	<u>15,399</u>	<u>6,268,544</u>	<u>59,195,258</u>
Disbursements:							
Current:							
Instruction	25,862	679,338	53,129	11,090	-	-	27,701,537
Support services	-	187,243	-	-	-	-	12,237,551
Noninstructional services	-	-	-	-	1,020	-	1,881,104
Facilities acquisition and construction	-	-	-	-	-	-	1,533,506
Debt services	-	-	-	-	-	-	9,526,188
Nonprogrammed charges	-	-	-	-	-	6,255,913	6,302,330
Total disbursements	<u>25,862</u>	<u>866,581</u>	<u>53,129</u>	<u>11,090</u>	<u>1,020</u>	<u>6,255,913</u>	<u>59,182,216</u>
Excess (deficiency) of receipts over disbursements	<u>3,340</u>	<u>179,723</u>	<u>4,136</u>	<u>499,636</u>	<u>14,379</u>	<u>12,631</u>	<u>13,042</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	53,740
Transfers in	-	-	-	-	-	-	1,879,422
Transfers out	-	-	-	-	-	-	(1,879,422)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,740</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,340</u>	<u>179,723</u>	<u>4,136</u>	<u>499,636</u>	<u>14,379</u>	<u>12,631</u>	<u>66,782</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (1,316)</u>	<u>\$ (768)</u>	<u>\$ -</u>	<u>\$ 14,379</u>	<u>\$ 12,631</u>	<u>\$ 12,648,174</u>

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 696,346	\$ 1,754,274	\$ 203,432	\$ 1,309,188	\$ 658,734	\$ 422,604	\$ 1,780,000	\$ 1,086,917
Receipts:								
Local sources	2,503,547	7,809,773	1,277,086	2,822,003	3,013,084	832,216	-	-
Intermediate sources	18	-	-	-	-	-	-	-
State sources	23,122,207	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	638	-	-	-	-	-	-	-
Total receipts	<u>25,626,410</u>	<u>7,809,773</u>	<u>1,277,086</u>	<u>2,822,003</u>	<u>3,013,084</u>	<u>832,216</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	19,633,428	-	-	-	-	-	147,829	140,424
Support services	4,584,866	-	-	805,022	2,083,783	1,006,118	-	185,569
Noninstructional services	283,530	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,738,289	-	-	-	-
Debt services	424,163	7,054,249	1,146,743	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>24,925,987</u>	<u>7,054,249</u>	<u>1,146,743</u>	<u>2,543,311</u>	<u>2,083,783</u>	<u>1,006,118</u>	<u>147,829</u>	<u>325,993</u>
Excess (deficiency) of receipts over disbursements	<u>700,423</u>	<u>755,524</u>	<u>130,343</u>	<u>278,692</u>	<u>929,301</u>	<u>(173,902)</u>	<u>(147,829)</u>	<u>(325,993)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>700,423</u>	<u>755,524</u>	<u>130,343</u>	<u>278,692</u>	<u>929,301</u>	<u>(173,902)</u>	<u>(147,829)</u>	<u>(325,993)</u>
Cash and investments - ending	<u>\$ 1,396,769</u>	<u>\$ 2,509,798</u>	<u>\$ 333,775</u>	<u>\$ 1,587,880</u>	<u>\$ 1,588,035</u>	<u>\$ 248,702</u>	<u>\$ 1,632,171</u>	<u>\$ 760,924</u>

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	R-O-D Capital Projects	R-O-D Transportation	R-O-D Preschool
Cash and investments - beginning	\$ -	\$ 527,674	\$ 70,818	\$ -	\$ 3,982,085	\$ 135,393	\$ 47,952	\$ 134,007
Receipts:								
Local sources	-	1,083,853	384,036	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	302,366	71,675	-	-	-	-	-
Federal sources	-	365,115	-	-	-	-	-	-
Other	-	8,175	-	-	-	-	-	-
Total receipts	-	1,759,509	455,711	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	3,890,186	-	-	-
Support services	-	27,894	345,183	-	-	-	-	-
Noninstructional services	-	1,724,362	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,752,256	345,183	-	3,890,186	-	-	-
Excess (deficiency) of receipts over disbursements	-	7,253	110,528	-	(3,890,186)	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(91,899)	(135,393)	(47,952)	(134,007)
Total other financing sources (uses)	-	-	-	-	(91,899)	(135,393)	(47,952)	(134,007)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,253	110,528	-	(3,982,085)	(135,393)	(47,952)	(134,007)
Cash and investments - ending	\$ -	\$ 534,927	\$ 181,346	\$ -	\$ -	\$ -	\$ -	\$ -

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Educational License Plates	SAFE School Haven	Summer Art	UCB Donation	Dearborn County Foundation- Heart of Gold Grant	Dearborn County Foundation Grants	Envoy Scholarship	Donation- Education Foundation
Cash and investments - beginning	\$ 7,705	\$ 4,518	\$ 1,836	\$ 201	\$ 625	\$ 39,120	\$ 10,000	\$ 205,031
Receipts:								
Local sources	-	-	5,552	-	-	-	-	269,650
Intermediate sources	732	-	-	-	-	-	-	-
State sources	-	10,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	732	10,000	5,552	-	-	-	-	269,650
Disbursements:								
Current:								
Instruction	-	-	7,761	-	-	18,799	1,837	135,704
Support services	-	14,518	-	-	-	-	-	188,697
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	201	-	-	-	213
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	14,518	7,761	201	-	18,799	1,837	324,614
Excess (deficiency) of receipts over disbursements	732	(4,518)	(2,209)	(201)	-	(18,799)	(1,837)	(54,964)
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	732	(4,518)	(2,209)	(201)	-	(18,799)	(1,837)	(54,964)
Cash and investments - ending	\$ 8,437	\$ -	\$ (373)	\$ -	\$ 625	\$ 20,321	\$ 8,163	\$ 150,067

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	City of Lawrenceburg Grant	CASA Grant	Eco15 Project Lead the Way Grant	Oxbow Grant	High Ability Grant	S-DIS Outdoor Lab	Medicaid Reimbursement
Cash and investments - beginning	\$ 70,863	\$ -	\$ 12,065	\$ -	\$ 15,177	\$ -	\$ 5,028
Receipts:							
Local sources	1,316,668	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	43,938	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>1,316,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,938</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	43,733	516	-
Support services	619,392	-	12,065	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>619,392</u>	<u>-</u>	<u>12,065</u>	<u>-</u>	<u>43,733</u>	<u>516</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>697,276</u>	<u>-</u>	<u>(12,065)</u>	<u>-</u>	<u>205</u>	<u>(516)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	2,000	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(5,028)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(5,028)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>697,276</u>	<u>-</u>	<u>(12,065)</u>	<u>-</u>	<u>205</u>	<u>1,484</u>	<u>(5,028)</u>
Cash and investments - ending	<u>\$ 768,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,382</u>	<u>\$ 1,484</u>	<u>\$ -</u>

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	E-Rate Technology	Title I	Title V Part A	Serve America	R-O-D Carryover
Cash and investments - beginning	\$ -	\$ 12,070	\$ 2,684	\$ (63,028)	\$ 2,241	\$ -	\$ (375,583)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,508	9,189	-	-	-	-	-
Federal sources	-	-	24,454	299,158	-	-	51,092
Other	-	-	-	-	-	-	-
Total receipts	1,508	9,189	24,454	299,158	-	-	51,092
Disbursements:							
Current:							
Instruction	1,508	-	-	224,079	2,231	-	-
Support services	-	20,806	-	26,109	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,508	20,806	-	250,188	2,231	-	-
Excess (deficiency) of receipts over disbursements	-	(11,617)	24,454	48,970	(2,231)	-	51,092
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	324,491
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	324,491
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11,617)	24,454	48,970	(2,231)	-	375,583
Cash and investments - ending	\$ -	\$ 453	\$ 27,138	\$ (14,058)	\$ 10	\$ -	\$ -

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	R-O-D Federal Grant	Special Education Improvement Grant	R-O-D Federal Grant Preschool- Carryover	R-O-D Federal Grant- Preschool	Title IV Part A	Improving Teaching Quality, No Child Left, Title II, Part A	Title III- Lawrenceburg
Cash and investments - beginning	\$ (108,700)	\$ (2,850)	\$ (24,282)	\$ 7,057	\$ -	\$ (7,954)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	2,285
Federal sources	38,220	56,587	-	-	-	55,096	-
Other	-	-	-	-	-	-	-
Total receipts	<u>38,220</u>	<u>56,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,096</u>	<u>2,285</u>
Disbursements:							
Current:							
Instruction	25	51,296	-	-	-	91,772	2,022
Support services	-	2,441	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>25</u>	<u>53,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,772</u>	<u>2,022</u>
Excess (deficiency) of receipts over disbursements	<u>38,195</u>	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,676)</u>	<u>263</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	70,481	-	24,282	-	-	-	-
Transfers out	-	-	-	(7,057)	-	-	-
Total other financing sources (uses)	<u>70,481</u>	<u>-</u>	<u>24,282</u>	<u>(7,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>108,676</u>	<u>2,850</u>	<u>24,282</u>	<u>(7,057)</u>	<u>-</u>	<u>(36,676)</u>	<u>263</u>
Cash and investments - ending	<u>\$ (24)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,630)</u>	<u>\$ 263</u>

SUNMAN-DEARBORN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I - Stimulus	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (1,316)	\$ (768)	\$ -	\$ 14,379	\$ 12,631	\$ 12,648,174
Receipts:							
Local sources	-	-	-	-	10,393	-	21,327,861
Intermediate sources	-	-	-	-	-	-	750
State sources	-	-	-	-	-	-	23,563,168
Federal sources	-	-	-	15,556	-	-	905,278
Other	-	-	-	-	-	5,920,270	5,929,083
Total receipts	-	-	-	15,556	10,393	5,920,270	51,726,140
Disbursements:							
Current:							
Instruction	-	-	-	15,556	-	-	24,408,706
Support services	-	-	-	-	-	-	9,922,463
Noninstructional services	-	-	-	-	-	-	2,007,892
Facilities acquisition and construction	-	-	-	-	-	-	1,738,703
Debt services	-	-	-	-	-	-	8,625,155
Nonprogrammed charges	-	-	-	-	-	5,932,891	5,932,891
Total disbursements	-	-	-	15,556	-	5,932,891	52,635,810
Excess (deficiency) of receipts over disbursements	-	-	-	-	10,393	(12,621)	(909,670)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	2,000
Transfers in	-	1,316	768	-	-	-	421,338
Transfers out	-	-	-	-	-	-	(421,336)
Total other financing sources (uses)	-	1,316	768	-	-	-	2,002
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,316	768	-	10,393	(12,621)	(907,668)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 24,772	\$ 10	\$ 11,740,506

(This page intentionally left blank.)

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Sunman-Dearborn Intermediate School Bldg. Corp.	M.S. renovation and I.S. construction	\$ 3,066,000	7/5/2005	1/5/2021
Sunman-Dearborn High School Bldg. Corp.	H.S. Renovation and Addition--Refin. 2013	3,344,000	7/15/2005	1/15/2026
Northeast Dearborn School Building Corp.	Qualified School Construction-2010	-	12/9/2010	7/1/2021
Total of annual lease payments		<u>\$ 6,410,000</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
Notes and loans payable	Common School Loan-1994	\$ 3,278,668 \$ 483,059
General obligation bonds	Pension Bond-Refin. 2013	<u>10,480,000</u> <u>1,074,966</u>
Totals		<u>\$ 13,758,668</u> <u>\$ 1,558,025</u>

SUNMAN-DEARBORN COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The School Board authorized payment of \$147,828.59 from the Rainy Day fund in the year 2012 for payment of employees' accumulated sick days. Records presented for audit indicated these expenditures were made without obtaining an appropriation for the Rainy Day fund.

Indiana Code 36-1-8-5.1(c) states: "The rainy day fund is subject to the same appropriation process as other funds that receive tax money."

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed was accurate.

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

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

COLLECTIVE BARGAINING AGREEMENT

A master contract between the School Corporation and the Sunman Dearborn Educators Association (Association) for school year 2013-2014, dated September 12, 2013, included grievance procedures culminating in binding arbitration, which is not authorized by Indiana Code 20-29-6-4.

SUNMAN-DEARBORN COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 20-29-6-4 states the following:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

Indiana Code 20-29-6-4.5 states the following:

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following:

- (1) The school calendar.
- (2) Teacher dismissal procedures and criteria.
- (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
- (4) The ability of a school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
- (5) Any subject not expressly listed in section 4 of this chapter.

(b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE SUNMAN-DEARBORN COMMUNITY
SCHOOLS, DEARBORN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Sunman-Dearborn Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 over compliance 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 2013-002, 2013-003, and 2013-004 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 17, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY12	\$ 73,796	\$ -
			FY13	-	109,809
				<u>73,796</u>	<u>109,809</u>
Total - School Breakfast Program				<u>73,796</u>	<u>109,809</u>
National School Lunch Program	Indiana Department of Education	10.555			
			FY12	541,484	-
			FY13	-	653,058
				<u>541,484</u>	<u>653,058</u>
Total - National School Lunch Program				<u>541,484</u>	<u>653,058</u>
Total - Child Nutrition Cluster				<u>615,280</u>	<u>762,867</u>
Total - U.S. Department of Agriculture				<u>615,280</u>	<u>762,867</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			11-1560	98,202	-
			12-1560	183,393	148,129
			13-1560	-	151,028
				<u>281,595</u>	<u>299,157</u>
Total - Title I Grants to Local Educational Agencies				<u>281,595</u>	<u>299,157</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389			
			11-1560	29,202	-
				<u>29,202</u>	<u>-</u>
Total - Title I, Part A Cluster				<u>310,797</u>	<u>299,157</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14210-052-PN01	90,199	-
			14211-052-PN01	583,272	-
			14212-052-PN01	193,686	703,550
			14213-052-PN01	-	379,030
			A58-3-13DL-0048	-	56,588
				<u>867,157</u>	<u>1,139,168</u>
Total - Special Education - Grants to States				<u>867,157</u>	<u>1,139,168</u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45710-052-PN01	1,843	-
			45711-052-PN01	60,484	-
			45712-052-PN01	36,790	21,697
			45713-052-PN01	-	25,834
				<u>99,117</u>	<u>47,531</u>
Total - Special Education - Preschool Grants					
ARRA - Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391	33310-052-SN01	431,357	-
ARRA - Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392	44410-052-SN01	57,265	-
Total - Special Education Cluster (IDEA)				<u>1,454,896</u>	<u>1,186,699</u>
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	10-1560	1,728	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			09-1560	5,107	-
			10-1560	11,363	-
			11-1560	-	51,922
			12-1560	-	3,172
Total - Improving Teacher Quality State Grants				<u>16,470</u>	<u>55,094</u>
Education Jobs Fund	Indiana Department of Education	84.410			
			1560	510,726	15,556
Total - Education Jobs Fund				<u>510,726</u>	<u>15,556</u>
Total - U.S. Department of Education				<u>2,294,617</u>	<u>1,556,506</u>
<u>U.S. Corporation for National and Community Service</u>					
Learn and Serve America - School and Community Based Programs	Indiana Department of Education	94.004	A58-1-11SL-004	4,150	-
Total federal awards expended				<u>\$ 2,914,047</u>	<u>\$ 2,319,373</u>

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	\$ -	\$ 17,685
National School Lunch Program	10.555	116,861	108,105

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Title I, Part A Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA we noted the following:

1. Nonfederal expenditures of \$1,428,371 were reported on the SEFA for the Special Education - Grants to States program in the 2012-2013 school year.

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The School Corporation was the fiscal agent for the Ripley-Ohio-Dearborn Special Education Cooperative (Co-op) in the 2011-2012 school year. Special Education funding of \$2,935,422, allocated to the other participating schools of the Co-op, was included on the School Corporation's SEFA.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER

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): 11-1560, 12-1560, 13-1560

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some compliance requirements that have a direct and material effect to the programs. This includes the following compliance requirements: Cash Management and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Cash Management

Controls were not in place to ensure that costs were paid prior to request for reimbursement. The School Corporation Treasurer prepared reimbursement requests, which were not reviewed by another person.

Reporting

The School Corporation had not established controls, including segregation of duties, to ensure that grant reports completed were mathematically correct, in agreement with the School Corporation's records, and filed timely. The School Corporation Treasurer prepared all reports which were not reviewed by another person.

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO SPECIAL EDUCATION CLUSTER

Federal Agency: U.S. Department of Education

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

CFDA Numbers: 84.027; 84.173; 84.391; 84.392

Federal Award Number and Year (or Other Identifying Number): 14210-052-PN01; 14211-052-PN01; 14212-052-PN01; 14213-PN01-052; A58-3-13DL-0048; 45710-052-PN01; 45711-052-PN01; 45712-052-PN01; 45713-052-PN01; 33310-052-SN01; 44410-052-SN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the programs. This includes the following compliance requirements: Activities Allowed or Unallowable; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability; Reporting; and Special Tests and Provisions. The School Corporation designated a fiscal agent to manage their grant allocation, but did not have controls in place to provide oversight of the fiscal agent to ensure compliance with the requirements of the grant. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

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

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

***FINDING 2013-4 - INTERNAL CONTROLS AND COMPLIANCE OVER ACTIVITIES
ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-1560
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Activities Allowed or Unallowable and Allowable Costs/Cost Principles compliance requirements that have a direct and material effect to the program.

The School Corporation received a Title I grant through the Indiana Department of Education (IDOE). The School Corporation's portion of the grant monies were to be used for teachers' salaries and benefits related to the Title I program. A review of expenditures showed that a teacher, who provided Title I services for only part of the school day, was paid entirely from Title I funds for eight pay periods in the school year 2011-2012. As a result salaries totaling \$10,468.16 were charged to the Title I grant that were not for allowable activities of the Title I program.

The School Corporation did not have controls in place to ensure the costs charged to the grant program were allowable. The School Corporation officials stated the distribution of teachers' salaries to the appropriate fund was normally processed through the School Corporation's payroll system. In this case, the teacher's payroll was initially paid from the General fund until the School Corporation received approval to begin spending Title I funds. A manual calculation was performed by the School Corporation Treasurer to determine the salary expenditures to be moved from the General fund to the Title I fund. The School Corporation Treasurer mistakenly transferred the teacher's entire salary to the Title I fund.

SUNMAN-DEARBORN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 80.20(b) states in part:

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

- (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 . . . outlays or expenditures . . .
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs."

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

"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."

Controls were insufficient to ensure the expenditures charged to the Title 1 program were for program related costs. The School Corporation paid for unallowable salary costs and did not comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. Adequate controls were not operating effectively to prevent noncompliance with these requirements.

We consider the \$10,468.16 of salary costs charged to the Title I program, as noted in the second paragraph, to be questioned costs because it was not related to the Title I program or an allowable cost of the program.

We recommend the School Corporation's management contact the Indiana Department of Education to resolve the question costs. Controls over expenditures charged to the grant program should be improved to ensure the all grant expenditures are in compliance with the federal requirements for Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-1

Original SBA Audit Report Number: B40197

Fiscal Year July 1, 2009-June 30, 2011

Auditee Contact Person Charles Blake

Title of Contact Person Director of Financial Operations

Phone Number 812-623-2291

Status of Finding: Completed

Corrective Actions taken to correct this finding:

1. Check State web sites each month for reports due.
2. Specifically, for Title I grant, pre-populate electronic calendar with due dates of Quarterly and Final reports dates as they become available. (These will automatically "pop-up" on my computer when the date arrives.)
3. Review all report documents and their requirements prior to submission, to make sure that all figures are correct, and the information is correct. The Title I program director now signs off on all submissions prior to reports or reimbursement being filed.

SUNMAN-DEARBORN COMMUNITY SCHOOLS

1 TROJAN PLACE, SUITE B
ST. LEON, INDIANA 47012
PHONE: 812-623-2291
FAX: 812-623-3341

DR. JOHN WILLIAMS
Superintendent

TOM HARRIS
Director of Support Services

MARY ANN BAINES
Director of Human Resources

CHARLES BLAKE
Director of Financial Operations

CORRECTIVE ACTIONS TO AUDIT FINDINGS

FINDING 2013-001 – Internal Controls Over the Preparation of the Schedule of Expenditures of Federal Awards

Contact Person: Charles Blake
Title: Director of Financial Operations
Phone Number: 812-623-2291 x10906

CORRECTIVE ACTION PLAN: Effective with our May 2014 billing of the Ripley-Ohio-Dearborn Special Education Cooperative for reimbursement, we will segregate and break the monthly billing into unique sections based upon their funding source for reimbursement. This will allow us the opportunity to identify specifically and report accurately our SEFA funding and expenditures as required by OMB Circular A-133, Subpart C, Section 310(b).

All employee reimbursements from ROD will be received and recorded into separate revenue accounts depending upon their funding source effective with payment of the May 2014 billing.

Each monthly submission for reimbursement of personnel costs will be reviewed by personnel at ROD for appropriate charges prior to processing for payment.

All other grant reimbursement requests will be reviewed by the grant administrator for that grant for accuracy prior to submission by the treasurer.

At the start of each school year a list of all reimbursable special education employees will be submitted to the Ripley-Ohio-Dearborn Special Education Cooperative for verification of eligibility and confirmation of reimbursement source. This list will then be used to update the monthly expenditure/reimbursement sheet submitted.

FINDING 2013-002 – Internal Controls Over Compliance Requirements that have a Direct and Material Effect to Title I, Part A Cluster

Contact Person: Charles Blake
Title: Director of Financial Operations
Phone Number: 812-623-2291 x10906

CORRECTIVE ACTION PLAN: Effective May, 2014, all reimbursement submissions, and fiscal reports that are generated by the treasurer must first be reviewed and signed off on by the Title I Director prior to submission. This will allow for better internal control and some segregation of duties as required by OMB Circular A-133, Subpart C, Section 300 (b).

FINDING 2013-003 – Internal Controls Over Compliance Requirements that have a Direct and Material Effect to Special Education Cluster

Contact Person: Charles Blake
Title: Director of Financial Operations
Phone Number: 812-623-2291 x10906

CORRECTIVE ACTION PLAN: Effective July 1, 2013, ROD became its own cooperative and assumed all responsibility for internal controls, reimbursement submissions, and fiscal reports. This will allow for better internal control and some segregation of duties as required by OMB Circular A-133, Subpart C, Section 300 (b).


Yearly grant applications will be reviewed by each local school system for accuracy of local data prior to final submission of grant as well as the total combined application is reviewed by and voted upon by the governing body of ROD.

Reimbursement requests prepared by the ROD treasurer will be reviewed for accuracy of claims by the ROD director prior to submission and then presented to the ROD board for review and approval at their monthly meetings.

FINDING 2013-004 – Activities Allowed or Unallowed Costs-Title I Grants to Local Education Agencies

Contact Person: Charles Blake
Title: Director of Financial Operations
Phone Number: 812-623-2291 x10906

CORRECTIVE ACTION PLAN: Effective May, 2014, all reimbursement submissions, and fiscal reports that are generated by the treasurer must first be reviewed and signed off on by the Title I Director prior to submission. This will allow for better internal control and some segregation of duties as required by OMB Circular A-133, Subpart C, Section 300 (b). Upon the audit findings being accepted and signed off on a check will be issued to Title I in the amount of \$10,468.16 for the questioned costs accidentally charged to Title I back in the 2011/2012 school year.


Dr. John Williams
Superintendent

Date: 7-17-14


Charles Blake
Corporation Treasurer

Date: 7-17-14

SUNMAN-DEARBORN COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2014, with Charles Blake, Treasurer; Jeffrey Lyness, President of the School Board; and Dr. John Williams, Superintendent of Schools.