

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

AUDIT REPORT
OF
PERU COMMUNITY SCHOOLS
MIAMI COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
01/14/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	11-12
Notes to Financial Statements	13-22
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	23-36
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	37-38
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	39-42
Combining Schedule of Cash and Investment Balances – Agency Funds	43-44
Schedule of Capital Assets.....	45
Schedule of Long-Term Debt	46
Audit Results and Comments:	
Federal Expenditures for Unallowable Activities	47
Overdrawn Cash Balances.....	47
Condition of Records	47
Financial Report.....	47
Bank Account Reconciliations	48
Overdrawn Cash Balances.....	48
Disbursement Documentation	48
Cancelled Checks.....	48-49
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	52-53
Schedule of Expenditures of Federal Awards	54
Notes to Schedule of Expenditures of Federal Awards.....	55
Schedule of Findings and Questioned Costs	56-57
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	58
Corrective Action Plan.....	59-60
Exit Conference.....	61

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stanley Hall	07-01-08 to 06-30-11
Superintendent of Schools	Andrew Melin Charles Brimbury	07-01-08 to 06-30-10 07-01-10 to 06-30-11
President of the School Board	Terry Smith Lowell Maxwell Sharon Shuey	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peru Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 7, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 7, 2010



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

TO: THE OFFICIALS OF THE PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peru Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 7, 2010

PERU COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 10,711,138	\$ -	\$ 293,754	\$ (10,417,384)
Support services	6,643,281	451,188	794,451	(5,397,642)
Noninstructional services	1,182,525	-	-	(1,182,525)
Facilities acquisition and construction	1,049,119	-	-	(1,049,119)
Debt service	4,843,469	-	-	(4,843,469)
Nonprogrammed charges	1,089,111	-	-	(1,089,111)
Total governmental activities	<u>\$ 25,518,643</u>	<u>\$ 451,188</u>	<u>\$ 1,088,205</u>	<u>(23,979,250)</u>
General receipts:				
Property taxes				6,839,050
Other local sources				1,199,541
State aid				11,422,489
Bonds and loans				1,877,959
Grants and contributions not restricted to specific programs				2,208,761
Sale of property				491
Investment earnings				33,091
Other				68,134
Total general receipts				<u>23,649,516</u>
Change in net assets				(329,734)
Net assets - beginning				<u>3,508,947</u>
Net assets - ending				<u>\$ 3,179,213</u>
<u>Assets</u>				
Cash and investments				\$ 3,363,191
Restricted assets:				
Cash and investments				<u>(183,978)</u>
Total assets				<u>\$ 3,179,213</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (183,978)
Unrestricted				<u>3,363,191</u>
Total net assets				<u>\$ 3,179,213</u>

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

PERU COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 11,010,811	\$ -	\$ 270,979	\$ (10,739,832)
Support services	6,476,281	424,282	828,527	(5,223,472)
Noninstructional services	1,167,948	-	-	(1,167,948)
Facilities acquisition and construction	395,354	-	-	(395,354)
Debt service	3,286,781	-	-	(3,286,781)
Nonprogrammed charges	1,158,708	-	-	(1,158,708)
	<u>\$ 23,495,883</u>	<u>\$ 424,282</u>	<u>\$ 1,099,506</u>	<u>(21,972,095)</u>
Total governmental activities				
General receipts:				
Property taxes				5,496,363
Other local sources				1,289,691
State aid				13,613,282
Bonds and loans				852,159
Grants and contributions not restricted to specific programs				1,896,073
Sale of property				3,259
Investment earnings				7,398
Other				33,761
				<u>23,191,986</u>
Total general receipts				
				1,219,891
Change in net assets				
				<u>3,179,213</u>
Net assets - beginning				
				<u>\$ 4,399,104</u>
Net assets - ending				
<u>Assets</u>				
Cash and investments				\$ 3,242,886
Restricted assets:				
Cash and investments				<u>1,156,218</u>
Total assets				<u>\$ 4,399,104</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,156,218
Unrestricted				<u>3,242,886</u>
Total net assets				<u>\$ 4,399,104</u>

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

PERU COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Stimulus Plan	Debt Service	Other	Totals
Receipts:					
Local sources	\$ 3,221,551	\$ -	\$ 2,420,068	\$ 2,880,648	\$ 8,522,267
Intermediate sources	188	-	-	413	601
State sources	11,678,233	-	-	283,040	11,961,273
Federal sources	-	1,185,563	-	1,572,621	2,758,184
Temporary loans	947,357	-	543,253	387,349	1,877,959
Other	19,311	-	-	48,823	68,134
Total receipts	15,866,640	1,185,563	2,963,321	5,172,894	25,188,418
Disbursements:					
Current:					
Instruction	9,881,783	-	-	829,355	10,711,138
Support services	4,417,285	-	-	2,225,996	6,643,281
Noninstructional services	89,398	-	-	1,093,127	1,182,525
Facilities acquisition and construction	7,541	-	-	1,041,578	1,049,119
Debt services	969,359	-	3,167,418	706,692	4,843,469
Nonprogrammed charges	921,633	-	-	167,478	1,089,111
Total disbursements	16,286,999	-	3,167,418	6,064,226	25,518,643
Excess (deficiency) of receipts over disbursements	(420,359)	1,185,563	(204,097)	(891,332)	(330,225)
Other financing sources (uses):					
Sale of capital assets	470	-	-	21	491
Transfers in	-	-	-	665,271	665,271
Transfers out	(223,700)	-	(33,349)	(408,222)	(665,271)
Total other financing sources (uses)	(223,230)	-	(33,349)	257,070	491
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(643,589)	1,185,563	(237,446)	(634,262)	(329,734)
Cash and investments - beginning	1,524,375	-	47,045	1,937,527	3,508,947
Cash and investments - ending	<u>\$ 880,786</u>	<u>\$ 1,185,563</u>	<u>\$ (190,401)</u>	<u>\$ 1,303,265</u>	<u>\$ 3,179,213</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 880,786	\$ 1,185,563	\$ -	\$ 1,296,842	\$ 3,363,191
Restricted assets:					
Cash and investments	-	-	(190,401)	6,423	(183,978)
Total cash and investment assets - ending	<u>\$ 880,786</u>	<u>\$ 1,185,563</u>	<u>\$ (190,401)</u>	<u>\$ 1,303,265</u>	<u>\$ 3,179,213</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ (190,401)	\$ 6,423	\$ (183,978)
Unrestricted	880,786	1,185,563	-	1,296,842	3,363,191
Total cash and investment fund balance - ending	<u>\$ 880,786</u>	<u>\$ 1,185,563</u>	<u>\$ (190,401)</u>	<u>\$ 1,303,265</u>	<u>\$ 3,179,213</u>

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

PERU COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Stimulus Plan	Debt Service	Other	Totals
Receipts:					
Local sources	\$ 352,169	\$ -	\$ 3,163,099	\$ 3,702,109	\$ 7,217,377
Intermediate sources	94	-	-	263	357
State sources	13,845,134	-	48,549	275,012	14,168,695
Federal sources	-	464,634	-	1,975,532	2,440,166
Temporary loans	324,985	-	224,226	302,948	852,159
Other	33,581	-	-	180	33,761
Total receipts	14,555,963	464,634	3,435,874	6,256,044	24,712,515
Disbursements:					
Current:					
Instruction	8,861,343	1,070,588	-	1,078,880	11,010,811
Support services	3,950,395	367,474	-	2,158,412	6,476,281
Noninstructional services	75,517	17,243	-	1,075,188	1,167,948
Facilities acquisition and construction	8,491	150	-	386,713	395,354
Debt services	599,679	-	2,198,360	488,742	3,286,781
Nonprogrammed charges	845,761	194,742	-	118,205	1,158,708
Total disbursements	14,341,186	1,650,197	2,198,360	5,306,140	23,495,883
Excess (deficiency) of receipts over disbursements	214,777	(1,185,563)	1,237,514	949,904	1,216,632
Other financing sources (uses):					
Sale of capital assets	3,259	-	-	-	3,259
Transfers in	180,253	-	-	278,487	458,740
Transfers out	(25,000)	-	(796)	(432,944)	(458,740)
Total other financing sources (uses)	158,512	-	(796)	(154,457)	3,259
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	373,289	(1,185,563)	1,236,718	795,447	1,219,891
Cash and investments - beginning	880,786	1,185,563	(190,401)	1,303,265	3,179,213
Cash and investments - ending	<u>\$ 1,254,075</u>	<u>\$ -</u>	<u>\$ 1,046,317</u>	<u>\$ 2,098,712</u>	<u>\$ 4,399,104</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,254,075	\$ -	\$ -	\$ 1,988,811	\$ 3,242,886
Restricted assets:					
Cash and investments	-	-	1,046,317	109,901	1,156,218
Total cash and investment assets - ending	<u>\$ 1,254,075</u>	<u>\$ -</u>	<u>\$ 1,046,317</u>	<u>\$ 2,098,712</u>	<u>\$ 4,399,104</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 1,046,317	\$ 109,901	\$ 1,156,218
Unrestricted	1,254,075	-	-	1,988,811	3,242,886
Total cash and investment fund balance - ending	<u>\$ 1,254,075</u>	<u>\$ -</u>	<u>\$ 1,046,317</u>	<u>\$ 2,098,712</u>	<u>\$ 4,399,104</u>

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

PERU COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 233,655	\$ -	
Other	<u>-</u>	<u>50,779</u>	
Total contributions	233,655	50,779	
Investment earnings:			
Interest	<u>36,596</u>	<u>-</u>	
Total additions	<u>270,251</u>	<u>50,779</u>	
Deductions:			
Benefits	297,679	-	
Administrative and general	<u>-</u>	<u>61,943</u>	
Total deductions	<u>297,679</u>	<u>61,943</u>	
Excess (deficiency) of total additions over total deductions	(27,428)	(11,164)	
Cash and investment fund balance - beginning	<u>1,088,880</u>	<u>12,738</u>	
Cash and investment fund balance - ending	<u>\$ 1,061,452</u>	<u>\$ 1,574</u>	<u>\$ 124,269</u>
Net assets:			
Cash and investments	<u>\$ 1,061,452</u>	<u>\$ 1,574</u>	<u>\$ 124,269</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,061,452</u>	<u>\$ 1,574</u>	<u>\$ 124,269</u>

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

PERU COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 248,481	\$ -	
Other	<u>-</u>	<u>58,801</u>	
Total contributions	248,481	58,801	
Investment earnings:			
Interest	<u>9,619</u>	<u>-</u>	
Total additions	<u>258,100</u>	<u>58,801</u>	
Deductions:			
Benefits	386,235	-	
Administrative and general	<u>-</u>	<u>45,679</u>	
Total deductions	<u>386,235</u>	<u>45,679</u>	
Excess (deficiency) of total additions over total deductions	(128,135)	13,122	
Cash and investment fund balance - beginning	<u>1,061,452</u>	<u>1,574</u>	
Cash and investment fund balance - ending	<u>\$ 933,317</u>	<u>\$ 14,696</u>	<u>\$ 194,457</u>
Net assets:			
Cash and investments	<u>\$ 933,317</u>	<u>\$ 14,696</u>	<u>\$ 194,457</u>
Total net assets - cash and investment basis held in trust	<u>\$ 933,317</u>	<u>\$ 14,696</u>	<u>\$ 194,457</u>

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

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: Peru Community Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant in a joint venture to operate Heartland Career Center which was created to provide vocational training and education. The Heartland Career Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Heartland Career Center can be obtained from Heartland Career Center, P.O. Box 606, Wabash, IN 46992.

The School Corporation is a participant in a joint venture to operate the Wabash Miami Area Program for Exceptional Children which was created to provide educational instruction to handicapped children. The Wabash Miami Area Program for Exceptional Children's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Wabash Miami Area Program for Exceptional Children can be obtained from the Wabash-Miami Area Program for Exceptional Children, 246N 300W, Wabash, IN 46992.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The stimulus plan fund accounts for federal monies received and disbursed under the American Recovery and Reinvestment Act of 2009.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust funds report trust arrangements under which principal and income benefit the reading and homework programs, leadership training, and Project Extended Day.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds or internal service funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

PERU COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009	2010
Debt Service	\$ 190,401	\$ -
Carl Perkins Grant PLTW 08/09	10,304	-
Carl Perkins Grant PLTW 09/10	-	1,894
IDEA Stimulus Part B Special Ed	-	6,241
Project Extended Day	6,743	-

PERU COMMUNITY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to late settlement of property taxes due to be received in June. These deficits were repaid from receipts when property taxes were received in July.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$5,541,574.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
General Fund	Other Governmental Funds	\$ 223,700	\$ 25,000
Debt Service Fund	Other Governmental Funds	33,349	796
Other Governmental Funds	General Fund	-	180,253
Other Governmental Funds	Other Governmental Funds	<u>408,222</u>	<u>252,691</u>
Totals		<u>\$ 665,271</u>	<u>\$ 458,740</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

In December 2009, the School Corporation closed the Special Education Pre-School Fund, transferring \$104,486 to the General Fund. At June 30, 2010, an interfund loan from the Capital Projects Fund to the Retirement/Severance Bond Debt Service Fund in the amount of \$74,000 was still outstanding.

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 2002, the School Corporation joined with other governmental entities in the North Central Indiana School Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for 7 member governmental entities. This risk pool was formed in 2001. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees, and dependents. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, retirees, and dependents coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$125,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$125,000 limit.

During 2010, the School Corporation joined with other governmental entities in the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for 700 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The School Corporation pays an annual premium to the risk pool for its job related illnesses and injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporations

The School Corporation has entered into a capital lease with Peru Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2008-09 and 2009-10 totaled \$1,662,500, and \$840,000, respectively.

The School Corporation has entered into a capital lease with Peru School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2008-09 and 2009-10 totaled \$255,000 each year.

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Termination Benefits

The School Corporation provides a separation and an early retirement benefit for certified employees who retire with fourteen years of service in the corporation, are at least 55 years of age, and were hired prior to January 1, 2000. The separation benefit is calculated using either unused sick days or years of service at the time of retirement, whichever calculation returns the greater amount. The early retirement benefit is calculated at \$4,467 times the number of years until the retiree is eligible for unreduced old age insurance under Title 2 of the Social Security Act. The separation and retirement benefits is paid into a 403(B) plan in equal annual installments over four and five years, respectively. For the fiscal years ended June 30, 2009 and 2010, the School Corporation paid \$163,675 and \$246,248, respectively, for 32 and 35 retirees, respectively.

D. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The School Corporation provides certain retirees the opportunity to continue to receive medical and dental benefits provided to employees through the North Central Indiana School Insurance Consortium, the public entity risk pool described above. To be eligible for this benefit, a retiree must have met the requirements of "Rule of 85" under Indiana Code 5-10.2-4-1, and must have been employed during the 2003/04 school year. The School Corporation contributes the same amount as it was contributing toward the cost of a single medical/dental benefit at the time the employee retired, but not to exceed \$4,000 per year. The benefit ends when the retiree becomes eligible for Medicare coverage.

Funding Policy

The contribution requirements of retirees who choose to participate are established by the School Corporation's governing board in accordance with the negotiated teacher master contract. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the School Corporation contributed \$134,004 to the plan for current premiums (approximately 51.3% of total premiums). Plan members receiving benefits contributed \$127,433, or approximately 48.7% of the total premiums. For the year ended June 30, 2010, the School Corporation contributed \$139,987 to the plan for current premiums (approximately 57.6% of total premiums). Plan members receiving benefits contributed \$103,107, or approximately 42.4% of the total premiums.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the defined benefit plan. State

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$321,181.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

PERU COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

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.

The School Corporation's contributions to the plan during the period were \$1,162,034.

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Ed Pre-School	Rainy Day	School Lunch	Textbook Rental	Educational License Plates
Receipts:						
Local sources	\$ 598,498	\$ 9,141	\$ -	\$ 403,675	\$ 142,059	\$ -
Intermediate sources	-	-	-	-	-	413
State sources	-	82,931	-	10,414	91,964	-
Federal sources	6,666	-	-	690,673	-	-
Temporary loans	274,489	-	-	-	-	-
Other	509	-	-	-	-	-
Total receipts	880,162	92,072	-	1,104,762	234,023	413
Disbursements:						
Current:						
Instruction	-	-	-	-	-	1,217
Support services	657,076	-	7,360	2,760	294,987	-
Noninstructional services	-	-	-	1,072,676	-	-
Facilities acquisition and construction	-	-	-	18,457	-	-
Debt services	305,368	-	-	-	-	-
Nonprogrammed charges	-	139,065	-	-	-	-
Total disbursements	962,444	139,065	7,360	1,093,893	294,987	1,217
Excess (deficiency) of receipts over disbursements	(82,282)	(46,993)	(7,360)	10,869	(60,964)	(804)
Other financing sources (uses):						
Sale of capital assets	21	-	-	-	-	-
Transfers in	50,000	-	150,000	-	33,349	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	50,021	-	150,000	-	33,349	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32,261)	(46,993)	142,640	10,869	(27,615)	(804)
Cash and investments - beginning	50,755	186,430	89,141	132,524	229,488	2,886
Cash and investments - ending	<u>18,494</u>	<u>139,437</u>	<u>231,781</u>	<u>143,393</u>	<u>201,873</u>	<u>2,082</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 18,494	\$ 139,437	\$ 231,781	\$ 143,393	\$ 201,873	\$ 2,082
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>18,494</u>	<u>139,437</u>	<u>231,781</u>	<u>143,393</u>	<u>201,873</u>	<u>2,082</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>18,494</u>	<u>139,437</u>	<u>231,781</u>	<u>143,393</u>	<u>201,873</u>	<u>2,082</u>
Total cash and investment fund balance - ending	<u>18,494</u>	<u>139,437</u>	<u>231,781</u>	<u>143,393</u>	<u>201,873</u>	<u>2,082</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Keys Academy	School Safe Haven	Gifted and Talented Grant 07-08	Gifted and Talented Grant 08-09	Fine Arts Grant 94-ARM-0624-CP	Non English Speaking Program
Receipts:						
Local sources	\$ 98,617	\$ 200	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	35,349	1,993	-	35,333	-	2,099
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	48,314	-	-	-	-	-
Total receipts	182,280	2,193	-	35,333	-	2,099
Disbursements:						
Current:						
Instruction	191,120	-	18,964	22,574	-	495
Support services	2,999	2,799	-	-	-	-
Noninstructional services	19	-	-	-	-	-
Facilities acquisition and construction	500	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	194,638	2,799	18,964	22,574	-	495
Excess (deficiency) of receipts over disbursements	(12,358)	(606)	(18,964)	12,759	-	1,604
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	(12,358)	(606)	(18,964)	12,759	-	1,604
Cash and investments - beginning	29,420	606	18,964	-	506	871
Cash and investments - ending	<u>\$ 17,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,759</u>	<u>\$ 506</u>	<u>\$ 2,475</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 17,062	\$ -	\$ -	\$ 12,759	\$ 506	\$ 2,475
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 17,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,759</u>	<u>\$ 506</u>	<u>\$ 2,475</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,062	-	-	12,759	506	2,475
Total cash and investment fund balance - ending	<u>\$ 17,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,759</u>	<u>\$ 506</u>	<u>\$ 2,475</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Access Indiana Lenix	Technology E-Rate Rebate	Title I 2008/09	Title I 2007/08	Early Intervention	Title V-A Innovative Ed 07-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,500	19,878	-	-	-	-
Federal sources	-	6	611,150	57,000	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	2,500	19,884	611,150	57,000	-	-
Disbursements:						
Current:						
Instruction	-	-	396,114	116,966	-	-
Support services	-	62,525	79,912	75,890	-	7,147
Noninstructional services	-	-	17,535	2,897	-	-
Facilities acquisition and construction	758	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,573	-	-
Total disbursements	758	62,525	493,561	198,326	-	7,147
Excess (deficiency) of receipts over disbursements	1,742	(42,641)	117,589	(141,326)	-	(7,147)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	94,435	23,700	-	-
Transfers out	-	-	-	(94,435)	-	-
Total other financing sources (uses)	-	-	94,435	(70,735)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,742	(42,641)	212,024	(212,061)	-	(7,147)
Cash and investments - beginning	-	57,259	-	212,061	26,327	7,147
Cash and investments - ending	\$ 1,742	\$ 14,618	\$ 212,024	\$ -	\$ 26,327	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,742	\$ 14,618	\$ 212,024	\$ -	\$ 26,327	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,742	\$ 14,618	\$ 212,024	\$ -	\$ 26,327	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,742	14,618	212,024	-	26,327	-
Total cash and investment fund balance - ending	\$ 1,742	\$ 14,618	\$ 212,024	\$ -	\$ 26,327	\$ -

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title V-A Innovative Ed 08-09	Parent Nurturing Program	Parent Nurturing Alcohol	PJHS/PHS Library Donation	Wired 5-59 Grant Purdue PLTW	Carl Perkins Grant PLTW 08/09
Receipts:						
Local sources	\$ -	\$ 7,601	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	7,928	560	-	30,000	9,696
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	15,529	560	-	30,000	9,696
Disbursements:						
Current:						
Instruction	-	-	-	-	25,026	2,430
Support services	11,717	8,992	560	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	17,570
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	11,717	8,992	560	-	25,026	20,000
Excess (deficiency) of receipts over disbursements	(11,717)	6,537	-	-	4,974	(10,304)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	20,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	20,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,283	6,537	-	-	4,974	(10,304)
Cash and investments - beginning	3,946	26,170	725	212	(4,974)	-
Cash and investments - ending	<u>\$ 12,229</u>	<u>\$ 32,707</u>	<u>\$ 725</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ (10,304)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 12,229	\$ 32,707	\$ 725	\$ 212	\$ -	\$ (10,304)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 12,229</u>	<u>\$ 32,707</u>	<u>\$ 725</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ (10,304)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>12,229</u>	<u>32,707</u>	<u>725</u>	<u>212</u>	<u>-</u>	<u>(10,304)</u>
Total cash and investment fund balance - ending	<u>\$ 12,229</u>	<u>\$ 32,707</u>	<u>\$ 725</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ (10,304)</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Safe and Drug Free Title IV-A 08/09	Drug Free Project Peace	Title IV-A 06/08	Title II Part A Teacher Improvement	Teacher Improvement Title II-D	Title VI Rural and Low Income
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	11,843	-	-	123,099	-	24,000
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	11,843	-	-	123,099	-	24,000
Disbursements:						
Current:						
Instruction	-	-	-	53,073	-	-
Support services	2,079	-	7,227	63,025	14,860	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	25,840	-	-	-	-	-
Total disbursements	27,919	-	7,227	116,098	14,860	-
Excess (deficiency) of receipts over disbursements	(16,076)	-	(7,227)	7,001	(14,860)	24,000
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	25,000	-	-	-	-	-
Transfers out	-	-	-	(45,000)	-	-
Total other financing sources (uses)	25,000	-	-	(45,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,924	-	(7,227)	(37,999)	(14,860)	24,000
Cash and investments - beginning	-	260	7,227	64,232	14,860	-
Cash and investments - ending	<u>\$ 8,924</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 26,233</u>	<u>\$ -</u>	<u>\$ 24,000</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 8,924	\$ 260	\$ -	\$ 26,233	\$ -	\$ 24,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 8,924</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 26,233</u>	<u>\$ -</u>	<u>\$ 24,000</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,924	260	-	26,233	-	24,000
Total cash and investment fund balance - ending	<u>\$ 8,924</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 26,233</u>	<u>\$ -</u>	<u>\$ 24,000</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title III, Part A Limited English	Retirement/ Severance Bond Debt Service	Capital Projects	School Bus Replacement	South Peru Construction	Totals
Receipts:						
Local sources	\$ -	\$ 275,771	\$ 1,196,654	\$ 148,394	\$ 38	\$ 2,880,648
Intermediate sources	-	-	-	-	-	413
State sources	579	-	-	-	-	283,040
Federal sources	-	-	-	-	-	1,572,621
Temporary loans	-	-	-	112,860	-	387,349
Other	-	-	-	-	-	48,823
Total receipts	579	275,771	1,196,654	261,254	38	5,172,894
Disbursements:						
Current:						
Instruction	1,376	-	-	-	-	829,355
Support services	-	-	772,992	151,089	-	2,225,996
Noninstructional services	-	-	-	-	-	1,093,127
Facilities acquisition and construction	-	-	994,738	-	9,555	1,041,578
Debt services	-	288,464	-	112,860	-	706,692
Nonprogrammed charges	-	-	-	-	-	167,478
Total disbursements	1,376	288,464	1,767,730	263,949	9,555	6,064,226
Excess (deficiency) of receipts over disbursements	(797)	(12,693)	(571,076)	(2,695)	(9,517)	(891,332)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	21
Transfers in	-	11,000	129,787	128,000	-	665,271
Transfers out	-	(1,787)	(139,000)	(128,000)	-	(408,222)
Total other financing sources (uses)	-	9,213	(9,213)	-	-	257,070
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(797)	(3,480)	(580,289)	(2,695)	(9,517)	(634,262)
Cash and investments - beginning	1,303	9,903	748,352	11,409	9,517	1,937,527
Cash and investments - ending	<u>506</u>	<u>6,423</u>	<u>168,063</u>	<u>8,714</u>	<u>-</u>	<u>1,303,265</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 506	\$ -	\$ 168,063	\$ 8,714	\$ -	\$ 1,296,842
Restricted assets:						
Cash and investments	-	6,423	-	-	-	6,423
Total cash and investment assets - ending	<u>\$ 506</u>	<u>\$ 6,423</u>	<u>\$ 168,063</u>	<u>\$ 8,714</u>	<u>\$ -</u>	<u>\$ 1,303,265</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ 6,423	\$ -	\$ -	\$ -	\$ 6,423
Unrestricted	506	-	168,063	8,714	-	1,296,842
Total cash and investment fund balance - ending	<u>\$ 506</u>	<u>\$ 6,423</u>	<u>\$ 168,063</u>	<u>\$ 8,714</u>	<u>\$ -</u>	<u>\$ 1,303,265</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Transportation Operating	Special Ed Pre-School	Rainy Day	School Lunch	Textbook Rental	Educational License Plates
Receipts:						
Local sources	\$ 716,063	\$ -	\$ -	\$ 396,033	\$ 164,412	\$ -
Intermediate sources	-	-	-	-	-	263
State sources	32,646	41,250	-	9,815	72,445	-
Federal sources	14,856	-	-	745,331	-	-
Temporary loans	232,667	-	-	-	-	-
Other	180	-	-	-	-	-
Total receipts	<u>996,412</u>	<u>41,250</u>	<u>-</u>	<u>1,151,179</u>	<u>236,857</u>	<u>263</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	700
Support services	620,307	-	5,256	1,753	230,912	-
Noninstructional services	-	-	-	1,059,697	-	-
Facilities acquisition and construction	-	-	-	8,780	-	-
Debt services	178,233	-	20,535	-	-	-
Nonprogrammed charges	-	76,200	-	-	-	-
Total disbursements	<u>798,540</u>	<u>76,200</u>	<u>25,791</u>	<u>1,070,230</u>	<u>230,912</u>	<u>700</u>
Excess (deficiency) of receipts over disbursements	<u>197,872</u>	<u>(34,950)</u>	<u>(25,791)</u>	<u>80,949</u>	<u>5,945</u>	<u>(437)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	796	-
Transfers out	(50,000)	(104,487)	-	-	-	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>(104,487)</u>	<u>-</u>	<u>-</u>	<u>796</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>147,872</u>	<u>(139,437)</u>	<u>(25,791)</u>	<u>80,949</u>	<u>6,741</u>	<u>(437)</u>
Cash and investments - beginning	<u>18,494</u>	<u>139,437</u>	<u>231,781</u>	<u>143,393</u>	<u>201,873</u>	<u>2,082</u>
Cash and investments - ending	<u>\$ 166,366</u>	<u>\$ -</u>	<u>\$ 205,990</u>	<u>\$ 224,342</u>	<u>\$ 208,614</u>	<u>\$ 1,645</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 166,366	\$ -	\$ 205,990	\$ 224,342	\$ 208,614	\$ 1,645
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 166,366</u>	<u>\$ -</u>	<u>\$ 205,990</u>	<u>\$ 224,342</u>	<u>\$ 208,614</u>	<u>\$ 1,645</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	166,366	-	205,990	224,342	208,614	1,645
Total cash and investment fund balance - ending	<u>\$ 166,366</u>	<u>\$ -</u>	<u>\$ 205,990</u>	<u>\$ 224,342</u>	<u>\$ 208,614</u>	<u>\$ 1,645</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Keys Academy	Gifted and Talented Grant 08-09	Gifted and Talented Grant 09-10	Fine Arts Grant 94-ARM-0624-CP	Non English Speaking Program 3710
Receipts:					
Local sources	\$ 387,541	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	20,923	-	35,083	-	1,745
Federal sources	-	-	-	-	-
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
	<u>408,464</u>	<u>-</u>	<u>35,083</u>	<u>-</u>	<u>1,745</u>
Total receipts					
Disbursements:					
Current:					
Instruction	177,520	12,759	28,213	-	3,092
Support services	-	-	-	-	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<u>177,520</u>	<u>12,759</u>	<u>28,213</u>	<u>-</u>	<u>3,092</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>230,944</u>	<u>(12,759)</u>	<u>6,870</u>	<u>-</u>	<u>(1,347)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(506)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(506)</u>	<u>-</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>230,944</u>	<u>(12,759)</u>	<u>6,870</u>	<u>(506)</u>	<u>(1,347)</u>
Cash and investments - beginning	<u>17,062</u>	<u>12,759</u>	<u>-</u>	<u>506</u>	<u>2,475</u>
Cash and investments - ending	<u>\$ 248,006</u>	<u>\$ -</u>	<u>\$ 6,870</u>	<u>\$ -</u>	<u>\$ 1,128</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 248,006	\$ -	\$ 6,870	\$ -	\$ 1,128
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 248,006</u>	<u>\$ -</u>	<u>\$ 6,870</u>	<u>\$ -</u>	<u>\$ 1,128</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>248,006</u>	<u>-</u>	<u>6,870</u>	<u>-</u>	<u>1,128</u>
Total cash and investment fund balance - ending	<u>\$ 248,006</u>	<u>\$ -</u>	<u>\$ 6,870</u>	<u>\$ -</u>	<u>\$ 1,128</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking Program 3711	Access Indiana Lenix	Technology E-Rate Rebate	Peru City Grant Stewart	Title I 2008/09
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 15,000	\$ -
Intermediate sources	-	-	-	-	-
State sources	2,299	-	45,279	-	-
Federal sources	-	-	-	-	54,063
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
	<u>2,299</u>	<u>-</u>	<u>45,279</u>	<u>15,000</u>	<u>54,063</u>
Total receipts					
	<u>2,299</u>	<u>-</u>	<u>45,279</u>	<u>15,000</u>	<u>54,063</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	148,418
Support services	1,177	-	52,337	15,000	26,699
Noninstructional services	-	-	-	-	15,201
Facilities acquisition and construction	-	777	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	3,078
	<u>1,177</u>	<u>777</u>	<u>52,337</u>	<u>15,000</u>	<u>193,396</u>
Total disbursements					
	<u>1,177</u>	<u>777</u>	<u>52,337</u>	<u>15,000</u>	<u>193,396</u>
Excess (deficiency) of receipts over disbursements					
	<u>1,122</u>	<u>(777)</u>	<u>(7,058)</u>	<u>-</u>	<u>(139,333)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(72,691)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,691)</u>
Total other financing sources (uses)					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,691)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	<u>1,122</u>	<u>(777)</u>	<u>(7,058)</u>	<u>-</u>	<u>(212,024)</u>
Cash and investments - beginning					
	<u>-</u>	<u>1,742</u>	<u>14,618</u>	<u>-</u>	<u>212,024</u>
Cash and investments - ending					
	<u>\$ 1,122</u>	<u>\$ 965</u>	<u>\$ 7,560</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments					
	\$ 1,122	\$ 965	\$ 7,560	\$ -	\$ -
Restricted assets:					
Cash and investments					
	-	-	-	-	-
Total cash and investment assets - ending					
	<u>\$ 1,122</u>	<u>\$ 965</u>	<u>\$ 7,560</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service					
	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted					
	<u>1,122</u>	<u>965</u>	<u>7,560</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - ending					
	<u>\$ 1,122</u>	<u>\$ 965</u>	<u>\$ 7,560</u>	<u>\$ -</u>	<u>\$ -</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title I 2009/10	Early Intervention	Title V-A Innovative Ed 08-09	Title V-A	Parent Nurturing Program
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 10,682
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	543,008	-	1,539	-	12,439
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	<u>543,008</u>	<u>-</u>	<u>1,539</u>	<u>-</u>	<u>23,121</u>
Disbursements:					
Current:					
Instruction	373,945	-	-	-	-
Support services	99,036	139	13,768	20,000	18,010
Noninstructional services	290	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	5,767	-	-	-	-
Total disbursements	<u>479,038</u>	<u>139</u>	<u>13,768</u>	<u>20,000</u>	<u>18,010</u>
Excess (deficiency) of receipts over disbursements	<u>63,970</u>	<u>(139)</u>	<u>(12,229)</u>	<u>(20,000)</u>	<u>5,111</u>
Other financing sources (uses):					
Transfers in	72,691	-	-	20,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>72,691</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>136,661</u>	<u>(139)</u>	<u>(12,229)</u>	<u>-</u>	<u>5,111</u>
Cash and investments - beginning	<u>-</u>	<u>26,327</u>	<u>12,229</u>	<u>-</u>	<u>32,707</u>
Cash and investments - ending	<u>\$ 136,661</u>	<u>\$ 26,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,818</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 136,661	\$ 26,188	\$ -	\$ -	\$ 37,818
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 136,661</u>	<u>\$ 26,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,818</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>136,661</u>	<u>26,188</u>	<u>-</u>	<u>-</u>	<u>37,818</u>
Total cash and investment fund balance - ending	<u>\$ 136,661</u>	<u>\$ 26,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,818</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Parent Nurturing Alcohol	PJHS/PHS Library Donation	Carl Perkins Grant PLTW 08/09	Gateway Academy Grant PLTW	Carl Perkins Grant PLTW 09/10
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 80	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	642	-	10,304	2,000	13,106
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	<u>642</u>	<u>-</u>	<u>10,304</u>	<u>2,080</u>	<u>13,106</u>
Disbursements:					
Current:					
Instruction	-	-	-	672	15,000
Support services	1,249	-	-	-	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>1,249</u>	<u>-</u>	<u>-</u>	<u>672</u>	<u>15,000</u>
Excess (deficiency) of receipts over disbursements	<u>(607)</u>	<u>-</u>	<u>10,304</u>	<u>1,408</u>	<u>(1,894)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<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>(607)</u>	<u>-</u>	<u>10,304</u>	<u>1,408</u>	<u>(1,894)</u>
Cash and investments - beginning	<u>725</u>	<u>212</u>	<u>(10,304)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 118</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 1,408</u>	<u>\$ (1,894)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 118	\$ 212	\$ -	\$ 1,408	\$ (1,894)
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 118</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 1,408</u>	<u>\$ (1,894)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>118</u>	<u>212</u>	<u>-</u>	<u>1,408</u>	<u>(1,894)</u>
Total cash and investment fund balance - ending	<u>\$ 118</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 1,408</u>	<u>\$ (1,894)</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Safe and Drug Free Title IV-A 08/09	Title IV-A 08-09	Title IV-A Safe and Drug Free	Drug Free Project Peace	Dukes Foundation Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	8,000
Federal sources	-	9,552	6,000	-	-
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	-	9,552	6,000	-	8,000
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	5,764	3,419	1,490	-	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	8,000
Debt services	-	-	-	-	-
Nonprogrammed charges	3,160	30,000	-	-	-
Total disbursements	8,924	33,419	1,490	-	8,000
Excess (deficiency) of receipts over disbursements	(8,924)	(23,867)	4,510	-	-
Other financing sources (uses):					
Transfers in	-	25,000	-	-	-
Transfers out	-	-	-	(260)	-
Total other financing sources (uses)	-	25,000	-	(260)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,924)	1,133	4,510	(260)	-
Cash and investments - beginning	8,924	-	-	260	-
Cash and investments - ending	\$ -	\$ 1,133	\$ 4,510	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 1,133	\$ 4,510	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 1,133	\$ 4,510	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,133	4,510	-	-
Total cash and investment fund balance - ending	\$ -	\$ 1,133	\$ 4,510	\$ -	\$ -

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title II Part A Teacher Improvement	Title VI Rural and Low Income	Title III, Part A Limited English	Title I Stimulus Grants to LEA	IDEA Stimulus Part B Special Ed
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	167,148	33,739	-	214,331	140,934
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	<u>167,148</u>	<u>33,739</u>	<u>-</u>	<u>214,331</u>	<u>140,934</u>
Disbursements:					
Current:					
Instruction	55,156	26,250	506	89,474	147,175
Support services	74,767	12,000	-	-	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>129,923</u>	<u>38,250</u>	<u>506</u>	<u>89,474</u>	<u>147,175</u>
Excess (deficiency) of receipts over disbursements	<u>37,225</u>	<u>(4,511)</u>	<u>(506)</u>	<u>124,857</u>	<u>(6,241)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(45,000)	-	-	-	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,775)</u>	<u>(4,511)</u>	<u>(506)</u>	<u>124,857</u>	<u>(6,241)</u>
Cash and investments - beginning	<u>26,233</u>	<u>24,000</u>	<u>506</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 18,458</u>	<u>\$ 19,489</u>	<u>\$ -</u>	<u>\$ 124,857</u>	<u>\$ (6,241)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 18,458	\$ 19,489	\$ -	\$ 124,857	\$ (6,241)
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 18,458</u>	<u>\$ 19,489</u>	<u>\$ -</u>	<u>\$ 124,857</u>	<u>\$ (6,241)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>18,458</u>	<u>19,489</u>	<u>-</u>	<u>124,857</u>	<u>(6,241)</u>
Total cash and investment fund balance - ending	<u>\$ 18,458</u>	<u>\$ 19,489</u>	<u>\$ -</u>	<u>\$ 124,857</u>	<u>\$ (6,241)</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	School Lunch Equipment Stimulus	Retirement/ Severance Bond Debt Service	Capital Projects	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 324,925	\$ 1,491,613	\$ 195,760	\$ 3,702,109
Intermediate sources	-	-	-	-	263
State sources	-	5,527	-	-	275,012
Federal sources	6,540	-	-	-	1,975,532
Temporary loans	-	-	-	70,281	302,948
Other	-	-	-	-	180
Total receipts	6,540	330,452	1,491,613	266,041	6,256,044
Disbursements:					
Current:					
Instruction	-	-	-	-	1,078,880
Support services	-	-	856,724	98,605	2,158,412
Noninstructional services	-	-	-	-	1,075,188
Facilities acquisition and construction	6,540	-	362,616	-	386,713
Debt services	-	289,974	-	-	488,742
Nonprogrammed charges	-	-	-	-	118,205
Total disbursements	6,540	289,974	1,219,340	98,605	5,306,140
Excess (deficiency) of receipts over disbursements	-	40,478	272,273	167,436	949,904
Other financing sources (uses):					
Transfers in	-	74,000	36,000	50,000	278,487
Transfers out	-	(11,000)	(99,000)	(50,000)	(432,944)
Total other financing sources (uses)	-	63,000	(63,000)	-	(154,457)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	103,478	209,273	167,436	795,447
Cash and investments - beginning	-	6,423	168,063	8,714	1,303,265
Cash and investments - ending	<u>\$ -</u>	<u>\$ 109,901</u>	<u>\$ 377,336</u>	<u>\$ 176,150</u>	<u>\$ 2,098,712</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ 377,336	\$ 176,150	\$ 1,988,811
Restricted assets:					
Cash and investments	-	109,901	-	-	109,901
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 109,901</u>	<u>\$ 377,336</u>	<u>\$ 176,150</u>	<u>\$ 2,098,712</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ 109,901	\$ -	\$ -	\$ 109,901
Unrestricted	-	-	377,336	176,150	1,988,811
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 109,901</u>	<u>\$ 377,336</u>	<u>\$ 176,150</u>	<u>\$ 2,098,712</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 233,655	\$ 233,655
Investment earnings:			
Interest	<u>27,662</u>	<u>8,934</u>	<u>36,596</u>
Total additions	<u>27,662</u>	<u>242,589</u>	<u>270,251</u>
Deductions:			
Benefits	<u>163,675</u>	<u>134,004</u>	<u>297,679</u>
Excess (deficiency) of total additions over total deductions	(136,013)	108,585	(27,428)
Cash and investment fund balance - beginning	<u>656,740</u>	<u>432,140</u>	<u>1,088,880</u>
Cash and investment fund balance - ending	<u><u>\$ 520,727</u></u>	<u><u>\$ 540,725</u></u>	<u><u>\$ 1,061,452</u></u>
Net assets:			
Cash and investments	<u>\$ 520,727</u>	<u>\$ 540,725</u>	<u>\$ 1,061,452</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 520,727</u></u>	<u><u>\$ 540,725</u></u>	<u><u>\$ 1,061,452</u></u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 248,481	\$ 248,481
Investment earnings:			
Interest	<u>6,278</u>	<u>3,341</u>	<u>9,619</u>
Total additions	<u>6,278</u>	<u>251,822</u>	<u>258,100</u>
Deductions:			
Benefits	<u>246,248</u>	<u>139,987</u>	<u>386,235</u>
Excess (deficiency) of total additions over total deductions	(239,970)	111,835	(128,135)
Cash and investment fund balance - beginning	<u>520,727</u>	<u>540,725</u>	<u>1,061,452</u>
Cash and investment fund balance - ending	<u><u>\$ 280,757</u></u>	<u><u>\$ 652,560</u></u>	<u><u>\$ 933,317</u></u>
Net assets:			
Cash and investments	<u>\$ 280,757</u>	<u>\$ 652,560</u>	<u>\$ 933,317</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 280,757</u></u>	<u><u>\$ 652,560</u></u>	<u><u>\$ 933,317</u></u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Donations Gifts and Trusts	Reading Books L. Badry	White Boards Donation	Time Away Training Program	Bring It Home	Readers Workshop Books L. Badry
Additions:						
Contributions:						
Other	\$ -	\$ 1,000	\$ -	\$ -	\$ 6,421	\$ 1,000
Deductions:						
Administrative and general	-	-	975	-	4,427	-
Excess (deficiency) of total additions over total deductions	-	1,000	(975)	-	1,994	1,000
Cash and investment fund balance - beginning	2	-	975	1,126	-	-
Cash and investments - June 30	<u>\$ 2</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 1,994</u>	<u>\$ 1,000</u>
Net assets:						
Cash and investments	<u>\$ 2</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 1,994</u>	<u>\$ 1,000</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 1,994</u>	<u>\$ 1,000</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	<u>Donation Special Ed Teachers</u>	<u>Summer Reading Donations</u>	<u>Transition Class</u>	<u>Project Extended Day</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ -	\$ 200	\$ 1,212	\$ 40,946	\$ 50,779
Deductions:					
Administrative and general	<u>1,608</u>	<u>792</u>	<u>229</u>	<u>53,912</u>	<u>61,943</u>
Excess (deficiency) of total additions over total deductions	(1,608)	(592)	983	(12,966)	(11,164)
Cash and investment fund balance - beginning	<u>3,022</u>	<u>1,390</u>	<u>-</u>	<u>6,223</u>	<u>12,738</u>
Cash and investments - June 30	<u>\$ 1,414</u>	<u>\$ 798</u>	<u>\$ 983</u>	<u>\$ (6,743)</u>	<u>\$ 1,574</u>
Net assets:					
Cash and investments	<u>\$ 1,414</u>	<u>\$ 798</u>	<u>\$ 983</u>	<u>\$ (6,743)</u>	<u>\$ 1,574</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,414</u>	<u>\$ 798</u>	<u>\$ 983</u>	<u>\$ (6,743)</u>	<u>\$ 1,574</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Donations Gifts and Trusts	Reading Books L. Badry	LSEO Teacher Grant Science	Time Away Training Program	Bring It Home	Readers Workshop Books L. Badry	Tiger Leaders Grant 2010-Sipe
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ 473	\$ -	\$ 23	\$ -	\$ 600
Deductions:							
Administrative and general	2	1,000	452	1,126	-	816	300
Excess (deficiency) of total additions over total deductions	(2)	(1,000)	21	(1,126)	23	(816)	300
Cash and investment fund balance - beginning	2	1,000	-	1,126	1,994	1,000	-
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ 184</u>	<u>\$ 300</u>
Net assets:							
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ 184</u>	<u>\$ 300</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 2,017</u>	<u>\$ 184</u>	<u>\$ 300</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Donation Special Ed Teachers	Summer Reading Donations	Transition Class	Project Extended Day	Computer Certification Exams	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ 313	\$ 57,347	\$ 45	\$ 58,801
Deductions:						
Administrative and general	995	625	983	39,380	-	45,679
Excess (deficiency) of total additions over total deductions	(995)	(625)	(670)	17,967	45	13,122
Cash and investment fund balance - beginning	1,414	798	983	(6,743)	-	1,574
Cash and investments - June 30	<u>\$ 419</u>	<u>\$ 173</u>	<u>\$ 313</u>	<u>\$ 11,224</u>	<u>\$ 45</u>	<u>\$ 14,696</u>
Net assets:						
Cash and investments	<u>\$ 419</u>	<u>\$ 173</u>	<u>\$ 313</u>	<u>\$ 11,224</u>	<u>\$ 45</u>	<u>\$ 14,696</u>
Total net assets - cash and investment basis held in trust	<u>\$ 419</u>	<u>\$ 173</u>	<u>\$ 313</u>	<u>\$ 11,224</u>	<u>\$ 45</u>	<u>\$ 14,696</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Payroll Withholdings	Employee Benefit Plan Governing Board	Retiree Life Insurance	Tiger Pride Scholarship	Rolland Sutherly Scholarship	Prepaid Lunch	Totals
Additions:							
Agency fund additions	\$ 4,062,657	\$ 26,364	\$ 1,306	\$ 2,293	\$ -	\$ 401,105	\$ 4,493,725
Deductions:							
Agency fund deductions	3,940,378	22,491	1,078	2,293	-	400,628	4,366,868
Excess of total additions over total deductions	122,279	3,873	228	-	-	477	126,857
Cash and investment fund balance - beginning	(10,497)	-	954	344	2,000	4,611	(2,588)
Cash and investment fund balance - ending	<u>\$ 111,782</u>	<u>\$ 3,873</u>	<u>\$ 1,182</u>	<u>\$ 344</u>	<u>\$ 2,000</u>	<u>\$ 5,088</u>	<u>\$ 124,269</u>

PERU COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Payroll Withholdings	Employee Benefit Plan Governing Board	Retiree Life Insurance	Tiger Pride Scholarship	Rolland Sutherly Scholarship	Prepaid Lunch	Totals
Additions:							
Agency fund additions	\$ 3,833,919	\$ 27,003	\$ 2,188	\$ -	\$ -	\$ 350,398	\$ 4,213,508
Deductions:							
Agency fund deductions	3,775,686	16,920	1,446	-	-	349,268	4,143,320
Excess of total additions over total deductions	58,233	10,083	742	-	-	1,130	70,188
Cash and investment fund balance - beginning	111,782	3,873	1,182	344	2,000	5,088	124,269
Cash and investment fund balance - ending	<u>\$ 170,015</u>	<u>\$ 13,956</u>	<u>\$ 1,924</u>	<u>\$ 344</u>	<u>\$ 2,000</u>	<u>\$ 6,218</u>	<u>\$ 194,457</u>

PERU COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and buildings	\$ 29,441,238
Improvements other than buildings	565,839
Machinery and equipment	<u>8,658,384</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 38,665,461</u></u>

PERU COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Peru High School and Blair Point Elementary	\$ 463,739	\$ 1,683,000
Elmwood Elementary	6,700,000	965,000
Notes and loans payable	8,165,231	423,437
Bonds payable:		
General obligation bonds:		
School Building	100,000	105,500
Post Retirement Benefits	<u>1,280,000</u>	<u>290,678</u>
Total governmental activities debt	<u>\$ 16,708,970</u>	<u>\$ 3,467,615</u>

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

FEDERAL EXPENDITURES FOR UNALLOWABLE ACTIVITIES

The School Corporation expended Stimulus Plan (State Fiscal Stabilization) funds for maintenance costs. A transaction in the amount of \$2,295 was a payment for maintenance contracts on copy machines.

The American Recovery and Reinvestment Act of 2009, Sec. 14003 (b) states in part: "PROHIBITION.--A local educational agency may not use funds received under this title for - (1) payment of maintenance costs; . . ."

OVERDRAWN CASH BALANCES

The cash balance of the Debt Service Fund, Project Extended Day Fund, and the Carl Perkins Grant PLTW 08/09 Fund were overdrawn on June 30, 2009. The IDEA Stimulus Part B Special Ed Fund and the Carl Perkins Grant PLTW 09/10 Fund were overdrawn on June 30, 2010.

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

CONDITION OF RECORDS (PERU HIGH SCHOOL)

Financial records presented for audit were incomplete and not reflective of the activity of the Peru High School Extra-Curricular Account. The records presented did not provide sufficient information to audit or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. At June 30, 2010, the combined depository balances were \$13,164 more than the total activity fund balances, and the total activity fund balances were \$50,061 more than the control ledger balance. An accurate listing of outstanding checks was not presented for audit.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FINANCIAL REPORT (PERU HIGH SCHOOL)

A Financial Report (Form SA-5) for the 2009-2010 school year was not presented for audit.

A financial report must be made within two weeks after the close of the school year of all activity funds. The report shall be made in detail on the prescribed forms showing the source of all receipts, the purpose of all disbursements and the balance remaining in the fund of each activity. The SA forms shall be filed with the school board within two weeks after the close of each school year together with the records and files of the activities. The law also requires that a copy of the report shall be filed with the superintendent of schools. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS (PERU HIGH SCHOOL)

Depository reconciliations of the fund balances to the bank account balances for the 2009-2010 school year were not presented for audit.

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

OVERDRAWN CASH BALANCES (PERU HIGH SCHOOL)

The cash balances of the Academic Competition Fund, Concessions Fund, Investment Income Fund and Class of 2010 Fund were overdrawn in 2010.

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

DISBURSEMENT DOCUMENTATION (PERU HIGH SCHOOL)

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

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

CANCELLED CHECKS - PERU HIGH SCHOOL

The financial institution did not return the actual cancelled checks or an optical image of the cancelled checks with the monthly bank statements.

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

PERU COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Furthermore, IC 26-2-8-111 states in part:

- "(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:
- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
 - (2) remains accessible for later reference. . . .
- (e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE PERU COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

Compliance

We have audited the compliance of the Peru Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 7, 2010

PERU COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2008-2010	\$ 167,949	\$ 192,865
National School Lunch Program	10.555	FY 2008-2010	539,274	607,252
ARRA - National School Lunch Program	10.555	FY 2009-2010	-	6,540
Summer Food Service Program for Children	10.559	FY 2008-2010	14,320	34,194
Total for federal grantor agency			<u>721,543</u>	<u>840,851</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		08-5635	147,442	-
		09-5635	493,561	193,396
		10-5635	-	479,038
Total for program			<u>641,003</u>	<u>672,434</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-5635	-	89,474
Total for cluster			<u>641,003</u>	<u>761,908</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		06-5635	7,227	-
		07-5635	27,919	8,924
		08-5635	-	33,419
		09-5635	-	1,490
Total for program			<u>35,146</u>	<u>43,833</u>
State Grants for Innovative Programs				
	84.298			
		07-5635	7,147	-
		09-5635	11,717	13,768
Total for program			<u>18,864</u>	<u>13,768</u>
Educational Technology State Grants Cluster				
Education Technology State Grants				
	84.318	FY 2007-2008	14,860	-
Rural Education				
	84.358	FY 2008-2010	-	38,250
English Language Acquisition Grants				
	84.365			
		FY 2006-2007	1,303	-
		FY 2008-2009	73	506
Total for program			<u>1,376</u>	<u>506</u>
Improving Teacher Quality State Grants				
	84.367			
		06-5635	24,232	-
		07-5635	91,866	26,233
		08-5635	-	103,689
Total for program			<u>116,098</u>	<u>129,922</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	5635	-	1,650,198
Pass-Through Metropolitan School District of Wabash County				
Special Education Cluster				
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-058-SN01	-	147,175
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
	84.243			
Project Lead the Way		C1-9-PLTW-8-693	20,000	-
Project Lead the Way		C1-10-PLTW-9-693	-	15,000
Total for program			<u>20,000</u>	<u>15,000</u>
Total for federal grantor agency			<u>847,347</u>	<u>2,800,560</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Indiana Department of Child Services				
Child Welfare Services - State Grants				
	93.645			
		52-07-64-2846-02	3,589	-
		52-09-72-2846-03	4,339	12,439
Total for federal grantor agency			<u>7,928</u>	<u>12,439</u>
Total federal awards expended			<u>\$ 1,576,818</u>	<u>\$ 3,653,850</u>

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

PERU COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Peru Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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 the Indiana Code (IC 5-11-1 et seq.), audits of Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 14,889	\$ 15,812
National School Lunch Program	10.555	47,178	48,461

PERU COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
	State Fiscal Stabilization Fund 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

No matters are reportable.

PERU COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2010-1, UNALLOWABLE ACTIVITIES

Section III – Federal Award Findings and Questioned Costs

Federal Agency: US Department of Education
Pass-Through Indiana Department of Education
Federal Program: State Fiscal Stabilization Fund (SFSF) - Education State Grants - Recovery Act
CFDA Number: 84.394

The School Corporation expended State Fiscal Stabilization funds for maintenance costs. A transaction in the amount of \$2,295 was a payment for maintenance contracts on copy machines.

The American Recovery and Reinvestment Act of 2009, Sec. 14003 (b) states in part: "PROHIBITION.--A local educational agency may not use funds received under this title for - (1) payment of maintenance costs; . . ."

The School Corporation did not ensure that employees responsible for approving expenditures were familiar with the applicable sections of the Act and any related federal regulations.

Failure to comply with federal program requirements and requirements of the state pass-through agency could cause the School Corporation to forfeit the federal funds already received and jeopardize approval of future funding under federal assistance programs.

We recommended that the School Corporation review allowable activities with guidance from the Indiana Department of Education (the pass-through agency), and design and implement internal control procedures that will ensure that federal funds are not expended for unallowable activities.

PERU COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CORRECTIVE ACTION PLAN

FINDING NO. 2010-1

Federal Agency: U. S. Department of Education
Federal Program: State Fiscal Stabilization Fund (SFSF) – Education State Grants – Recovery Act
CFDA Number: 84.394
Auditee Contact Person: Stanley Hall
Title of Contact Person: Executive Director of Finance and Operations
Phone Number: (765) 473-3081
Expected Completion Date: December 10, 2010

Corrective Action:

Peru Community Schools Corporation received State Fiscal Stabilization Fund (SFSF) dollars from the Indiana Department of Education in 2009. We were not provided anything from the U. S. Department of Education on restricted uses of this fund. The Indiana Department of Education distributed the SFSF money in lieu of our regular tuition assistance funds and issued a written directive to spend the money as if it were General Fund dollars. Prior to October 2010, we were not aware of any prohibited use of SFSF money. However, ignorance of prohibited use is no excuse for this error.

Peru Community Schools Corporation is fully knowledgeable of our oversight responsibility for compliance with the requirements of the American Recovery and Reinvestment Act of 2009. The violation of the use of funds was due to misleading and incorrect instructions from the pass through agency, the Indiana Department of Education.

Our immediate response is to review all guidelines for the use of federally funded program dollars currently being received by Peru Community Schools Corporation to reaffirm the proper use of those funds. This review will be conducted by Dr. David Thompson, Assistant Superintendent, and Mr. Stanley Hall, Executive Director of Finance and Operations. Completion of this task will be no later than December 10, 2010.

The same process of reviewing all guidelines for the use of federally funded program dollars will be followed for all future federally funded grants. We will no longer rely solely on The Indiana Department of Education as the authoritative source for the proper use of federally funded grant dollars.

St Hall *December 7, 2010*

EXHIBIT
CORRECTIVE ACTION PLAN

Review of all guidelines for the use of federally funded program dollars.

Federal Agency: U. S. Department of Education
Federal Program:
CFDA Number:

List documents reviewed for the proper use of these funds:

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Reviewer's Name: _____ Date: _____

Proper use of the funds was discussed with _____
(employee's name)

Date _____

PERU COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2010, with Stanley Hall, Treasurer; Charles Brimbury, Superintendent of Schools; and Sharon Shuey, President of the School Board. The officials concurred with our audit findings.