

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SUNMAN-DEARBORN COMMUNITY SCHOOLS

DEARBORN COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/16/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on the Financial Statement 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 the Financial Statement Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	8-9
Notes to Financial Statement .....	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	16-27
Schedule of Long-Term Debt .....	29
Audit Results and Comments:	
Penalties, Interest, and Other Charges .....	30
Bank Account Reconciliations .....	30
Transfer of Funds .....	30
Compensation and Benefits .....	31
Personnel Report Not Filed .....	31-32
Capital Asset Records .....	32
Financial Report - Form SA-5 .....	32
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 .....	34-35
Schedule of Expenditures of Federal Awards .....	38-39
Notes to Schedule of Expenditures of Federal Awards .....	40
Schedule of Findings and Questioned Costs .....	41-43
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	44
Corrective Action Plan .....	45
Exit Conference .....	46

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Ann Baines Charles Blake	01-01-09 to 12-31-09 01-01-10 to 12-31-12
Superintendent of Schools	Dr. Jeffrey Hendrix	07-01-09 to 06-30-12
President of the School Board	Kim Weber Glenn Scholl Jeffrey Lyness	01-01-09 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the Sunman-Dearborn Community Schools (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 6, 2012, 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 THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

February 6, 2012



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

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

We have audited the financial statement of the Sunman-Dearborn Community Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 6, 2012. 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 6, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ (2,895,797)	\$ 25,274,490	\$ 25,395,613	\$ -	\$ (3,016,920)	\$ 25,473,139	\$ 22,540,799	\$ 535,411	\$ 450,831
Debt Service	250,429	7,131,215	6,727,666	-	653,978	7,159,498	6,929,069	-	884,407
Retirement/Severance Bond Debt Service	81,165	1,186,209	1,147,977	-	119,397	1,141,889	1,151,068	-	110,218
Capital Projects	1,632,898	3,267,349	2,111,525	(1,200,000)	1,588,722	3,130,715	1,995,750	-	2,723,687
School Transportation	72,448	2,941,193	2,577,081	-	436,560	2,747,543	2,371,110	12	813,005
School Bus Replacement	406,201	842,205	527,772	(200,000)	520,634	389,138	770,035	-	139,737
Special Education Preschool	-	53,565	53,565	-	-	-	-	-	-
Rainy Day	-	-	-	1,030,000	1,030,000	-	-	(500,000)	530,000
Retirement/Severance Bond	12,761,370	199,108	10,651,316	-	2,309,162	-	610,699	(35,411)	1,663,052
Post-Retirement/Severance Future Benefits	-	-	-	370,000	370,000	-	140,000	-	230,000
School Lunch	292,806	1,751,555	1,555,789	-	488,572	1,618,284	1,544,834	-	562,022
Textbook Rental	(122,084)	502,133	361,131	-	18,918	518,031	357,664	-	179,285
Levy Excess	-	-	-	-	-	58,823	-	-	58,823
Joint Services and Supply - Special Education Cooperative	2,940,879	5,388,952	4,185,382	-	4,144,449	4,171,956	4,043,021	-	4,273,384
R-O-D Capital Projects	418,281	181,612	189,987	-	409,906	287,834	354,077	-	343,663
R-O-D Transportation	65,076	50,220	30,472	-	84,824	28,317	31,899	-	81,242
R-O-D Pre-school	(120,775)	407,962	380,762	-	(93,575)	679,952	444,837	-	141,540
Educational License Plates	9,128	1,575	-	-	10,703	600	3,598	-	7,705
SAFE School Haven	-	-	-	-	-	12,000	12,000	-	-
Summer Art	779	5,814	5,435	-	1,158	5,066	4,323	-	1,901
UCB Donation	9,232	-	-	-	9,232	-	3,542	-	5,690
Dearborn County Foundation-Heart of Gold Grant	-	-	-	-	-	625	-	-	625
Rising Sun Regional Foundation Grant	-	11,500	11,500	-	-	-	-	-	-
Summer Recreation	475	1,444	18,355	-	(16,436)	-	(16,436)	-	-
Envoy Scholarship	10,000	-	-	-	10,000	-	-	-	10,000
Donation Education Foundation	93,488	198,142	236,719	-	54,911	254,898	226,126	-	83,683
City of Lawrenceburg Grant	140,089	1,403,056	621,345	-	921,800	-	788,941	-	132,859

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011  
(Continued)

-6-

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
CAPE Grant	(15,487)	-	19,688	35,175	-	-	-	-	-
CAPE Matching	66,082	-	20,671	-	45,411	-	45,411	-	-
CASA Grant	4,676	-	2,676	-	2,000	-	-	-	2,000
Eco15 Project Lead the Way Grant	(7,144)	103,480	98,340	-	(2,004)	45,520	43,516	-	-
Oxbow Grant	-	-	-	-	-	855	825	-	30
High Ability Grant	-	43,594	26,568	-	17,026	42,942	40,456	-	19,512
Gifted/Talented 2007-08	1,632	-	1,632	-	-	-	-	-	-
R-O-D Medicaid State	5,028	-	-	-	5,028	-	-	-	5,028
Non-English Speaking Programs P.L. 273-1999	1,275	2,146	2,800	-	621	1,735	2,356	-	-
School Technology	-	-	-	-	-	9,371	-	-	9,371
E-Rate Technology	-	11,712	1,992	-	9,720	9,279	15,300	-	3,699
Title I	55,534	289,275	323,717	-	21,092	138,403	171,618	-	(12,123)
Title V Part A	-	2,241	-	-	2,241	-	-	-	2,241
Serve America	-	-	-	-	-	1,850	1,850	-	-
R-O-D Carryover	64,719	272,240	311,682	(41,759)	(16,482)	102,760	86,434	-	(156)
R-O-D Federal Grant	(100,244)	3,059,803	2,876,007	41,759	125,311	2,414,740	2,717,224	-	(177,173)
R-O-D Federal Grant-Preschool	7,777	110,001	114,594	-	3,184	71,134	75,733	-	(1,415)
Drug Free Grant	222	10,222	8,488	-	1,956	1,000	2,956	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	5,088	82,253	97,448	-	(10,107)	122,172	120,127	-	(8,062)
ITQ, Enhanced Education Through Technology, Title II, Part D	15,305	26,451	32,049	-	9,707	-	9,707	-	-
Title III	-	136	-	-	136	-	136	-	-
Fiscal Stabilization - Education	830,458	861,302	1,691,760	-	-	-	-	-	-
Title I - Stimulus	30,174	90,522	117,676	-	3,020	31,146	37,506	-	(3,340)
Special Education - Part B	-	1,688,728	995,897	-	692,831	891,786	1,765,656	-	(181,039)
Special Education - Part B - Preschool	-	26,258	14,694	-	11,564	50,734	67,202	-	(4,904)
Education Jobs	-	-	-	-	-	251,127	750,763	-	(499,636)
<b>Totals</b>	<b>\$ 17,011,183</b>	<b>\$ 57,479,663</b>	<b>\$ 63,547,771</b>	<b>\$ 35,175</b>	<b>\$ 10,978,250</b>	<b>\$ 51,864,862</b>	<b>\$ 50,261,732</b>	<b>\$ 12</b>	<b>\$ 12,581,392</b>

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions and other similar fees.

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

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

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

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

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

*E. Disbursements*

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

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

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

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

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

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

Nonprogrammed charges which include outflows for indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

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

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

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

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ (2,895,797)	\$ 250,429	\$ 81,165	\$ 1,632,898	\$ 72,448	\$ 406,201	\$ -	\$ -	\$ 12,761,370
Receipts:									
Local sources	697,411	7,131,215	1,186,209	3,267,349	2,941,193	842,205	-	-	199,108
Intermediate sources	23,206	-	-	-	-	-	-	-	-
State sources	23,111,380	-	-	-	-	-	53,565	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	1,306,638	-	-	-	-	-	-	-	-
Other	135,855	-	-	-	-	-	-	-	-
Total receipts	25,274,490	7,131,215	1,186,209	3,267,349	2,941,193	842,205	53,565	-	199,108
Disbursements:									
Current:									
Instruction	16,715,772	-	-	-	-	-	-	-	10,650,996
Support services	7,161,291	-	-	865,700	2,577,081	527,772	-	-	320
Noninstructional services	311,100	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,245,825	-	-	-	-	-
Debt services	476	6,727,666	1,147,977	-	-	-	-	-	-
Nonprogrammed charges	1,206,974	-	-	-	-	-	53,565	-	-
Total disbursements	25,395,613	6,727,666	1,147,977	2,111,525	2,577,081	527,772	53,565	-	10,651,316
Excess (deficiency) of receipts over disbursements	(121,123)	403,549	38,232	1,155,824	364,112	314,433	-	-	(10,452,208)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,030,000	-
Transfers out	-	-	-	(1,200,000)	-	(200,000)	-	-	-
Total other financing sources (uses)	-	-	-	(1,200,000)	-	(200,000)	-	1,030,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(121,123)	403,549	38,232	(44,176)	364,112	114,433	-	1,030,000	(10,452,208)
Cash and investments - ending	\$ (3,016,920)	\$ 653,978	\$ 119,397	\$ 1,588,722	\$ 436,560	\$ 520,634	\$ -	\$ 1,030,000	\$ 2,309,162

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Post - Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	R-O-D Capital Projects	R-O-D Transportation	R-O-D Pre-school	Educational License Plates
Cash and investments - beginning	\$ -	\$ 292,806	\$ (122,084)	\$ -	\$ 2,940,879	\$ 418,281	\$ 65,076	\$ (120,775)	\$ 9,128
Receipts:									
Local sources	-	1,207,856	438,703	-	5,388,952	181,612	50,220	407,962	-
Intermediate sources	-	-	-	-	-	-	-	-	1,575
State sources	-	67,586	63,430	-	-	-	-	-	-
Federal sources	-	476,113	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,751,555	502,133	-	5,388,952	181,612	50,220	407,962	1,575
Disbursements:									
Current:									
Instruction	-	-	-	-	897,619	47,617	-	239,121	-
Support services	-	-	361,131	-	880,507	80,945	30,472	-	-
Noninstructional services	-	1,555,789	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	61,425	-	-	-
Nonprogrammed charges	-	-	-	-	2,407,256	-	-	141,641	-
Total disbursements	-	1,555,789	361,131	-	4,185,382	189,987	30,472	380,762	-
Excess (deficiency) of receipts over disbursements	-	195,766	141,002	-	1,203,570	(8,375)	19,748	27,200	1,575
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	370,000	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	370,000	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	370,000	195,766	141,002	-	1,203,570	(8,375)	19,748	27,200	1,575
Cash and investments - ending	\$ 370,000	\$ 488,572	\$ 18,918	\$ -	\$ 4,144,449	\$ 409,906	\$ 84,824	\$ (93,575)	\$ 10,703

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	SAFE School Haven	Summer Art	UCB Donation	Dearborn County Foundation- Heart of Gold Grant	Rising Sun Regional Foundation Grant	Summer Recreation	Envoy Scholarship	Donation Education Foundation	City of Lawrenceburg Grant
Cash and investments - beginning	\$ -	\$ 779	\$ 9,232	\$ -	\$ -	\$ 475	\$ 10,000	\$ 93,488	\$ 140,089
Receipts:									
Local sources	-	5,814	-	-	11,500	1,444	-	198,142	1,403,056
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	5,814	-	-	11,500	1,444	-	198,142	1,403,056
Disbursements:									
Current:									
Instruction	-	5,435	-	-	1,500	-	-	54,361	40,684
Support services	-	-	-	-	10,000	80	-	182,358	580,661
Noninstructional services	-	-	-	-	-	18,275	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	5,435	-	-	11,500	18,355	-	236,719	621,345
Excess (deficiency) of receipts over disbursements	-	379	-	-	-	(16,911)	-	(38,577)	781,711
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	-	379	-	-	-	(16,911)	-	(38,577)	781,711
Cash and investments - ending	\$ -	\$ 1,158	\$ 9,232	\$ -	\$ -	\$ (16,436)	\$ 10,000	\$ 54,911	\$ 921,800

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	CAPE Grant	CAPE Matching	CASA Grant	Eco15 Project Lead the Way Grant	Oxbow Grant	High Ability Grant	Gifted/ Talented 2007-08	R-O-D Medicaid State	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ (15,487)	\$ 66,082	\$ 4,676	\$ (7,144)	\$ -	\$ -	\$ 1,632	\$ 5,028	\$ 1,275
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	103,480	-	-	-	-	-
State sources	-	-	-	-	-	43,594	-	-	2,146
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	103,480	-	43,594	-	-	2,146
Disbursements:									
Current:									
Instruction	-	-	-	-	-	26,568	1,632	-	2,800
Support services	19,688	20,671	2,469	98,340	-	-	-	-	-
Noninstructional services	-	-	207	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,688	20,671	2,676	98,340	-	26,568	1,632	-	2,800
Excess (deficiency) of receipts over disbursements	(19,688)	(20,671)	(2,676)	5,140	-	17,026	(1,632)	-	(654)
Other financing sources (uses):									
Sale of capital assets	35,175	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	35,175	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,487	(20,671)	(2,676)	5,140	-	17,026	(1,632)	-	(654)
Cash and investments - ending	\$ -	\$ 45,411	\$ 2,000	\$ (2,004)	\$ -	\$ 17,026	\$ -	\$ 5,028	\$ 621

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	School Technology	E-Rate Technology	Title I	Title V Part A	Serve America	R-O-D Carryover	R-O-D Federal Grant	R-O-D Federal Grant- Preschool	Drug Free Grant
Cash and investments - beginning	\$ -	\$ -	\$ 55,534	\$ -	\$ -	\$ 64,719	\$ (100,244)	\$ 7,777	\$ 222
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	110,001	-
Federal sources	-	11,712	289,275	2,241	-	272,240	3,059,803	-	10,222
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	11,712	289,275	2,241	-	272,240	3,059,803	110,001	10,222
Disbursements:									
Current:									
Instruction	-	-	309,626	-	-	312,436	1,346,031	89,791	2,298
Support services	-	1,992	11,992	-	-	(754)	571,901	-	6,190
Noninstructional services	-	-	2,099	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	958,075	24,803	-
Total disbursements	-	1,992	323,717	-	-	311,682	2,876,007	114,594	8,488
Excess (deficiency) of receipts over disbursements	-	9,720	(34,442)	2,241	-	(39,442)	183,796	(4,593)	1,734
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	41,759	-	-
Transfers out	-	-	-	-	-	(41,759)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(41,759)	41,759	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,720	(34,442)	2,241	-	(81,201)	225,555	(4,593)	1,734
Cash and investments - ending	\$ -	\$ 9,720	\$ 21,092	\$ 2,241	\$ -	\$ (16,482)	\$ 125,311	\$ 3,184	\$ 1,956

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III	Fiscal Stabilization - Education	Title I- Stimulus	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Totals
Cash and investments - beginning	\$ 5,088	\$ 15,305	\$ -	\$ 830,458	\$ 30,174	\$ -	\$ -	\$ -	\$ 17,011,183
Receipts:									
Local sources	-	-	-	-	-	-	-	-	25,559,951
Intermediate sources	-	-	-	-	-	-	-	-	128,261
State sources	-	-	136	-	-	-	-	-	23,451,838
Federal sources	82,253	26,451	-	861,302	90,522	1,688,728	26,258	-	6,897,120
Temporary loans	-	-	-	-	-	-	-	-	1,306,638
Other	-	-	-	-	-	-	-	-	135,855
Total receipts	82,253	26,451	136	861,302	90,522	1,688,728	26,258	-	57,479,663
Disbursements:									
Current:									
Instruction	95,535	-	-	759,213	117,676	111,331	7,396	-	31,835,438
Support services	1,913	32,049	-	279,444	-	256,991	-	-	14,561,204
Noninstructional services	-	-	-	-	-	-	-	-	1,887,470
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,245,825
Debt services	-	-	-	-	-	-	-	-	7,937,544
Nonprogrammed charges	-	-	-	653,103	-	627,575	7,298	-	6,080,290
Total disbursements	97,448	32,049	-	1,691,760	117,676	995,897	14,694	-	63,547,771
Excess (deficiency) of receipts over disbursements	(15,195)	(5,598)	136	(830,458)	(27,154)	692,831	11,564	-	(6,068,108)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	35,175
Transfers in	-	-	-	-	-	-	-	-	1,441,759
Transfers out	-	-	-	-	-	-	-	-	(1,441,759)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	35,175
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,195)	(5,598)	136	(830,458)	(27,154)	692,831	11,564	-	(6,032,933)
Cash and investments - ending	\$ (10,107)	\$ 9,707	\$ 136	\$ -	\$ 3,020	\$ 692,831	\$ 11,564	\$ -	\$ 10,978,250

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ (3,016,920)	\$ 653,978	\$ 119,397	\$ 1,588,722	\$ 436,560	\$ 520,634	\$ -	\$ 1,030,000	\$ 2,309,162
Receipts:									
Local sources	937,752	7,159,498	1,141,889	3,130,715	2,747,543	389,138	-	-	-
Intermediate sources	135	-	-	-	-	-	-	-	-
State sources	23,178,795	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	1,250,912	-	-	-	-	-	-	-	-
Other	105,545	-	-	-	-	-	-	-	-
Total receipts	<u>25,473,139</u>	<u>7,159,498</u>	<u>1,141,889</u>	<u>3,130,715</u>	<u>2,747,543</u>	<u>389,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	15,059,989	-	-	-	-	-	-	-	419,564
Support services	5,007,631	-	-	1,049,946	2,371,110	770,035	-	-	191,135
Noninstructional services	274,827	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	945,804	-	-	-	-	-
Debt services	1,318,483	6,929,069	1,151,068	-	-	-	-	-	-
Nonprogrammed charges	879,869	-	-	-	-	-	-	-	-
Total disbursements	<u>22,540,799</u>	<u>6,929,069</u>	<u>1,151,068</u>	<u>1,995,750</u>	<u>2,371,110</u>	<u>770,035</u>	<u>-</u>	<u>-</u>	<u>610,699</u>
Excess (deficiency) of receipts over disbursements	<u>2,932,340</u>	<u>230,429</u>	<u>(9,179)</u>	<u>1,134,965</u>	<u>376,433</u>	<u>(380,897)</u>	<u>-</u>	<u>-</u>	<u>(610,699)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	12	-	-	-	-
Transfers in	535,411	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(500,000)	(35,411)
Total other financing sources (uses)	<u>535,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(35,411)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,467,751</u>	<u>230,429</u>	<u>(9,179)</u>	<u>1,134,965</u>	<u>376,445</u>	<u>(380,897)</u>	<u>-</u>	<u>(500,000)</u>	<u>(646,110)</u>
Cash and investments - ending	<u>\$ 450,831</u>	<u>\$ 884,407</u>	<u>\$ 110,218</u>	<u>\$ 2,723,687</u>	<u>\$ 813,005</u>	<u>\$ 139,737</u>	<u>\$ -</u>	<u>\$ 530,000</u>	<u>\$ 1,663,052</u>

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

	Post - Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	R-O-D Capital Projects	R-O-D Transportation	R-O-D Pre-school	Educational License Plates
Cash and investments - beginning	\$ 370,000	\$ 488,572	\$ 18,918	\$ -	\$ 4,144,449	\$ 409,906	\$ 84,824	\$ (93,575)	\$ 10,703
Receipts:									
Local sources	-	1,131,732	415,155	-	4,171,956	287,834	28,317	679,952	-
Intermediate sources	-	-	-	-	-	-	-	-	600
State sources	-	33,084	102,876	58,823	-	-	-	-	-
Federal sources	-	451,307	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	2,161	-	-	-	-	-	-	-
Total receipts	-	1,618,284	518,031	58,823	4,171,956	287,834	28,317	679,952	600
Disbursements:									
Current:									
Instruction	140,000	-	-	-	744,606	9,438	-	218,516	3,598
Support services	-	5,422	357,664	-	708,915	134,650	31,899	-	-
Noninstructional services	-	1,539,412	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	143,822	-	-	-
Debt services	-	-	-	-	-	66,167	-	-	-
Nonprogrammed charges	-	-	-	-	2,589,500	-	-	226,321	-
Total disbursements	140,000	1,544,834	357,664	-	4,043,021	354,077	31,899	444,837	3,598
Excess (deficiency) of receipts over disbursements	(140,000)	73,450	160,367	58,823	128,935	(66,243)	(3,582)	235,115	(2,998)
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	(140,000)	73,450	160,367	58,823	128,935	(66,243)	(3,582)	235,115	(2,998)
Cash and investments - ending	\$ 230,000	\$ 562,022	\$ 179,285	\$ 58,823	\$ 4,273,384	\$ 343,663	\$ 81,242	\$ 141,540	\$ 7,705

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

	SAFE School Haven	Summer Art	UCB Donation	Dearborn County Foundation- Heart of Gold Grant	Rising Sun Regional Foundation Grant	Summer Recreation	Envoy Scholarship	Donation Education Foundation	City of Lawrenceburg Grant
Cash and investments - beginning	\$ -	\$ 1,158	\$ 9,232	\$ -	\$ -	\$ (16,436)	\$ 10,000	\$ 54,911	\$ 921,800
Receipts:									
Local sources	-	5,066	-	625	-	-	-	254,898	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	12,000	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	12,000	5,066	-	625	-	-	-	254,898	-
Disbursements:									
Current:									
Instruction	-	4,323	-	-	-	-	-	39,968	26
Support services	12,000	-	-	-	-	-	-	186,158	788,915
Noninstructional services	-	-	-	-	-	(16,436)	-	-	-
Facilities acquisition and construction	-	-	3,542	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,000	4,323	3,542	-	-	(16,436)	-	226,126	788,941
Excess (deficiency) of receipts over disbursements	-	743	(3,542)	625	-	16,436	-	28,772	(788,941)
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	-	743	(3,542)	625	-	16,436	-	28,772	(788,941)
Cash and investments - ending	\$ -	\$ 1,901	\$ 5,690	\$ 625	\$ -	\$ -	\$ 10,000	\$ 83,683	\$ 132,859

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

	CAPE Grant	CAPE Matching	CASA Grant	Eco15 Project Lead the Way Grant	Oxbow Grant	High Ability Grant	Gifted/ Talented 2007-08	R-O-D Medicaid State	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ -	\$ 45,411	\$ 2,000	\$ (2,004)	\$ -	\$ 17,026	\$ -	\$ 5,028	\$ 621
Receipts:									
Local sources	-	-	-	-	855	-	-	-	-
Intermediate sources	-	-	-	45,520	-	-	-	-	-
State sources	-	-	-	-	-	42,942	-	-	1,735
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	45,520	855	42,942	-	-	1,735
Disbursements:									
Current:									
Instruction	-	-	-	-	695	40,456	-	-	2,356
Support services	-	45,411	-	43,516	130	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	45,411	-	43,516	825	40,456	-	-	2,356
Excess (deficiency) of receipts over disbursements	-	(45,411)	-	2,004	30	2,486	-	-	(621)
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	-	(45,411)	-	2,004	30	2,486	-	-	(621)
Cash and investments - ending	\$ -	\$ -	\$ 2,000	\$ -	\$ 30	\$ 19,512	\$ -	\$ 5,028	\$ -

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

	School Technology	E-Rate Technology	Title I	Title V Part A	Serve America	R-O-D Carryover	R-O-D Federal Grant	R-O-D Federal Grant- Preschool	Drug Free Grant
Cash and investments - beginning	\$ -	\$ 9,720	\$ 21,092	\$ 2,241	\$ -	\$ (16,482)	\$ 125,311	\$ 3,184	\$ 1,956
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	9,371	-	-	-	-	-	-	71,134	-
Federal sources	-	9,279	138,403	-	1,850	102,760	2,414,740	-	1,000
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	9,371	9,279	138,403	-	1,850	102,760	2,414,740	71,134	1,000
Disbursements:									
Current:									
Instruction	-	-	171,513	-	1,850	86,434	1,280,973	35,270	2,929
Support services	-	15,300	-	-	-	-	471,605	194	27
Noninstructional services	-	-	105	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	964,646	40,269	-
Total disbursements	-	15,300	171,618	-	1,850	86,434	2,717,224	75,733	2,956
Excess (deficiency) of receipts over disbursements	9,371	(6,021)	(33,215)	-	-	16,326	(302,484)	(4,599)	(1,956)
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	9,371	(6,021)	(33,215)	-	-	16,326	(302,484)	(4,599)	(1,956)
Cash and investments - ending	\$ 9,371	\$ 3,699	\$ (12,123)	\$ 2,241	\$ -	\$ (156)	\$ (177,173)	\$ (1,415)	\$ -

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

	Improving Teaching Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III	Fiscal Stabilization - Education	Title I- Stimulus	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Totals
Cash and investments - beginning	\$ (10,107)	\$ 9,707	\$ 136	\$ -	\$ 3,020	\$ 692,831	\$ 11,564	\$ -	\$ 10,978,250
Receipts:									
Local sources	-	-	-	-	-	-	-	-	22,482,925
Intermediate sources	-	-	-	-	-	-	-	-	46,255
State sources	-	-	-	-	-	-	-	-	23,510,760
Federal sources	122,172	-	-	-	31,146	891,786	50,734	251,127	4,466,304
Temporary loans	-	-	-	-	-	-	-	-	1,250,912
Other	-	-	-	-	-	-	-	-	107,706
Total receipts	122,172	-	-	-	31,146	891,786	50,734	251,127	51,864,862
Disbursements:									
Current:									
Instruction	118,793	-	136	-	37,506	435,650	64,463	750,763	19,669,815
Support services	1,334	9,707	-	-	-	267,708	-	-	12,470,412
Noninstructional services	-	-	-	-	-	-	-	-	1,797,908
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,093,168
Debt services	-	-	-	-	-	-	-	-	9,464,787
Nonprogrammed charges	-	-	-	-	-	1,062,298	2,739	-	5,765,642
Total disbursements	120,127	9,707	136	-	37,506	1,765,656	67,202	750,763	50,261,732
Excess (deficiency) of receipts over disbursements	2,045	(9,707)	(136)	-	(6,360)	(873,870)	(16,468)	(499,636)	1,603,130
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	12
Transfers in	-	-	-	-	-	-	-	-	535,411
Transfers out	-	-	-	-	-	-	-	-	(535,411)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	12
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,045	(9,707)	(136)	-	(6,360)	(873,870)	(16,468)	(499,636)	1,603,142
Cash and investments - ending	\$ (8,062)	\$ -	\$ -	\$ -	\$ (3,340)	\$ (181,039)	\$ (4,904)	\$ (499,636)	\$ 12,581,392

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SUNMAN-DEARBORN COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Sunman-Dearborn Intermediate School	\$ 23,235,000	\$ 3,066,000
East Central High School	36,920,000	3,271,000
North Dearborn Elementary #1	370,000	206,000
North Dearborn Elementary #2	1,995,000	400
Notes and loans payable	3,949,357	483,059
Pension Bonds	<u>11,290,000</u>	<u>1,147,248</u>
Total governmental activities debt	<u>\$ 77,759,357</u>	<u>\$ 8,173,707</u>

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

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

The School Corporation erroneously reduced the employer share of social security taxes remitted to the Internal Revenue Service when rate reduction applied only to employee's portion of social security taxes. As a result of this error, penalties in the amount of \$2,596.68 were paid to the Internal Revenue Service on September 21, 2011, for the period ending March 31, 2011.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***BANK ACCOUNT RECONCILIATIONS***

A review of the School Corporation's computerized bank reconciliation program showed that bank reconciliations between the ledger fund balances and bank account balances were not being performed timely. Bank reconciliations were being completed from 43 days to 142 days after month end for the period from December 2009 to August 2010.

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

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

Bank reconciliations reviewed after August of the year 2010 showed that bank reconciliations were being performed timely.

***TRANSFER OF FUNDS***

The School Board authorized a permanent transfer of \$500,000 from the Rainy Day Fund to the General Fund on November 11, 2010, to help reduce the deficit cash balance of the General Fund. The transfer was made in lieu of appropriating and paying authorized expenditures directly from the Rainy Day Fund. Indiana Code 36-1-8-5.1(g) allows for a transfer from the Rainy Day Fund to the General Fund or any other appropriated fund. However, the statute does not apply to Public School Corporations.

Indiana Code 36-1-8-5.1(g) states:

A county, city, or town may at any time, by ordinance or resolution, transfer to:

- (1) its general fund; or
- (2) any other appropriated funds of the county, city, or town; . . ."

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

**COMPENSATION AND BENEFITS**

Lenore Hynes, Grant Administrator, was paid at an hourly rate during the year 2010. No documentation was presented for audit that the rate of compensation paid to the Grant Administrator was approved by the School Board.

School officials stated that the hourly rate was established based on verbal negotiations between Lenore Hynes, Grant Administrator, and Dr. Jeffrey Hendrix, Superintendent of Schools.

Indiana Code 20-26-5-4 states in part:

"In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers: . . .

(8) To:

(A) Employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-28-5), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants . . .and other personnel or services as the governing body considers necessary for school purposes.

(B) Fix and pay the salaries and compensation of persons and services described in this subdivision."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

School officials stated they will request the School Board to retroactively approve the Grant Administrator's hourly rate at \$75 per hour.

**PERSONNEL REPORT NOT FILED**

Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) was not filed in the year 2011.

Indiana Code 5-11-13-1 states in part:

". . . Every . . . school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. . . ."

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

Indiana Code 5-11-13-3 states:

"A person who violates section 1 of this chapter commits a Class C infraction. If violated by an elected state officer, the officer is liable to impeachment, and if violated by any other person, the person is subject to removal for neglect of duty under the procedures described in IC 34-17."

***CAPITAL ASSET RECORDS***

Information was not presented for audit to show that a complete inventory or record of capital assets was maintained as of June 30, 2011.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

A similar comment was included in the prior Reports B32062 and B35936.

***FINANCIAL REPORT - FORM SA-5 (Applies to Sunman-Dearborn Intermediate School)***

Financial Report - School Extra-Curricular Account (Form SA-5) for school year 2010-2011 was not filed with the School Board.

Indiana Code 20-41-1-3 states in part:

"(a) A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, shall:

- (1) keep an accurate account of all money received and expended, showing the:
  - (A) sources of all receipts;
  - (B) purposes for which the money was expended; and
  - (C) balance on hand; and
- (2) file a copy of the account with the . . . board of school trustees . . . within two (2) weeks after the close of each school year.

(b) An account filed under subsection (a)(2) is a public record open to inspection by any interested person at any reasonable time during office hours."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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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 SUNMAN-DEARBORN COMMUNITY  
SCHOOLS, DEARBORN COUNTY, INDIANA

Compliance

We have audited the compliance of the Sunman-Dearborn Community School Corporation (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, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed an instance 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 2011-1.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

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 the response.

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

STATE BOARD OF ACCOUNTS

February 6, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553	FY 10	\$ 81,945	\$ -
		FY 11	-	75,922
Total for program			81,945	75,922
National School Lunch Program				
	10.555	FY 10	527,034	-
		FY 11	-	592,051
Total for program			527,034	592,051
Total for federal grantor agency			608,979	667,973
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		09-1560	42,518	-
		10-1560	276,267	21,093
		11-1560	-	150,524
Total for program			318,785	171,617
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		FY 10	112,838	-
		FY 11	-	37,505
Total for program			112,838	37,505
Total for cluster			431,623	209,122
Special Education Cluster (IDEA)				
Special Education - Grants to States				
	84.027			
		14208-052-PY02	64,719	-
		14209-052-PN01	666,515	-
		14209-052-PY02	246,963	86,434
		14210-052-PN01	2,209,495	908,969
		14211-052-PN01	-	1,808,258
Total for program			3,187,692	2,803,661
Special Education - Preschool Grants				
	84.173			
		45709-052-PN01	29,776	-
		45710-052-PN01	84,816	19,433
		45711-052-PN01	-	56,300
Total for program			114,592	75,733

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

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Special Education Cluster (IDEA) (continued)				
ARRA - Special Education-Grants to States, Recovery Act	84.391	33310-052-SN01	995,896	1,765,656
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	44410-052-SN01	12,689	67,202
Total for cluster			4,310,869	4,712,252
Education Technology State Grants Cluster				
Education Technology State Grants	84.318			
		FY 10	32,049	-
		FY 11	-	9,707
Total for cluster			32,049	9,707
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	1,691,757	-
Safe and Drug-Free Schools and Communities - State Grants	84.186	09-1560	8,266	2,956
Improving Teacher Quality State Grants	84.367			
		FY 10	97,449	-
		FY 11	-	120,127
Total for program			97,449	120,127
ARRA - Education Jobs Fund, Recovery Act	84.410	FY 11	-	750,763
Total for federal grantor agency			6,572,013	5,804,927
Total federal awards expended			<u>\$ 7,180,992</u>	<u>\$ 6,472,900</u>

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

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

**Note 1. Basis of Presentation**

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

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

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 12,155	\$ 4,891
National School Lunch Program	10.555	80,544	91,292

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster
84.410	ARRA - Education Job Funds, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs: \$403,950

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

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

**Section III – Federal Award Finding and Questioned Cost**

**FINDING 2011-1, REPORTING**

Federal Agency: U.S. Department of Education  
 Federal Program (CFDA Title): Title I Grants to Local Educational Agencies  
 CFDA Number: 84.010  
 Pass-Through Entity: Indiana Department of Education  
 Award Number and Year: 11-1560 (FY 2010-11)

The following deficiencies were noted in regards to the reporting of financial information to the Indiana Department of Education (pass-through agency):

1. The Quarterly Monitoring Reports, required by the Indiana Department of Education (pass-through entity), request information regarding cumulative receipt and disbursement totals and the cash balance at the end of the reporting period. The receipt and disbursement figures reported by the School Corporation on the Quarterly Monitoring Report for the quarter ending March 31, 2011, were not cumulative, therefore, the cash balance reported on the Quarterly Monitoring Report did not agree to the cash balance of the fund recorded on the School Corporation's fund ledger as shown in the following schedule:

<u>Financial Information</u>	<u>Reported Amounts</u>	<u>Fund Ledger Amounts</u>	<u>Variance</u>
Receipts	\$ 23,566	\$ 66,634	\$ (43,068)
Disbursements	<u>51,673</u>	<u>98,654</u>	<u>(46,981)</u>
Cash balance	<u>\$ (28,107)</u>	<u>\$ (32,020)</u>	<u>\$ 3,913</u>

The financial information reported on other Quarterly Monitoring Reports during the audit period showed that the amounts reported agreed to fund ledger amounts.

2. Three Quarterly Monitoring reports covering school year 2010-2011 financial activity were filed between 28 and 164 days after the due date specified in the grant agreement.

The School Corporation did not have internal controls to identify reporting errors and to comply with filing due dates.

CFR 34 Part 80.20(b) states in part:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

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

We recommended that School Corporation officials implement controls to ensure that reports are prepared based upon the activity of the grant funds. Another individual should review the reports making comparisons to the general ledger to ensure accuracy and timeliness. School Corporation officials should also implement a system to ensure that all reporting be filed by the required due date.

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# SUNMAN-DEARBORN COMMUNITY SCHOOLS

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

DR. JEFFREY HENDRIX  
Superintendent

KRIS WILSON  
Director of Support Services

MARY ANN BAINES  
Director of Human Resources

CHARLES BLAKE  
Director of Financial Operations

February 6, 2012

## FINDING NO. 2011-1. CONTROLS RELATED TO REPORTING

Contact Person: Charles Blake  
Title: Director of Financial Operations  
Phone Number: 812-623-2291 x 10906

### CORRECTIVE ACTION PLAN

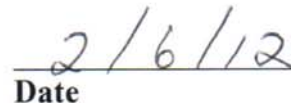
1. A monthly search will be conducted the first week of each month of the Indiana Department of Education's "Learning Connection", the Indiana Department of Local Government Finance's "Gateway" system and the Title I web site to review all sites calendars for any reports due within that month. Any reports due that month will be noted on the Director of Financial Operations calendar for completion.
2. All reports will be verified by the Director of Financial Operations as well as one other person prior to submission. Related documents used to complete these reports will be attached to a copy of the report and placed in the grant file folder.
3. All new grants received will need to provide the Director of Financial Operations with a completed application form as well as any supportive documents prior to the grant being entered into the accounting system.
4. The Administrative Assistant for the Superintendent will conduct a search of other state web sites for any reports due that same month. She will notify the person responsible for that report.

### COMPLETION DATE OF CORRECTIVE ACTION

1. All of the above corrective actions will be placed into effect beginning February 1, 2012.



Charles Blake, Director of Financial Operations

  
Date

Equal Opportunity Employer

No person shall on the basis of age, race, color, religion, sex, handicapping conditions, or national origin, including limited English proficiency, be excluded from participation in, denied the benefits of, or be subjected to discrimination in employment, or recruitment, consideration, or selection. Information requested is used only to determine the applicants ability to meet job criteria and perform satisfactorily.

SUNMAN-DEARBORN COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2012, with Dr. Jeffrey Hendrix, Superintendent of Schools; Jeffrey Lyness, President of the School Board; Charles Blake, Treasurer; and Mary Ann Baines, former Treasurer.