

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
LAPORTE COUNTY, INDIANA
July 1, 2010 to June 30, 2012



FILED
12/03/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statement.....	8-12
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	14-21
Examination Results and Comments:	
Special Education Payment.....	22
Deposits.....	22
Overdrawn Fund Balance.....	22
Old Outstanding Checks (Warrants).....	22-23
Prescribed Forms	23
Receipt Issuance	24
Timely Deposits	24
Concessions – Athletic Office.....	24
Exit Conference.....	25

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kara S. Schoch	07-01-10 to 06-30-13
Superintendent of Schools	Christopher A. Smith	07-01-10 to 06-30-15
President of the School Board	Dennis Weiss David Howell, Jr.	07-01-10 to 06-30-11 07-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH CENTRAL COMMUNITY
SCHOOL CORPORATION, LAPORTE COUNTY, INDIANA

We have examined the accompanying financial statement of the South Central Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. The 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 examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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 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 period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to 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, and others within the entity 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

October 16, 2012

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

(This page intentionally left blank.)

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 677,058	\$ 5,426,842	\$ 5,200,923	\$ (268,186)	\$ 634,791	\$ 5,855,117	\$ 5,162,679	\$ 268,519	\$ 1,595,748
Debt Service	133,006	1,252,799	1,629,540	268,519	24,784	2,187,893	1,715,917	(268,519)	228,241
Retirement/Severance Bond Debt Service	64,252	117,823	135,205	-	46,870	135,218	119,785	-	62,303
Capital Projects	379,605	558,996	662,221	-	276,380	1,073,170	797,507	632	552,675
School Transportation	199,986	570,391	731,990	-	38,387	888,732	674,868	-	252,251
School Bus Replacement	26,827	85,763	104,135	-	8,455	202,471	116,781	-	94,145
Retirement/Severance Bond	2,613	-	1,084	-	1,529	-	915	-	614
School Lunch	58,340	416,670	408,749	-	66,261	431,325	450,208	-	47,378
Textbook Rental	(3,151)	99,817	52,338	166	44,494	119,885	232,233	12	(67,842)
Educational License Plates	6,170	74	-	-	6,244	94	-	-	6,338
SAFE School Haven	-	-	1,852	2,000	148	-	-	-	148
SC Elementary Computer	7,075	2,431	4,723	-	4,783	2,709	2,627	-	4,865
Community Corner Donations	2,782	-	170	-	2,612	-	-	-	2,612
Unity Foundation Grant 2011-2012	-	-	-	-	-	6,000	5,842	-	158
Scholarships and Awards	1,859	17	-	-	1,876	3	-	-	1,879
Miscellaneous Programs	31,959	19,331	14,328	-	36,962	20,350	27,576	-	29,736
2009-2010 High Ability	1,323	-	1,323	-	-	-	-	-	-
2010-2011 High Ability	-	28,280	26,902	-	1,378	-	1,378	-	-
Teacher Quality Improvement Program	-	-	-	-	-	27,621	22,991	-	4,630
School Technology	32,713	6,308	7,890	-	31,131	20,785	26,943	-	24,973
Performance Based Awards	555	-	-	-	555	-	285	-	270
Access Indiana	1,138	-	-	-	1,138	-	-	-	1,138
Title I NCLB FY 09-10	13,256	8,261	21,517	-	-	-	-	-	-
Title I NCLB FY 10-11	-	59,737	71,413	-	(11,676)	23,556	11,880	-	-
Title I NCLB FY 11-12	-	-	-	-	-	78,589	78,589	-	-
2008-2009 Safe and Drug Free	1,560	-	1,560	-	-	-	-	-	-
2009-2010 Safe and Drug Free	-	493	493	-	-	1,972	1,972	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	2,843	19,928	26,786	-	(4,015)	21,271	17,256	-	-
Title I - Grants to LEAs	28,826	23,780	35,467	-	17,139	-	17,139	-	-
Education Jobs	-	17,202	24,412	-	(7,210)	97,782	90,572	-	-
Payroll	34,438	1,045,511	1,047,322	-	32,627	1,046,293	1,043,520	-	35,400
Totals	\$ 1,705,033	\$ 9,760,454	\$ 10,212,343	\$ 2,499	\$ 1,255,643	\$ 12,240,836	\$ 10,619,463	\$ 644	\$ 2,877,660

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

F. Other Financing Sources and Uses

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

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
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.

Note 7. Subsequent Events

LaPorte County (County) has been unable to establish approved assessment amounts for county-wide properties. This has caused the County to bill property owners based on "provisional" tax bills. The County has prepared a reconciling bill for the 2008 pay 2009 property tax bill and the 2009 pay 2010 property tax bill. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the County. It is undetermined how much property tax collections the County will receive once all the reconciliation bills have been distributed and the collections received.

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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 677,058	\$ 133,006	\$ 64,252	\$ 379,605	\$ 199,986	\$ 26,827	\$ 2,613	\$ 58,340
Receipts:								
Local sources	408,851	693,027	81,996	558,996	385,204	47,679	-	277,850
Intermediate sources	35	-	-	-	-	-	-	-
State sources	4,745,561	-	-	-	-	-	-	6,891
Federal sources	-	-	-	-	-	-	-	131,649
Temporary loans	268,518	559,772	35,827	-	183,169	38,084	-	-
Other	3,877	-	-	-	2,018	-	-	280
Total receipts	<u>5,426,842</u>	<u>1,252,799</u>	<u>117,823</u>	<u>558,996</u>	<u>570,391</u>	<u>85,763</u>	<u>-</u>	<u>416,670</u>
Disbursements:								
Current:								
Instruction	3,363,472	-	-	-	-	-	963	-
Support services	1,345,100	-	-	322,627	492,704	88,422	121	1,060
Noninstructional services	102,159	-	-	-	-	-	-	407,689
Facilities acquisition and construction	-	-	-	279,506	-	-	-	-
Debt services	390,192	1,629,540	135,205	60,088	239,286	15,713	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,200,923</u>	<u>1,629,540</u>	<u>135,205</u>	<u>662,221</u>	<u>731,990</u>	<u>104,135</u>	<u>1,084</u>	<u>408,749</u>
Excess (deficiency) of receipts over disbursements	<u>225,919</u>	<u>(376,741)</u>	<u>(17,382)</u>	<u>(103,225)</u>	<u>(161,599)</u>	<u>(18,372)</u>	<u>(1,084)</u>	<u>7,921</u>
Other financing sources (uses):								
Sale of capital assets	333	-	-	-	-	-	-	-
Transfers in	-	268,519	-	-	-	-	-	-
Transfers out	(268,519)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(268,186)</u>	<u>268,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(42,267)</u>	<u>(108,222)</u>	<u>(17,382)</u>	<u>(103,225)</u>	<u>(161,599)</u>	<u>(18,372)</u>	<u>(1,084)</u>	<u>7,921</u>
Cash and investments - ending	<u>\$ 634,791</u>	<u>\$ 24,784</u>	<u>\$ 46,870</u>	<u>\$ 276,380</u>	<u>\$ 38,387</u>	<u>\$ 8,455</u>	<u>\$ 1,529</u>	<u>\$ 66,261</u>

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

	Textbook Rental	Educational License Plates	SAFE School Haven	SC Elementary Computer	Community Corner Donations	Unity Foundation Grant 2011-2012	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ (3,151)	\$ 6,170	\$ -	\$ 7,075	\$ 2,782	\$ -	\$ 1,859	\$ 31,959
Receipts:								
Local sources	89,153	-	-	-	-	-	17	-
Intermediate sources	-	74	-	-	-	-	-	-
State sources	10,228	-	-	-	-	-	-	-
Federal sources	-	-	-	2,431	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	436	-	-	-	-	-	-	19,331
Total receipts	99,817	74	-	2,431	-	-	17	19,331
Disbursements:								
Current:								
Instruction	-	-	100	4,723	-	-	-	780
Support services	52,338	-	1,752	-	170	-	-	13,548
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	52,338	-	1,852	4,723	170	-	-	14,328
Excess (deficiency) of receipts over disbursements	47,479	74	(1,852)	(2,292)	(170)	-	17	5,003
Other financing sources (uses):								
Sale of capital assets	166	-	2,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	166	-	2,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,645	74	148	(2,292)	(170)	-	17	5,003
Cash and investments - ending	\$ 44,494	\$ 6,244	\$ 148	\$ 4,783	\$ 2,612	\$ -	\$ 1,876	\$ 36,962

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

	2009-2010 High Ability	2010-2011 High Ability	Teacher Quality Improvement Program	School Technology	Performance Based Awards	Access Indiana	Title I NCLB FY 09-10	Title I NCLB FY 10-11
Cash and investments - beginning	\$ 1,323	\$ -	\$ -	\$ 32,713	\$ 555	\$ 1,138	\$ 13,256	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	28,280	-	6,308	-	-	-	-
Federal sources	-	-	-	-	-	-	8,261	59,737
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	28,280	-	6,308	-	-	8,261	59,737
Disbursements:								
Current:								
Instruction	835	22,452	-	-	-	-	18,444	71,092
Support services	488	4,450	-	7,890	-	-	1,115	41
Noninstructional services	-	-	-	-	-	-	1,958	280
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,323	26,902	-	7,890	-	-	21,517	71,413
Excess (deficiency) of receipts over disbursements	(1,323)	1,378	-	(1,582)	-	-	(13,256)	(11,676)
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	(1,323)	1,378	-	(1,582)	-	-	(13,256)	(11,676)
Cash and investments - ending	\$ -	\$ 1,378	\$ -	\$ 31,131	\$ 555	\$ 1,138	\$ -	\$ (11,676)

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

	Title I NCLB FY 11-12	2008-2009 Safe and Drug Fee	2009-2010 Safe and Drug Fee	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ 1,560	\$ -	\$ 2,843	\$ 28,826	\$ -	\$ 34,438	\$ 1,705,033
Receipts:								
Local sources	-	-	-	-	-	-	-	2,542,773
Intermediate sources	-	-	-	-	-	-	-	109
State sources	-	-	-	-	-	-	-	4,797,268
Federal sources	-	-	493	19,928	23,780	17,202	-	263,481
Temporary loans	-	-	-	-	-	-	-	1,085,370
Other	-	-	-	-	-	-	1,045,511	1,071,453
Total receipts	-	-	493	19,928	23,780	17,202	1,045,511	9,760,454
Disbursements:								
Current:								
Instruction	-	920	-	26,786	5,167	24,412	-	3,540,146
Support services	-	640	-	-	29,295	-	-	2,361,761
Noninstructional services	-	-	-	-	1,005	-	-	513,091
Facilities acquisition and construction	-	-	493	-	-	-	-	279,999
Debt services	-	-	-	-	-	-	-	2,470,024
Nonprogrammed charges	-	-	-	-	-	-	1,047,322	1,047,322
Total disbursements	-	1,560	493	26,786	35,467	24,412	1,047,322	10,212,343
Excess (deficiency) of receipts over disbursements	-	(1,560)	-	(6,858)	(11,687)	(7,210)	(1,811)	(451,889)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	2,499
Transfers in	-	-	-	-	-	-	-	268,519
Transfers out	-	-	-	-	-	-	-	(268,519)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,499
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,560)	-	(6,858)	(11,687)	(7,210)	(1,811)	(449,390)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (4,015)	\$ 17,139	\$ (7,210)	\$ 32,627	\$ 1,255,643

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 634,791	\$ 24,784	\$ 46,870	\$ 276,380	\$ 38,387	\$ 8,455	\$ 1,529	\$ 66,261
Receipts:								
Local sources	762,785	1,427,480	135,218	1,003,001	687,016	131,925	-	275,100
Intermediate sources	738	-	-	-	-	-	-	-
State sources	5,085,557	-	-	-	-	-	-	6,755
Federal sources	-	-	-	-	-	-	-	149,024
Temporary loans	-	760,413	-	-	199,018	70,546	-	-
Other	6,037	-	-	70,169	2,698	-	-	446
Total receipts	<u>5,855,117</u>	<u>2,187,893</u>	<u>135,218</u>	<u>1,073,170</u>	<u>888,732</u>	<u>202,471</u>	<u>-</u>	<u>431,325</u>
Disbursements:								
Current:								
Instruction	3,468,182	-	-	-	-	-	797	-
Support services	1,326,017	-	-	422,968	496,745	93,478	118	1,182
Noninstructional services	99,962	-	-	-	-	-	-	425,881
Facilities acquisition and construction	-	-	-	313,602	-	-	-	23,145
Debt services	268,518	1,715,917	119,785	60,937	178,123	23,303	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,162,679</u>	<u>1,715,917</u>	<u>119,785</u>	<u>797,507</u>	<u>674,868</u>	<u>116,781</u>	<u>915</u>	<u>450,208</u>
Excess (deficiency) of receipts over disbursements	<u>692,438</u>	<u>471,976</u>	<u>15,433</u>	<u>275,663</u>	<u>213,864</u>	<u>85,690</u>	<u>(915)</u>	<u>(18,883)</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	632	-	-	-	-
Transfers in	268,519	-	-	-	-	-	-	-
Transfers out	-	(268,519)	-	-	-	-	-	-
Total other financing sources (uses)	<u>268,519</u>	<u>(268,519)</u>	<u>-</u>	<u>632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>960,957</u>	<u>203,457</u>	<u>15,433</u>	<u>276,295</u>	<u>213,864</u>	<u>85,690</u>	<u>(915)</u>	<u>(18,883)</u>
Cash and investments - ending	<u>\$ 1,595,748</u>	<u>\$ 228,241</u>	<u>\$ 62,303</u>	<u>\$ 552,675</u>	<u>\$ 252,251</u>	<u>\$ 94,145</u>	<u>\$ 614</u>	<u>\$ 47,378</u>

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

	Textbook Rental	Educational License Plates	SAFE School Haven	SC Elementary Computer	Community Corner Donations	Unity Foundation Grant 2011-2012	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ 44,494	\$ 6,244	\$ 148	\$ 4,783	\$ 2,612	\$ -	\$ 1,876	\$ 36,962
Receipts:								
Local sources	99,421	-	-	-	-	6,000	3	-
Intermediate sources	-	94	-	-	-	-	-	-
State sources	20,064	-	-	-	-	-	-	-
Federal sources	-	-	-	2,709	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	400	-	-	-	-	-	-	20,350
Total receipts	119,885	94	-	2,709	-	6,000	3	20,350
Disbursements:								
Current:								
Instruction	-	-	-	2,627	-	5,842	-	2,250
Support services	232,233	-	-	-	-	-	-	25,326
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	232,233	-	-	2,627	-	5,842	-	27,576
Excess (deficiency) of receipts over disbursements	(112,348)	94	-	82	-	158	3	(7,226)
Other financing sources (uses)								
Sale of capital assets	12	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	12	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(112,336)	94	-	82	-	158	3	(7,226)
Cash and investments - ending	\$ (67,842)	\$ 6,338	\$ 148	\$ 4,865	\$ 2,612	\$ 158	\$ 1,879	\$ 29,736

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

	2009-2010 High Ability	2010-2011 High Ability	Teacher Quality Improvement Program	School Technology	Performance Based Awards	Access Indiana	Title I NCLB FY 09-10	Title I NCLB FY 10-11
Cash and investments - beginning	\$ -	\$ 1,378	\$ -	\$ 31,131	\$ 555	\$ 1,138	\$ -	\$ (11,676)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	27,621	15,681	-	-	-	-
Federal sources	-	-	-	-	-	-	-	23,556
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	5,104	-	-	-	-
Total receipts	-	-	27,621	20,785	-	-	-	23,556
Disbursements:								
Current:								
Instruction	-	1,157	18,387	5,104	-	-	-	11,880
Support services	-	221	4,604	21,839	285	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,378	22,991	26,943	285	-	-	11,880
Excess (deficiency) of receipts over disbursements	-	(1,378)	4,630	(6,158)	(285)	-	-	11,676
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	-	(1,378)	4,630	(6,158)	(285)	-	-	11,676
Cash and investments - ending	\$ -	\$ -	\$ 4,630	\$ 24,973	\$ 270	\$ 1,138	\$ -	\$ -

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

	Title I NCLB FY 11-12	2008-2009 Safe and Drug Fee	2009-2010 Safe and Drug Fee	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (4,015)	\$ 17,139	\$ (7,210)	\$ 32,627	\$ 1,255,643
Receipts:								
Local sources	-	-	-	-	-	-	-	4,527,949
Intermediate sources	-	-	-	-	-	-	-	832
State sources	-	-	-	-	-	-	-	5,155,678
Federal sources	78,589	-	1,972	21,271	-	97,782	-	374,903
Temporary loans	-	-	-	-	-	-	-	1,029,977
Other	-	-	-	-	-	-	1,046,293	1,151,497
Total receipts	<u>78,589</u>	<u>-</u>	<u>1,972</u>	<u>21,271</u>	<u>-</u>	<u>97,782</u>	<u>1,046,293</u>	<u>12,240,836</u>
Disbursements:								
Current:								
Instruction	74,018	-	1,972	17,256	8,523	52,221	-	3,670,216
Support services	4,571	-	-	-	8,616	38,351	-	2,676,554
Noninstructional services	-	-	-	-	-	-	-	525,843
Facilities acquisition and construction	-	-	-	-	-	-	-	336,747
Debt services	-	-	-	-	-	-	-	2,366,583
Nonprogrammed charges	-	-	-	-	-	-	1,043,520	1,043,520
Total disbursements	<u>78,589</u>	<u>-</u>	<u>1,972</u>	<u>17,256</u>	<u>17,139</u>	<u>90,572</u>	<u>1,043,520</u>	<u>10,619,463</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,015</u>	<u>(17,139)</u>	<u>7,210</u>	<u>2,773</u>	<u>1,621,373</u>
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	-	-	-	644
Transfers in	-	-	-	-	-	-	-	268,519
Transfers out	-	-	-	-	-	-	-	(268,519)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,015</u>	<u>(17,139)</u>	<u>7,210</u>	<u>2,773</u>	<u>1,622,017</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,400</u>	<u>\$ 2,877,660</u>

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

SPECIAL EDUCATION PAYMENT

A portion of the payment for the special education program was posted to the wrong fund. For the Fiscal Year 2010-2011, the Capital Projects Fund portion of the special education costs (\$5,489.73) was paid by the General Fund. This portion should have been paid and posted to the Capital Projects Fund.

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)

DEPOSITS

Cash received for school lunch receipts were deposited later than the next business day for the month of May 2012. According to the Treasurer, the School Corporation's main bank closed one of their branches in 2010 which was used by the School Corporation for daily deposits. The closest bank is 14 miles away and in order to save money, the School Corporation decided to deposit cash at least twice a week. Checks were to be deposited daily electronically. Our test revealed that this process is being followed by the staff; however there is no consistency on the days the deposits are made.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

OVERDRAWN FUND BALANCE

The Textbook Rental Fund was overdrawn \$67,842 at June 30, 2012.

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

OLD OUTSTANDING CHECKS (WARRANTS) (Applies to South Central Jr./Sr. High School)

Our review of the bank reconcilements as of June 30, 2012, revealed (checks, warrants) outstanding in excess of two years totaling \$1,432. These checks were written between January 8, 2007 and December 29, 2009, and range from \$2 to \$225.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

PRESCRIBED FORMS (Applies to South Central Jr./Sr. High School)

The following prescribed or approved forms were not in use during the examination period: Summary Collection Form (SA-8) and Accountable Items Review Form (SA-9).

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

Summary Collection Form (SA-8) is prenumbered and to be prepared in duplicate by the sponsor. The original goes to the extra-curricular treasurer to be retained in numerical order and the duplicate is to be retained in numerical order by the sponsor.

A sponsor for the purpose of Form (SA-8) is the teacher or other person in charge of a classroom or function collecting money. Form SA-8 is to be used as a transmittal document each time fundraiser or field trip money is reported from the sponsor to the extra-curricular treasurer. Form SA-8 can be used at the discretion of school officials to account for other items. Space is provided to list check numbers and amounts as applicable.

Accountable Items Review Form (SA-9) is prenumbered and to be prepared in duplicate by the treasurer. The original copy goes to the principal with the duplicate to be retained in numerical order by the treasurer.

Form SA-9 is to be used at least once a year at the end of the school year. The form is to be used to help account for beverages sold from vending machines. However, the form can be used at the discretion of school officials to account for other items such as, concessions, books, etc.

Form SA-9 is not designed to account for revenue from "exclusive or franchise contracts". (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE (Applies to South Central Jr./Sr. High School)

Receipts were not always issued or recorded in a timely manner.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TIMELY DEPOSITS (Applies to South Central Jr./Sr. High School)

Receipts issued for fiscal year 2012 were not deposited without unreasonable delay. For the fiscal year July 1, 2011 to June 30, 2012, there were only 13 deposits. The amounts per deposit ranged from \$1,933 to \$42,970. At one point in time, there were 51 days in between deposits.

Indiana Code 20-41-1-9(a) states in part: "The Treasurer shall deposit all receipts in one (1) bank account. The receipts shall be deposited without unreasonable delay . . ."

CONCESSIONS - ATHLETIC OFFICE (Applies to South Central Jr./Sr. High School)

Inventories and reconcilements to purchases and sales concerning the Concession Stand for the South Central Jr./Sr. High School were not performed by High School personnel. For fiscal year 2011 and fiscal year 2012, there were large shortages noted between the calculated revenue and actual revenue reported on the SA-5-3 Reports. Using a conservative approach of a 10 percent markup on non-pop related items the shortages for fiscal year 2011 and fiscal year 2012 were \$6,373 and \$7,129 respectively. Possible explanations for the discrepancies include the lack of inventories (Form SA-9) at the beginning and ending of each event, complimentary distributions, missing products, or missing money.

Internal Controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide accurate accounting. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

SOUTH CENTRAL COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2012, with Kara S. Schoch, Treasurer; Christopher A. Smith, Superintendent of Schools; and David Howell, Jr., President of the School Board. The officials concurred with our findings.