

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

AUDIT REPORT  
OF  
SMITH-GREEN COMMUNITY SCHOOLS  
WHITLEY COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
03/02/2010



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynn A. Leininger	01-01-07 to 01-06-08
	Yvonne Bianski (Interim)	01-07-08 to 03-02-08
	Adam Skiles	03-03-08 to 01-03-10
	Yvonne Bianski (Interim)	01-04-10 to 06-30-10
Superintendent of Schools	Carol A. Kaiser	07-01-07 to 11-01-08
	Vacant	11-02-08 to 11-11-08
	Bruce Hippensteel (Interim)	11-12-08 to 06-30-09
	Steve Darnell	07-01-09 to 06-30-10
President of the School Board	Robert C. Amber	01-01-07 to 12-31-07
	Paul Bowser	01-01-08 to 05-30-08
	Tanya Young	05-31-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Smith-Green Community Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 3, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

February 3, 2010



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

TO: THE OFFICIALS OF THE SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

We have audited the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Smith-Green Community Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

February 3, 2010



SMITH-GREEN COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,544,332	\$ -	\$ 82,252	\$ (5,462,080)
Support services	3,428,455	298,665	119,815	(3,009,975)
Noninstructional services	468,798	-	-	(468,798)
Facilities acquisition and construction	394,167	-	-	(394,167)
Debt service	1,772,861	-	-	(1,772,861)
Nonprogrammed charges	193,086	-	-	(193,086)
Total governmental activities	<u>\$ 11,801,699</u>	<u>\$ 298,665</u>	<u>\$ 202,067</u>	<u>(11,300,967)</u>
General receipts:				
Property taxes				3,603,037
Other local sources				904,239
State aid				5,433,937
Bonds and loans				1,958,073
Grants and contributions not restricted to specific programs				437,640
Sale of property				27,178
Investment earnings				81,947
Total general receipts				<u>12,446,051</u>
Change in net assets				1,145,084
Net assets - beginning				<u>593,886</u>
Net assets - ending				<u>\$ 1,738,970</u>
<u>Assets</u>				
Cash and investments				\$ 1,590,180
Restricted assets:				
Cash and investments				<u>148,790</u>
Total assets				<u>\$ 1,738,970</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 148,790
Unrestricted				<u>1,590,180</u>
Total net assets				<u>\$ 1,738,970</u>

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

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

<u>Functions/Programs</u>	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 4,755,968	\$ -	\$ 89,847	\$ (4,666,121)
Support services	3,661,635	312,033	206,601	(3,143,001)
Noninstructional services	498,997	-	-	(498,997)
Facilities acquisition and construction	358,144	-	-	(358,144)
Debt service	2,536,150	-	-	(2,536,150)
Nonprogrammed charges	182,644	-	-	(182,644)
Total governmental activities	\$ 11,993,538	\$ 312,033	\$ 296,448	(11,385,057)
General receipts:				
Property taxes				4,242,875
Other local sources				938,658
State aid				6,003,716
Bonds and loans				328,784
Grants and contributions not restricted to specific programs				1,219,849
Sale of property				400
Investment earnings				21,475
Total general receipts				12,755,757
Change in net assets				1,370,700
Net assets - beginning				1,738,970
Net assets - ending				\$ 3,109,670
<u>Assets</u>				
Cash and investments				\$ 2,906,387
Restricted assets:				
Cash and investments				203,283
Total assets				\$ 3,109,670
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 203,283
Unrestricted				2,906,387
Total net assets				\$ 3,109,670

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

SMITH-GREEN COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Capital Projects	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 2,186,747	\$ 1,043,442	\$ 1,656,943	\$ 4,887,132
Intermediate sources	42	-	713	755
State sources	5,487,577	-	101,858	5,589,435
Federal sources	-	-	484,210	484,210
Temporary loans	1,666,808	-	291,265	1,958,073
Interfund loans	-	-	130,000	130,000
	<u>9,341,174</u>	<u>1,043,442</u>	<u>2,664,989</u>	<u>13,049,605</u>
<b>Total receipts</b>				
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	5,180,317	-	364,015	5,544,332
Support services	2,042,780	588,271	797,404	3,428,455
Noninstructional services	94,679	-	374,119	468,798
Facilities acquisition and construction	23,464	370,703	-	394,167
Debt services	707,808	-	1,065,053	1,772,861
Nonprogrammed charges	181,831	-	11,255	193,086
Interfund loans	130,000	-	-	130,000
	<u>8,360,879</u>	<u>958,974</u>	<u>2,611,846</u>	<u>11,931,699</u>
<b>Total disbursements</b>				
Excess of receipts over disbursements	<u>980,295</u>	<u>84,468</u>	<u>53,143</u>	<u>1,117,906</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	16,703	7,734	2,741	27,178
Transfers in	410	-	52,136	52,546
Transfers out	-	-	(52,546)	(52,546)
	<u>17,113</u>	<u>7,734</u>	<u>2,331</u>	<u>27,178</u>
<b>Total other financing sources (uses)</b>				
Excess of receipts and other financing sources over disbursements and other financing uses	997,408	92,202	55,474	1,145,084
Cash and investments - beginning	<u>25,908</u>	<u>344,461</u>	<u>223,517</u>	<u>593,886</u>
Cash and investments - ending	<u>\$ 1,023,316</u>	<u>\$ 436,663</u>	<u>\$ 278,991</u>	<u>\$ 1,738,970</u>
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	\$ 1,023,316	\$ 436,663	\$ 130,201	\$ 1,590,180
Restricted assets:				
Cash and investments	-	-	148,790	148,790
Total cash and investment assets - ending	<u>\$ 1,023,316</u>	<u>\$ 436,663</u>	<u>\$ 278,991</u>	<u>\$ 1,738,970</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
Restricted for:				
Debt service	\$ -	\$ -	\$ 148,790	\$ 148,790
Unrestricted	<u>1,023,316</u>	<u>436,663</u>	<u>130,201</u>	<u>1,590,180</u>
Total cash and investment fund balance - ending	<u>\$ 1,023,316</u>	<u>\$ 436,663</u>	<u>\$ 278,991</u>	<u>\$ 1,738,970</u>

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

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

	General	Capital Projects	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 2,289,243	\$ 1,259,589	\$ 1,965,271	\$ 5,514,103
Intermediate sources	84	-	853	937
State sources	6,063,385	-	176,648	6,240,033
Federal sources	-	-	1,279,981	1,279,981
Temporary loans	-	-	328,784	328,784
Interfund loans	130,000	-	-	130,000
	<u>8,482,712</u>	<u>1,259,589</u>	<u>3,751,537</u>	<u>13,493,838</u>
<b>Total receipts</b>				
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	4,031,752	-	724,216	4,755,968
Support services	2,062,567	645,811	953,257	3,661,635
Noninstructional services	90,432	-	408,565	498,997
Facilities acquisition and construction	-	358,144	-	358,144
Debt services	1,668,794	-	867,356	2,536,150
Nonprogrammed charges	182,644	-	-	182,644
Interfund loans	-	-	130,000	130,000
	<u>8,036,189</u>	<u>1,003,955</u>	<u>3,083,394</u>	<u>12,123,538</u>
<b>Total disbursements</b>				
Excess of receipts over disbursements	<u>446,523</u>	<u>255,634</u>	<u>668,143</u>	<u>1,370,300</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	400	-	-	400
Transfers in	75,343	-	863	76,206
Transfers out	-	-	(76,206)	(76,206)
	<u>75,743</u>	<u>-</u>	<u>(75,343)</u>	<u>400</u>
<b>Total other financing sources (uses)</b>				
Excess of receipts and other financing sources over disbursements and other financing uses	522,266	255,634	592,800	1,370,700
Cash and investments - beginning	<u>1,023,316</u>	<u>436,663</u>	<u>278,991</u>	<u>1,738,970</u>
Cash and investments - ending	<u>\$ 1,545,582</u>	<u>\$ 692,297</u>	<u>\$ 871,791</u>	<u>\$ 3,109,670</u>
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	\$ 1,545,582	\$ 692,297	\$ 668,508	\$ 2,906,387
Restricted assets:				
Cash and investments	-	-	203,283	203,283
Total cash and investment assets - ending	<u>\$ 1,545,582</u>	<u>\$ 692,297</u>	<u>\$ 871,791</u>	<u>\$ 3,109,670</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
Restricted for:				
Debt service	\$ -	\$ -	\$ 203,283	\$ 203,283
Unrestricted	<u>1,545,582</u>	<u>692,297</u>	<u>668,508</u>	<u>2,906,387</u>
Total cash and investment fund balance - ending	<u>\$ 1,545,582</u>	<u>\$ 692,297</u>	<u>\$ 871,791</u>	<u>\$ 3,109,670</u>

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

SMITH-GREEN COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 39,492
Investment earnings:		
Interest	<u>3,353</u>	<u>-</u>
Total additions	<u>3,353</u>	<u>39,492</u>
Deductions:		
Benefits	76,905	-
Administrative and general	<u>-</u>	<u>17,843</u>
Total deductions	<u>76,905</u>	<u>17,843</u>
Excess (deficiency) of total additions over total deductions	(73,552)	21,649
Cash and investment fund balance - beginning	<u>788,694</u>	<u>2,296</u>
Cash and investment fund balance - ending	<u>\$ 715,142</u>	<u>\$ 23,945</u>
Net assets:		
Cash and investments	<u>\$ 715,142</u>	<u>\$ 23,945</u>
Total net assets - cash and investment basis held in trust	<u>\$ 715,142</u>	<u>\$ 23,945</u>

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

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

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 21,428
Deductions:		
Benefits	59,145	-
Administrative and general	<u>-</u>	<u>24,885</u>
Total deductions	<u>59,145</u>	<u>24,885</u>
Deficiency of total additions over total deductions	(59,145)	(3,457)
Cash and investment fund balance - beginning	<u>715,142</u>	<u>23,945</u>
Cash and investment fund balance - ending	<u>\$ 655,997</u>	<u>\$ 20,488</u>
Net assets:		
Cash and investments	<u>\$ 655,997</u>	<u>\$ 20,488</u>
Total net assets - cash and investment basis held in trust	<u>\$ 655,997</u>	<u>\$ 20,488</u>

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

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Smith-Green Community Schools

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

Joint Venture

The School Corporation is a participant with the Metropolitan School District of Southwest Allen County and Northwest Allen County School Corporation in a joint venture to operate Smith-Green West Allen Special Education Cooperative, which was created to develop and provide special education programs. The School Corporation is obligated by contract to remit its proportionate share of the total costs annually to supplement the program. The Smith-Green West Allen Special Education Cooperative's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Smith-Green West Allen Special Education Cooperative can be obtained from the office of the Metropolitan School District of Southwest Allen County at 4824 Homestead Road, Fort Wayne, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

The School Corporation reports the following major governmental funds:

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

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the retirement/severance fund which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the students.

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

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

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



SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	June 30, 2008	June 30, 2009
IDEA Grant Carryover	\$ 4,713	\$ -
Title IV, Drug Free 2006	862	-
Title II Part A, 2005	11,532	11,532
IDEA, Part B 2009-10	-	34
IDEA, Part B 2008-09	-	18,929
IDEA Grant 2008-09	-	3,089
PLTW 2008-09	-	484
School Board Scholarship	200	-
Hands Healthy Choice	-	7

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

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

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Other governmental funds	General Fund	\$ 410	\$ 75,343
Other governmental funds	Other governmental funds	<u>52,136</u>	<u>863</u>
Totals		<u>\$ 52,546</u>	<u>\$ 76,206</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent reclassification of funds.

<u>Opinion Unit</u>	<u>Balance as Reported June 30, 2007</u>	<u>Fund Reclassification</u>	<u>Balance as Restated July 1, 2007</u>
Governmental funds	\$ 605,475	\$ (11,589)	\$ 593,886
Private-purpose trust funds	(9,293)	11,589	2,296

IV. Other Information

A. Risk Management

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

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

During 1985, the School Corporation joined the School Employees' Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for 14 member governmental entities. This risk pool was formed in 1980. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporations

The School Corporation has entered into capital leases with Smith-Green School House Holding Corporation (the lessor) and Smith-Green Multi-School Building Corporation (the lessor). Smith-Green School House Holding Corporation was organized as a for profit corporation and Smith-Green Multi-School Building Corporation was organized as a not for profit corporation pursuant to state statutes for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2008 totaled \$195,225. The lease with Smith-Green School House Holding Corporation was paid in full July 31, 2007. The lease with Smith-Green Multi-School Building Corporation did not have any payments made during the audit period.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

School Employees Benefit Trust Healthcare Plan is a single-employer defined benefit healthcare plan administered by Allied Benefit Systems, Inc. The plan provides medical insurance to eligible retirees. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation. The School Employees Benefit Trust Healthcare Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Allied Benefit Systems, Inc.  
208 S. LaSalle Street #1300  
Chicago, IL 60604  
1-800-288-2078

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 133,502
Interest on net pension obligation	(11,500)
Adjustment to annual required contribution	13,105
Annual pension cost	135,107
Contributions made	101,551
Increase in net pension obligation	33,556
Net pension obligation, beginning of year	(158,619)
Net pension obligation, end of year	\$ (125,063)

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 95,923	103%	\$ (187,943)
	06-30-07	130,809	78%	(158,619)
	06-30-08	135,107	75%	(125,063)

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

Teachers' Retirement Fund

Plan Description

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



SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$189,831, \$190,052, and \$172,936, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

SMITH-GREEN COMMUNITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,650,234	\$ 1,973,659	\$ (323,425)	84%	\$ 1,675,514	(19%)
07-01-07	1,916,290	2,286,310	(370,020)	84%	1,671,299	(22%)
07-01-08	2,006,315	2,355,839	(349,524)	85%	1,470,670	(24%)

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational Plate Fee	Safe Haven School	State High Ability Grant
<b>Receipts:</b>							
Local sources	\$ 398,745	\$ 6,051	\$ 300,417	\$ 111,262	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	713	-	-
State sources	-	31,137	7,616	20,777	-	-	30,978
Federal sources	-	-	89,056	-	-	-	-
Temporary loans	82,484	-	-	-	-	-	-
Interfund loans	130,000	-	-	-	-	-	-
<b>Total receipts</b>	<b>611,229</b>	<b>37,188</b>	<b>397,089</b>	<b>132,039</b>	<b>713</b>	<b>-</b>	<b>30,978</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	20,137	-	-	-	-	27,021
Support services	514,657	-	158	120,719	-	-	-
Noninstructional services	-	-	373,287	-	-	-	-
Debt services	161,810	-	-	-	-	-	-
Nonprogrammed charges	-	11,255	-	-	-	-	-
<b>Total disbursements</b>	<b>676,467</b>	<b>31,392</b>	<b>373,445</b>	<b>120,719</b>	<b>-</b>	<b>-</b>	<b>27,021</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(65,238)</b>	<b>5,796</b>	<b>23,644</b>	<b>11,320</b>	<b>713</b>	<b>-</b>	<b>3,957</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	2,741	-	-	-	-	-	-
Transfers in	-	-	-	5,552	-	-	-
Transfers out	-	-	-	(410)	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,741</b>	<b>-</b>	<b>-</b>	<b>5,142</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(62,497)</b>	<b>5,796</b>	<b>23,644</b>	<b>16,462</b>	<b>713</b>	<b>-</b>	<b>3,957</b>
<b>Cash and investments - beginning</b>	<b>65,146</b>	<b>22,838</b>	<b>(6,610)</b>	<b>(13,210)</b>	<b>1,349</b>	<b>52</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 2,649</b>	<b>\$ 28,634</b>	<b>\$ 17,034</b>	<b>\$ 3,252</b>	<b>\$ 2,062</b>	<b>\$ 52</b>	<b>\$ 3,957</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,649	\$ 28,634	\$ 17,034	\$ 3,252	\$ 2,062	\$ 52	\$ 3,957
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2,649</b>	<b>\$ 28,634</b>	<b>\$ 17,034</b>	<b>\$ 3,252</b>	<b>\$ 2,062</b>	<b>\$ 52</b>	<b>\$ 3,957</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,649	28,634	17,034	3,252	2,062	52	3,957
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,649</b>	<b>\$ 28,634</b>	<b>\$ 17,034</b>	<b>\$ 3,252</b>	<b>\$ 2,062</b>	<b>\$ 52</b>	<b>\$ 3,957</b>

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Extra-Curricular Account	Non-English Speaking	Indiana School Academic Improvement	Title I 2006-07	Title I 2007-08	School Improvement Title I 2007-08	Title VI Part A 2005-06
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	11,350	-	-	-	-	-	-
Federal sources	-	-	-	10,869	138,019	28,478	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>11,350</b>	<b>-</b>	<b>-</b>	<b>10,869</b>	<b>138,019</b>	<b>28,478</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	123,992	5,798	-
Support services	11,350	-	-	-	5,604	21,715	400
Noninstructional services	-	-	-	-	832	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>11,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,428</b>	<b>27,513</b>	<b>400</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,869</b>	<b>7,591</b>	<b>965</b>	<b>(400)</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	13,829	-	-
Transfers out	-	-	-	(13,829)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,829)</b>	<b>13,829</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,960)</b>	<b>21,420</b>	<b>965</b>	<b>(400)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>39</b>	<b>285</b>	<b>2,960</b>	<b>-</b>	<b>-</b>	<b>400</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 39</b>	<b>\$ 285</b>	<b>\$ -</b>	<b>\$ 21,420</b>	<b>\$ 965</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 39	\$ 285	\$ -	\$ 21,420	\$ 965	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 39</b>	<b>\$ 285</b>	<b>\$ -</b>	<b>\$ 21,420</b>	<b>\$ 965</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	39	285	-	21,420	965	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 39</b>	<b>\$ 285</b>	<b>\$ -</b>	<b>\$ 21,420</b>	<b>\$ 965</b>	<b>\$ -</b>

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	IDEA Grant	IDEA Grant Carryover	IDEA Grant 2006 Carryover	Title IV Drug Free 2006	Title IV, Part A 2007-08	Title II Part A, 2005	Title II Part D
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	174,563	36,321	-	3,497	3,407	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>174,563</b>	<b>36,321</b>	<b>-</b>	<b>3,497</b>	<b>3,407</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	141,994	41,034	4,039	-	-	-	-
Support services	-	-	-	-	2,000	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>141,994</b>	<b>41,034</b>	<b>4,039</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>32,569</b>	<b>(4,713)</b>	<b>(4,039)</b>	<b>3,497</b>	<b>1,407</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	19,433	-	-	11,532	-
Transfers out	-	(19,433)	-	-	-	-	(1,790)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(19,433)</b>	<b>19,433</b>	<b>-</b>	<b>-</b>	<b>11,532</b>	<b>(1,790)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>32,569</b>	<b>(24,146)</b>	<b>15,394</b>	<b>3,497</b>	<b>1,407</b>	<b>11,532</b>	<b>(1,790)</b>
<b>Cash and investments - beginning</b>	<b>(1,299)</b>	<b>19,433</b>	<b>(15,394)</b>	<b>(4,359)</b>	<b>-</b>	<b>(11,532)</b>	<b>1,790</b>
<b>Cash and investments - ending</b>	<b>\$ 31,270</b>	<b>\$ (4,713)</b>	<b>\$ -</b>	<b>\$ (862)</b>	<b>\$ 1,407</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 31,270	\$ (4,713)	\$ -	\$ (862)	\$ 1,407	\$ -	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 31,270</b>	<b>\$ (4,713)</b>	<b>\$ -</b>	<b>\$ (862)</b>	<b>\$ 1,407</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31,270	(4,713)	-	(862)	1,407	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 31,270</b>	<b>\$ (4,713)</b>	<b>\$ -</b>	<b>\$ (862)</b>	<b>\$ 1,407</b>	<b>\$ -</b>	<b>\$ -</b>

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title II Part A, 2005	Title II Part D	Debt Service	Retirement Severance Bond	School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 464,748	\$ 275,410	\$ 100,310	\$ 1,656,943
Intermediate sources	-	-	-	-	-	713
State sources	-	-	-	-	-	101,858
Federal sources	-	-	-	-	-	484,210
Temporary loans	-	-	73,598	135,183	-	291,265
Interfund loans	-	-	-	-	-	130,000
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>538,346</b>	<b>410,593</b>	<b>100,310</b>	<b>2,664,989</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	364,015
Support services	-	-	-	-	120,801	797,404
Noninstructional services	-	-	-	-	-	374,119
Debt services	-	-	546,396	356,847	-	1,065,053
Nonprogrammed charges	-	-	-	-	-	11,255
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>546,396</b>	<b>356,847</b>	<b>120,801</b>	<b>2,611,846</b>
Excess (deficiency) of receipts over disbursements	-	-	(8,050)	53,746	(20,491)	53,143
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	2,741
Transfers in	-	1,790	-	-	-	52,136
Transfers out	(11,532)	-	(5,552)	-	-	(52,546)
<b>Total other financing sources (uses)</b>	<b>(11,532)</b>	<b>1,790</b>	<b>(5,552)</b>	<b>-</b>	<b>-</b>	<b>2,331</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,532)	1,790	(13,602)	53,746	(20,491)	55,474
Cash and investments - beginning	-	-	24,792	83,854	52,983	223,517
Cash and investments - ending	<u>\$ (11,532)</u>	<u>\$ 1,790</u>	<u>\$ 11,190</u>	<u>\$ 137,600</u>	<u>\$ 32,492</u>	<u>\$ 278,991</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (11,532)	\$ 1,790	\$ -	\$ -	\$ 32,492	\$ 130,201
<b>Restricted assets:</b>						
Cash and investments	-	-	11,190	137,600	-	148,790
<b>Total cash and investment assets - ending</b>	<b><u>\$ (11,532)</u></b>	<b><u>\$ 1,790</u></b>	<b><u>\$ 11,190</u></b>	<b><u>\$ 137,600</u></b>	<b><u>\$ 32,492</u></b>	<b><u>\$ 278,991</u></b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ 11,190	\$ 137,600	\$ -	\$ 148,790
Unrestricted	(11,532)	1,790	-	-	32,492	130,201
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (11,532)</u></b>	<b><u>\$ 1,790</u></b>	<b><u>\$ 11,190</u></b>	<b><u>\$ 137,600</u></b>	<b><u>\$ 32,492</u></b>	<b><u>\$ 278,991</u></b>

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

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational Plate Fee	Safe Haven School	Early Intervention
<b>Receipts:</b>							
Local sources	\$ 505,594	\$ 6,463	\$ 304,640	\$ 110,254	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	853	-	-
State sources	-	29,214	7,664	20,042	-	-	20,000
Federal sources	-	-	178,095	-	-	-	-
Temporary loans	<u>286,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>791,658</u>	<u>35,677</u>	<u>490,399</u>	<u>130,296</u>	<u>853</u>	<u>-</u>	<u>20,000</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	37,449	-	-	-	-	16,566
Support services	356,437	-	151	104,286	-	-	-
Noninstructional services	-	-	385,658	-	-	-	-
Debt services	82,598	-	-	-	-	-	-
Interfund loans	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>569,035</u>	<u>37,449</u>	<u>385,809</u>	<u>104,286</u>	<u>-</u>	<u>-</u>	<u>16,566</u>
Excess (deficiency) of receipts over disbursements	<u>222,623</u>	<u>(1,772)</u>	<u>104,590</u>	<u>26,010</u>	<u>853</u>	<u>-</u>	<u>3,434</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	222,623	(1,772)	104,590	26,010	853	-	3,434
Cash and investments - beginning	<u>2,649</u>	<u>28,634</u>	<u>17,034</u>	<u>3,252</u>	<u>2,062</u>	<u>52</u>	<u>-</u>
Cash and investments - ending	<u>\$ 225,272</u>	<u>\$ 26,862</u>	<u>\$ 121,624</u>	<u>\$ 29,262</u>	<u>\$ 2,915</u>	<u>\$ 52</u>	<u>\$ 3,434</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 225,272	\$ 26,862	\$ 121,624	\$ 29,262	\$ 2,915	\$ 52	\$ 3,434
Restricted assets:							
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ 225,272</u>	<u>\$ 26,862</u>	<u>\$ 121,624</u>	<u>\$ 29,262</u>	<u>\$ 2,915</u>	<u>\$ 52</u>	<u>\$ 3,434</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>225,272</u>	<u>26,862</u>	<u>121,624</u>	<u>29,262</u>	<u>2,915</u>	<u>52</u>	<u>3,434</u>
Total cash and investment fund balance - ending	<u>\$ 225,272</u>	<u>\$ 26,862</u>	<u>\$ 121,624</u>	<u>\$ 29,262</u>	<u>\$ 2,915</u>	<u>\$ 52</u>	<u>\$ 3,434</u>

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

	State High Ability Grant	Extra-Curricular Account	Non-English Speaking	Indiana School Academic Improvement	Technology Planning Grant	State High Ability Grant 2008-09
<b>Receipts:</b>						
Local sources	\$ -	\$ 501	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	68,750	30,978
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>501</b>	<b>-</b>	<b>-</b>	<b>68,750</b>	<b>30,978</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	3,633	-	-	-	-	27,430
Support services	324	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,957</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,430</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,957)</b>	<b>501</b>	<b>-</b>	<b>-</b>	<b>68,750</b>	<b>3,548</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,957)</b>	<b>501</b>	<b>-</b>	<b>-</b>	<b>68,750</b>	<b>3,548</b>
<b>Cash and investments - beginning</b>	<b>3,957</b>	<b>-</b>	<b>39</b>	<b>285</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 501</b>	<b>\$ 39</b>	<b>\$ 285</b>	<b>\$ 68,750</b>	<b>\$ 3,548</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 501	\$ 39	\$ 285	\$ 68,750	\$ 3,548
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 501</b>	<b>\$ 39</b>	<b>\$ 285</b>	<b>\$ 68,750</b>	<b>\$ 3,548</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	501	39	285	68,750	3,548
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 501</b>	<b>\$ 39</b>	<b>\$ 285</b>	<b>\$ 68,750</b>	<b>\$ 3,548</b>



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

	Title I 2007-08	Title I 2008-09	School Improvement Title I 2007-08	Title V, Part A 2006-07	Title V, Part A 2007-08	IDEA, Part B 2009-10
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	118,784	-	1,725	1,895	-
Temporary loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>118,784</b>	<b>-</b>	<b>1,725</b>	<b>1,895</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	78	95,385	-	-	-	-
Support services	8,007	6,777	965	-	-	34
Noninstructional services	-	301	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,085</b>	<b>102,463</b>	<b>965</b>	<b>-</b>	<b>-</b>	<b>34</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(8,085)</b>	<b>16,321</b>	<b>(965)</b>	<b>1,725</b>	<b>1,895</b>	<b>(34)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,725)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,725)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(8,085)</b>	<b>16,321</b>	<b>(965)</b>	<b>-</b>	<b>1,895</b>	<b>(34)</b>
Cash and investments - beginning	21,420	-	965	-	-	-
Cash and investments - ending	<u>\$ 13,335</u>	<u>\$ 16,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895</u>	<u>\$ (34)</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 13,335	\$ 16,321	\$ -	\$ -	\$ 1,895	\$ (34)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 13,335</u>	<u>\$ 16,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895</u>	<u>\$ (34)</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13,335	16,321	-	-	1,895	(34)
<b>Total cash and investment fund balance - ending</b>	<u>\$ 13,335</u>	<u>\$ 16,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895</u>	<u>\$ (34)</u>

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

	IDEA Grant	IDEA, Part B 2008-09	IDEA Grant Carryover	IDEA Grant 2008-09	Title IV, Part A 2008-09	Title IV Drug Free 2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	9,929	177,720	4,729	53,793	2,952	-
Temporary loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>9,929</b>	<b>177,720</b>	<b>4,729</b>	<b>53,793</b>	<b>2,952</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,285	32,927	-	56,489	-	-
Support services	-	163,722	-	393	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,285</b>	<b>196,649</b>	<b>-</b>	<b>56,882</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>7,644</b>	<b>(18,929)</b>	<b>4,729</b>	<b>(3,089)</b>	<b>2,952</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	863
Transfers out	-	-	-	-	-	(1)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>862</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>7,644</b>	<b>(18,929)</b>	<b>4,729</b>	<b>(3,089)</b>	<b>2,952</b>	<b>862</b>
<b>Cash and investments - beginning</b>	<b>31,270</b>	<b>-</b>	<b>(4,713)</b>	<b>-</b>	<b>-</b>	<b>(862)</b>
<b>Cash and investments - ending</b>	<b>\$ 38,914</b>	<b>\$ (18,929)</b>	<b>\$ 16</b>	<b>\$ (3,089)</b>	<b>\$ 2,952</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 38,914	\$ (18,929)	\$ 16	\$ (3,089)	\$ 2,952	\$ -
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 38,914</b>	<b>\$ (18,929)</b>	<b>\$ 16</b>	<b>\$ (3,089)</b>	<b>\$ 2,952</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	38,914	(18,929)	16	(3,089)	2,952	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 38,914</b>	<b>\$ (18,929)</b>	<b>\$ 16</b>	<b>\$ (3,089)</b>	<b>\$ 2,952</b>	<b>\$ -</b>

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

	Title IV, Part A 2007-08	PLTW 2008-09	Title II Part A, 2005	Title II, Part A 2006-07	Title II, Part A 2007-08	Title II Part D
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	36,641	37,839	-
Temporary loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,641</b>	<b>37,839</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	484	-	-	-	-
Support services	1,407	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,407</b>	<b>484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,407)</b>	<b>(484)</b>	<b>-</b>	<b>36,641</b>	<b>37,839</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(36,641)	(37,839)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36,641)</b>	<b>(37,839)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,407)</b>	<b>(484)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>1,407</b>	<b>-</b>	<b>(11,532)</b>	<b>-</b>	<b>-</b>	<b>1,790</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ (484)</b>	<b>\$ (11,532)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,790</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ (484)	\$ (11,532)	\$ -	\$ -	\$ 1,790
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (484)</b>	<b>\$ (11,532)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,790</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(484)	(11,532)	-	-	1,790
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (484)</b>	<b>\$ (11,532)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,790</b>

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

	Fiscal Stabilization Grant	Debt Service	Retirement Severance Bond	School Bus Replacement	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 498,591	\$ 297,940	\$ 241,288	\$ 1,965,271
Intermediate sources	-	-	-	-	853
State sources	-	-	-	-	176,648
Federal sources	655,879	-	-	-	1,279,981
Temporary loans	-	19,326	23,394	-	328,784
	<u>655,879</u>	<u>517,917</u>	<u>321,334</u>	<u>241,288</u>	<u>3,751,537</u>
<b>Total receipts</b>					
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	451,490	-	-	-	724,216
Support services	134,645	-	-	176,109	953,257
Noninstructional services	22,606	-	-	-	408,565
Debt services	-	389,383	395,375	-	867,356
Interfund loans	-	-	-	-	130,000
	<u>608,741</u>	<u>389,383</u>	<u>395,375</u>	<u>176,109</u>	<u>3,083,394</u>
<b>Total disbursements</b>					
Excess (deficiency) of receipts over disbursements	<u>47,138</u>	<u>128,534</u>	<u>(74,041)</u>	<u>65,179</u>	<u>668,143</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	863
Transfers out	-	-	-	-	(76,206)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,343)</u>
<b>Total other financing sources (uses)</b>					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,138	128,534	(74,041)	65,179	592,800
Cash and investments - beginning	-	11,190	137,600	32,492	278,991
Cash and investments - ending	<u>\$ 47,138</u>	<u>\$ 139,724</u>	<u>\$ 63,559</u>	<u>\$ 97,671</u>	<u>\$ 871,791</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 47,138	\$ -	\$ -	\$ 97,671	\$ 668,508
Restricted assets:					
Cash and investments	-	139,724	63,559	-	203,283
	<u>\$ 47,138</u>	<u>\$ 139,724</u>	<u>\$ 63,559</u>	<u>\$ 97,671</u>	<u>\$ 871,791</u>
<b>Total cash and investment assets - ending</b>					
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ 139,724	\$ 63,559	\$ -	\$ 203,283
Unrestricted	47,138	-	-	97,671	668,508
	<u>\$ 47,138</u>	<u>\$ 139,724</u>	<u>\$ 63,559</u>	<u>\$ 97,671</u>	<u>\$ 871,791</u>
<b>Total cash and investment fund balance - ending</b>					

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	DEKKO Kindergarten	Hands Foundation Grant	DEKKO Teaching Excellence	DEKKO Guided Reading	Industrial Technology	DEKKO Copernicus Project
Additions:						
Contributions:						
Other	\$ -	\$ 1,152	\$ -	\$ -	\$ -	\$ -
Deductions:						
Administrative and general	-	275	500	-	-	-
Excess (deficiency) of total additions over total deductions	-	877	(500)	-	-	-
Cash and investment fund balance - beginning	2,970	-	2,308	356	155	5,800
Cash and investments - June 30	<u>\$ 2,970</u>	<u>\$ 877</u>	<u>\$ 1,808</u>	<u>\$ 356</u>	<u>\$ 155</u>	<u>\$ 5,800</u>
Net assets:						
Cash and investments	<u>\$ 2,970</u>	<u>\$ 877</u>	<u>\$ 1,808</u>	<u>\$ 356</u>	<u>\$ 155</u>	<u>\$ 5,800</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,970</u>	<u>\$ 877</u>	<u>\$ 1,808</u>	<u>\$ 356</u>	<u>\$ 155</u>	<u>\$ 5,800</u>

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	<u>Destination Imagination</u>	<u>DEKKO Musical RFP</u>	<u>Novell Project</u>	<u>DEKKO Smart Board Grant</u>	<u>Elementary Picnic Table Donation</u>	<u>Metzger Scholarship</u>
Additions:						
Contributions:						
Other	\$ 15,676	\$ 532	\$ -	\$ 19,258	\$ -	\$ -
Deductions:						
Administrative and general	<u>11,551</u>	<u>682</u>	<u>-</u>	<u>3,086</u>	<u>200</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	4,125	(150)	-	16,172	(200)	-
Cash and investment fund balance - beginning	<u>(3,816)</u>	<u>520</u>	<u>665</u>	<u>(10,000)</u>	<u>200</u>	<u>65</u>
Cash and investments - June 30	<u>\$ 309</u>	<u>\$ 370</u>	<u>\$ 665</u>	<u>\$ 6,172</u>	<u>\$ -</u>	<u>\$ 65</u>
Net assets:						
Cash and investments	<u>\$ 309</u>	<u>\$ 370</u>	<u>\$ 665</u>	<u>\$ 6,172</u>	<u>\$ -</u>	<u>\$ 65</u>
Total net assets - cash and investment basis held in trust	<u>\$ 309</u>	<u>\$ 370</u>	<u>\$ 665</u>	<u>\$ 6,172</u>	<u>\$ -</u>	<u>\$ 65</u>

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	<u>School Board Scholarship</u>	<u>Health Clinic</u>	<u>Information Literacy</u>	<u>Preschool Playground</u>	<u>Building Construction Donation</u>
Additions:					
Contributions:					
Other	\$ 300	\$ 500	\$ -	\$ 1,326	\$ -
Deductions:					
Administrative and general	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(700)	500	-	1,326	-
Cash and investment fund balance - beginning	<u>500</u>	<u>-</u>	<u>280</u>	<u>-</u>	<u>86</u>
Cash and investments - June 30	<u>\$ (200)</u>	<u>\$ 500</u>	<u>\$ 280</u>	<u>\$ 1,326</u>	<u>\$ 86</u>
Net assets:					
Cash and investments	<u>\$ (200)</u>	<u>\$ 500</u>	<u>\$ 280</u>	<u>\$ 1,326</u>	<u>\$ 86</u>
Total net assets - cash and investment basis held in trust	<u>\$ (200)</u>	<u>\$ 500</u>	<u>\$ 280</u>	<u>\$ 1,326</u>	<u>\$ 86</u>

SMITH-GREEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Interdiscipline- Science	Hands Foundation Grant	Hands Foundation Tech Grant	Hands Healthy Choice	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ 748	\$ 39,492
Deductions:					
Administrative and general	-	-	-	549	17,843
Excess (deficiency) of total additions over total deductions	-	-	-	199	21,649
Cash and investment fund balance - beginning	1,095	700	43	369	2,296
Cash and investments - June 30	<u>\$ 1,095</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 568</u>	<u>\$ 23,945</u>
Net assets:					
Cash and investments	<u>\$ 1,095</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 568</u>	<u>\$ 23,945</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,095</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 568</u>	<u>\$ 23,945</u>



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

	<u>DEKKO Kindergarten</u>	<u>Hands Foundation Grant</u>	<u>DEKKO Teaching Excellence</u>	<u>DEKKO Guided Reading</u>	<u>Industrial Technology</u>	<u>DEKKO Copernicus Project</u>	<u>Destination Imagination</u>
Additions:							
Contributions:							
Other	\$ -	\$ 945	\$ -	\$ -	\$ -	\$ -	\$ 6,520
Deductions:							
Administrative and general	-	1,417	-	-	-	-	6,829
Excess (deficiency) of total additions over total deductions	-	(472)	-	-	-	-	(309)
Cash and investment fund balance - beginning	<u>2,970</u>	<u>877</u>	<u>1,808</u>	<u>356</u>	<u>155</u>	<u>5,800</u>	<u>309</u>
Cash and investments - June 30	<u>\$ 2,970</u>	<u>\$ 405</u>	<u>\$ 1,808</u>	<u>\$ 356</u>	<u>\$ 155</u>	<u>\$ 5,800</u>	<u>\$ -</u>
Net assets:							
Cash and investments	<u>\$ 2,970</u>	<u>\$ 405</u>	<u>\$ 1,808</u>	<u>\$ 356</u>	<u>\$ 155</u>	<u>\$ 5,800</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,970</u>	<u>\$ 405</u>	<u>\$ 1,808</u>	<u>\$ 356</u>	<u>\$ 155</u>	<u>\$ 5,800</u>	<u>\$ -</u>

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

	<u>DEKKO Musical RFP</u>	<u>Novell Project</u>	<u>DEKKO Smart Board Grant</u>	<u>Target Field Trip Grant</u>	<u>Metzger Scholarship</u>	<u>School Board Scholarship</u>
Additions:						
Contributions:						
Other	\$ 4,148	\$ -	\$ -	\$ 700	\$ -	\$ 900
Deductions:						
Administrative and general	<u>3,416</u>	<u>-</u>	<u>5,778</u>	<u>695</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of total additions over total deductions	732	-	(5,778)	5	-	400
Cash and investment fund balance - beginning	<u>370</u>	<u>665</u>	<u>6,172</u>	<u>-</u>	<u>65</u>	<u>(200)</u>
Cash and investments - June 30	<u>\$ 1,102</u>	<u>\$ 665</u>	<u>\$ 394</u>	<u>\$ 5</u>	<u>\$ 65</u>	<u>\$ 200</u>
Net assets:						
Cash and investments	<u>\$ 1,102</u>	<u>\$ 665</u>	<u>\$ 394</u>	<u>\$ 5</u>	<u>\$ 65</u>	<u>\$ 200</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,102</u>	<u>\$ 665</u>	<u>\$ 394</u>	<u>\$ 5</u>	<u>\$ 65</u>	<u>\$ 200</u>

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

	Health Clinic	Information Literacy	Preschool Playground	Study a Country	Building Construction Donation	Interdiscipline- Science
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ 3,000	\$ 750	\$ -	\$ -
Deductions:						
Administrative and general	-	-	-	570	-	-
Excess (deficiency) of total additions over total deductions	-	-	3,000	180	-	-
Cash and investment fund balance - beginning	500	280	1,326	-	86	1,095
Cash and investments - June 30	<u>\$ 500</u>	<u>\$ 280</u>	<u>\$ 4,326</u>	<u>\$ 180</u>	<u>\$ 86</u>	<u>\$ 1,095</u>
Net assets:						
Cash and investments	<u>\$ 500</u>	<u>\$ 280</u>	<u>\$ 4,326</u>	<u>\$ 180</u>	<u>\$ 86</u>	<u>\$ 1,095</u>
Total net assets - cash and investment basis held in trust	<u>\$ 500</u>	<u>\$ 280</u>	<u>\$ 4,326</u>	<u>\$ 180</u>	<u>\$ 86</u>	<u>\$ 1,095</u>

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

	DEKKO Arts Partnership	ARC Foundation Grant	Hands Foundation Grant	Hands Foundation Tech Grant	Hands Healthy Choice	Totals
Additions:						
Contributions:						
Other	\$ 3,000	\$ 1,465	\$ -	\$ -	\$ -	\$ 21,428
Deductions:						
Administrative and general	3,000	1,405	700	-	575	24,885
Excess (deficiency) of total additions over total deductions	-	60	(700)	-	(575)	(3,457)
Cash and investment fund balance - beginning	-	-	700	43	568	23,945
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ (7)</u>	<u>\$ 20,488</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ (7)</u>	<u>\$ 20,488</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ (7)</u>	<u>\$ 20,488</u>

SMITH-GREEN COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

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:		
School building	\$ 1,550,000	\$ 636,000
Notes and loans payable:		
Common school fund loan of 1996	1,146,124	140,400
Common school fund loan of 2002	1,429,412	175,103
Bonds payable:		
General obligation bonds:		
Pension bonds of 2003	580,000	133,405
Pension bonds of 2006	<u>845,000</u>	<u>133,574</u>
<b>Total governmental activities debt</b>	<u><u>\$ 5,550,536</u></u>	<u><u>\$ 1,218,482</u></u>

SMITH-GREEN COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not complete. The net bank balance at June 30, 2009, exceeded the financial statement balances by \$92,432.

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

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

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the General Fund. The records presented were difficult to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

The following errors were noted:

- (1) Payroll withholdings were accounted for within the General Fund instead of a separate Payroll Agency Fund. Payroll withholding balances (as reported within the General Fund) were reflected as liabilities. The balances in these liability accounts were incorrect and did not reflect the amounts due.
- (2) Expenditures in the ledger were reported on the accrual basis. The expenditures reported to the Indiana Department of Education on the semiannual Form 9 were to be reported on the cash basis, which caused the General Fund's cash balance reported on the Form 9 to be different than the ledger cash balance.
- (3) An investment of \$1,000,000 was made through the General Fund but not reflected as an investment balance in the ledger.
- (4) Interest earned on the investment noted above of \$1,279 was never receipted or posted to the records.

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

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 School Corporations, Chapter 9)

SMITH-GREEN COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

OVERDRAWN CASH BALANCES (Applies to Corporation)

The cash balances of the Title II Part A, 2005 Fund; IDEA, Part B 2008-09 Fund; IDEA Grant 2008-09 Fund; and PLTW 2008-09 Fund were overdrawn at June 30, 2009.

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

CAPITAL ASSET RECORDS

The School Corporation had a private vendor prepare the capital asset records. The capital asset records did not include land or land improvements and was prepared as of June 30, 2006. No additions or deletions have been made to the report for the school years ending June 30, 2008 and 2009. A similar comment appeared in prior Report B31686.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets 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)

EXCESSIVE OR UNREASONABLE COSTS (Applies to Smith-Green Extra-Curricular)

The Investment Income Fund earned \$3,851 in interest and paid \$5,241 in account analysis fees during the audit period resulting in net bank fees of \$1,390. Net bank fees paid were \$670 during the period July 1, 2009 through November 30, 2009.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OVERDRAWN CASH BALANCES (Applies to Smith-Green Extra-Curricular)

The cash balance of the Investment Income Fund was overdrawn at June 30, 2009, by \$2,550. As noted in the Excessive or Unreasonable Costs audit result and comment, \$1,390 of the overdrawn amount was due to the net bank fees.

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

SMITH-GREEN COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

USE OF FORM SA-5, FINANCIAL REPORT (Applies to Smith-Green Extra-Curricular)

Financial Reports (Form SA-5) were not completed and presented for audit. The receipts, disbursements and fund balances as presented in the ledger did not accurately reflect the financial activity of the Extra-Curricular Account.

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



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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 SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Smith-Green Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. 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, 2008 and 2009.

Internal Control Over Compliance

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

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

STATE BOARD OF ACCOUNTS

February 3, 2010

SMITH-GREEN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 12,351	\$ 17,644
National School Lunch Program	10.555		<u>142,652</u>	<u>162,433</u>
Total for federal grantor agency			<u>155,003</u>	<u>180,077</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		08-8625	130,428	8,085
		08-8625 School Improvement	27,512	966
		09-8625	<u>-</u>	<u>102,463</u>
Total for cluster			<u>157,940</u>	<u>111,514</u>
Pass-Through MSD of Southwest Allen County Special Education Cluster				
Special Education - Grants to States	84.027			
		14206-054-PY02 (carry over)	4,039	-
		14207-054-PY02 (carry over)	41,034	-
		14208-054-PN01	141,994	2,285
		14208-054-PY02 (carry over)	-	56,882
		14209-054-PN01	-	196,648
		14210-054-PN01	<u>-</u>	<u>34</u>
Total for cluster			<u>187,067</u>	<u>255,849</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>-</u>	<u>608,740</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	07-8625	<u>2,000</u>	<u>1,407</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	PLTW-8689	<u>-</u>	<u>484</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
		05-038	400	-
		06-8625	<u>-</u>	<u>1,725</u>
Total for program			<u>400</u>	<u>1,725</u>
Improving Teacher Quality State Grants	84.367			
		06-8625	-	36,641
		07-8625	<u>-</u>	<u>37,839</u>
Total for program			<u>-</u>	<u>74,480</u>
Total for federal grantor agency			<u>347,407</u>	<u>1,054,199</u>
Total federal awards expended			<u>\$ 502,410</u>	<u>\$ 1,234,276</u>

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

SMITH-GREEN COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Smith-Green Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Year Ended June 30, 2008	Year Ended June 30, 2009
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 2,840	\$ 3,106
National School Lunch Program	10.555	34,844	28,595
Totals for cluster		\$ 37,684	\$ 31,701

SMITH-GREEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FEDERAL FINDING 2009-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of Smith-Green Community Schools related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Monthly Bank Reconcilements: The bank balances have not been reconciled to the ledger balances for the two year audit period. The failure to reconcile could enable material misstatements or irregularities to go undetected.

SMITH-GREEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to Smith-Green Community Schools' audited financial statements and then determining how those identified risks should be managed. Smith-Green Community Schools has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the School Board or other senior management to monitor and assess the monthly bank reconcilements. The School Board or other senior management has not reviewed or requested monthly bank reconcilements. The failure to exercise their oversight responsibility places the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SMITH-GREEN COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# *Smith-Green Community Schools*

*Superior Schools ... In a Supportive Community*

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February 3, 2010

## **CORRECTIVE ACTION PLAN**

State Board of Accounts  
302 West Washington Street  
Indianapolis, IN 46204

To Whom It May Concern:

With regards to the Section II Finding 2009-1, Internal Controls Over Financial Transactions and Reporting, Smith-Green Community Schools will implement the following controls:

1. Require a monthly bank reconciliation be performed, and
2. It will be reviewed by the Superintendent who is not involved with the preparation of the monthly reconciliation.

Sincerely,



Steve Darnell  
Superintendent

SMITH-GREEN COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2010, with Adam Skiles, former Treasurer; Steve Darnell, Superintendent of Schools; and Tanya Young, President of the School Board.

The contents of this report were discussed on February 2, 2010, with Lynn A. Leininger, former Treasurer.