

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

EXAMINATION REPORT  
OF  
SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SPENCER COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**  
04/24/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diane Parsley	07-01-05 to 06-30-08
Superintendent of Schools	H. Mike Robinson	07-01-05 to 06-30-08
President of the School Board	David Hemmer	07-01-05 to 06-30-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH SPENCER COUNTY SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the South Spencer County School Corporation (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 7, 2008

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,956,857	\$ -	\$ 53,017	\$ (4,903,840)
Support services	4,827,878	490,106	233,863	(4,103,909)
Community services	89,024	-	-	(89,024)
Nonprogrammed charges	1,048,336	-	-	(1,048,336)
Debt service	7,417,124	-	-	(7,417,124)
Total governmental activities	<u>\$ 18,339,219</u>	<u>\$ 490,106</u>	<u>\$ 286,880</u>	<u>(17,562,233)</u>
General receipts:				
Property taxes				10,618,379
Other local sources				777,935
State aid				2,232,236
Bonds and loans				3,900,000
Grants and contributions not restricted to specific programs				292,851
Sale of property, adjustments, and refunds				13,287
Investment earnings				535,108
Total general receipts				18,369,796
Change in net assets				807,563
Net assets - beginning				15,224,403
Net assets - ending				\$ 16,031,966
 <u>Assets</u>				
Cash and investments				\$ 14,198,452
Restricted assets:				
Cash and investments				1,833,514
Total assets				\$ 16,031,966
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,043,339
Other purposes				790,175
Unrestricted				14,198,452
Total net assets				\$ 16,031,966

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,076,919	\$ -	\$ 48,985	\$ (5,027,934)
Support services	6,566,670	480,568	270,332	(5,815,770)
Community services	98,488	-	-	(98,488)
Nonprogrammed charges	40,142	-	-	(40,142)
Debt service	6,370,776	-	-	(6,370,776)
Total governmental activities	\$ 18,152,995	\$ 480,568	\$ 319,317	(17,353,110)
General receipts:				
Property taxes				9,902,904
Other local sources				580,913
State aid				2,699,052
Bonds and loans				3,470,000
Grants and contributions not restricted to specific programs				283,379
Sale of property, adjustments, and refunds				1,467
Investment earnings				649,447
Total general receipts				17,587,162
Change in net assets				234,052
Net assets - beginning				16,031,966
Net assets - ending				\$ 16,266,018
<u>Assets</u>				
Cash and investments				\$ 14,479,316
Restricted assets:				
Cash and investments				1,786,702
Total assets				\$ 16,266,018
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 695,903
Other purposes				1,090,799
Unrestricted				14,479,316
Total net assets				\$ 16,266,018

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE 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, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 6,470,889	\$ 873,517	\$ 1,501,997	\$ 1,964,649	\$ 110,504	\$ 1,474,662	\$ 12,396,218
Intermediate sources	451	-	-	-	-	394	845
State sources	2,206,495	-	-	-	-	155,685	2,362,180
Federal sources	-	-	-	-	-	449,788	449,788
Bonds and loans	3,900,000	-	-	-	-	-	3,900,000
Sale of property, adjustments and refunds	6,617	505	-	6,137	-	28	13,287
<b>Total receipts</b>	<u>12,584,452</u>	<u>874,022</u>	<u>1,501,997</u>	<u>1,970,786</u>	<u>110,504</u>	<u>2,080,557</u>	<u>19,122,318</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	4,604,957	-	-	-	-	351,900	4,956,857
Support services	3,291,350	661,193	-	1,273,664	135,876	815,731	6,177,814
Community services	88,026	-	-	-	-	998	89,024
Nonprogrammed charges	11,508	-	-	-	-	38,500	50,008
Debt services	5,000,000	-	1,513,611	-	-	903,513	7,417,124
<b>Total disbursements</b>	<u>12,995,841</u>	<u>661,193</u>	<u>1,513,611</u>	<u>1,273,664</u>	<u>135,876</u>	<u>2,110,642</u>	<u>18,690,827</u>
Excess (deficiency) of receipts over disbursements	<u>(411,389)</u>	<u>212,829</u>	<u>(11,614)</u>	<u>697,122</u>	<u>(25,372)</u>	<u>(30,085)</u>	<u>431,491</u>
<b>Other financing sources (uses):</b>							
Transfers in	3,832	141,080	-	-	-	38,714	183,626
Transfers out	(544)	-	(150,752)	-	-	(32,330)	(183,626)
<b>Total other financing sources (uses)</b>	<u>3,288</u>	<u>141,080</u>	<u>(150,752)</u>	<u>-</u>	<u>-</u>	<u>6,384</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(408,101)</u>	<u>353,909</u>	<u>(162,366)</u>	<u>697,122</u>	<u>(25,372)</u>	<u>(23,701)</u>	<u>431,491</u>
Cash and investments - beginning	<u>6,718,189</u>	<u>1,164,829</u>	<u>1,236,648</u>	<u>5,195,878</u>	<u>230,684</u>	<u>264,072</u>	<u>14,810,300</u>
Cash and investments - ending	<u>\$ 6,310,088</u>	<u>\$ 1,518,738</u>	<u>\$ 1,074,282</u>	<u>\$ 5,893,000</u>	<u>\$ 205,312</u>	<u>\$ 240,371</u>	<u>15,241,791</u>
Amounts reported for governmental activities in the Schedule of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Schedule of Activities and Net Assets - Cash and Investment Basis.							
							<u>790,175</u>
Net assets of governmental activities							<u>\$ 16,031,966</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 6,310,088	\$ 1,518,738	\$ -	\$ 5,893,000	\$ 205,312	\$ 271,314	\$ 14,198,452
Restricted assets:							
Cash and investments	-	-	1,074,282	-	-	(30,943)	1,043,339
<b>Total cash and investment assets - ending</b>	<u>\$ 6,310,088</u>	<u>\$ 1,518,738</u>	<u>\$ 1,074,282</u>	<u>\$ 5,893,000</u>	<u>\$ 205,312</u>	<u>\$ 240,371</u>	<u>\$ 15,241,791</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 1,074,282	\$ -	\$ -	\$ (30,943)	\$ 1,043,339
Unrestricted	6,310,088	1,518,738	-	5,893,000	205,312	271,314	14,198,452
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,310,088</u>	<u>\$ 1,518,738</u>	<u>\$ 1,074,282</u>	<u>\$ 5,893,000</u>	<u>\$ 205,312</u>	<u>\$ 240,371</u>	<u>\$ 15,241,791</u>

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE 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, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Luce Elementary Construction	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 5,945,155	\$ 910,999	\$ 1,239,684	\$ 1,882,329	\$ 101,438	\$ 22,313	\$ 1,470,098	\$ 11,572,016
Intermediate sources	224	-	-	-	-	-	619	843
State sources	2,680,401	-	-	-	-	-	156,800	2,837,201
Federal sources	-	-	-	-	-	-	464,547	464,547
Bonds and loans	-	-	-	-	-	3,470,000	-	3,470,000
Sale of property, adjustments and refunds	1,254	-	-	213	-	-	-	1,467
<b>Total receipts</b>	<b>8,627,034</b>	<b>910,999</b>	<b>1,239,684</b>	<b>1,882,542</b>	<b>101,438</b>	<b>3,492,313</b>	<b>2,092,064</b>	<b>18,346,074</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	4,734,107	-	-	-	-	-	342,812	5,076,919
Support services	3,365,327	678,976	-	1,659,147	154,323	125,408	843,140	6,826,321
Community services	97,322	-	-	-	-	-	1,166	98,488
Nonprogrammed charges	1,642	-	-	-	-	-	38,500	40,142
Debt services	3,900,000	-	1,574,703	-	-	-	896,073	6,370,776
<b>Total disbursements</b>	<b>12,098,398</b>	<b>678,976</b>	<b>1,574,703</b>	<b>1,659,147</b>	<b>154,323</b>	<b>125,408</b>	<b>2,121,691</b>	<b>18,412,646</b>
Excess (deficiency) of receipts over disbursements	(3,471,364)	232,023	(335,019)	223,395	(52,885)	3,366,905	(29,627)	(66,572)
<b>Other financing sources (uses):</b>								
Transfers in	94,853	13,632	19,427	27,033	1,131	-	202,419	358,495
Transfers out	(86,653)	(13,632)	(19,427)	(27,033)	(1,131)	-	(210,619)	(358,495)
<b>Total other financing sources (uses)</b>	<b>8,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,200)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,463,164)	232,023	(335,019)	223,395	(52,885)	3,366,905	(37,827)	(66,572)
Cash and investments - beginning	6,310,088	1,518,738	1,074,282	5,893,000	205,312	-	240,371	15,241,791
Cash and investments - ending	<b>\$ 2,846,924</b>	<b>\$ 1,750,761</b>	<b>\$ 739,263</b>	<b>\$ 6,116,395</b>	<b>\$ 152,427</b>	<b>\$ 3,366,905</b>	<b>\$ 202,544</b>	<b>15,175,219</b>
Amounts reported for governmental activities in the Schedule of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Schedule of Activities and Net Assets - Cash and Investment Basis.								
								1,090,799
Net assets of governmental activities								<b>\$ 16,266,018</b>
<b><u>Cash and Investment Assets - Ending</u></b>								
Cash and investments	\$ 2,846,924	\$ 1,750,761	\$ -	\$ 6,116,395	\$ 152,427	\$ 3,366,905	\$ 245,904	\$ 14,479,316
Restricted assets:								
Cash and investments	-	-	739,263	-	-	-	(43,360)	695,903
<b>Total cash and investment assets - ending</b>	<b>\$ 2,846,924</b>	<b>\$ 1,750,761</b>	<b>\$ 739,263</b>	<b>\$ 6,116,395</b>	<b>\$ 152,427</b>	<b>\$ 3,366,905</b>	<b>\$ 202,544</b>	<b>\$ 15,175,219</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ 739,263	\$ -	\$ -	\$ -	\$ (43,360)	\$ 695,903
Unrestricted	2,846,924	1,750,761	-	6,116,395	152,427	3,366,905	245,904	14,479,316
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,846,924</b>	<b>\$ 1,750,761</b>	<b>\$ 739,263</b>	<b>\$ 6,116,395</b>	<b>\$ 152,427</b>	<b>\$ 3,366,905</b>	<b>\$ 202,544</b>	<b>\$ 15,175,219</b>

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2006

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 1,349,936
Miscellaneous	<u>24,464</u>
Total operating receipts	<u>1,374,400</u>
Operating disbursements:	
Insurance claims and expense	<u>998,328</u>
Change in net assets	376,072
Cash and investment fund balance - beginning	<u>414,103</u>
Cash and investment fund balance - ending	<u>\$ 790,175</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 790,175</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 790,175</u>

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2007

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 259,651
Miscellaneous	40,973
	300,624
Total operating receipts	300,624
Change in net assets	300,624
Cash and investment fund balance - beginning	790,175
Cash and investment fund balance - ending	\$ 1,090,799
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,090,799
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,090,799

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 47,190	
Investment earnings:			
Interest	<u>77,253</u>	<u>1,122</u>	
Total additions	<u>77,253</u>	<u>48,312</u>	
Deductions:			
Benefits	244,513	-	
Administrative and general	<u>-</u>	<u>35,252</u>	
Total deductions	<u>244,513</u>	<u>35,252</u>	
Excess (deficiency) of total additions over total deductions	(167,260)	13,060	
Cash and investment fund balance - beginning	<u>2,176,225</u>	<u>83,255</u>	
Cash and investment fund balance - ending	<u>\$ 2,008,965</u>	<u>\$ 96,315</u>	
Net assets:			
Cash and investments	<u>\$ 2,008,965</u>	<u>\$ 96,315</u>	<u>\$ 2,026</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,008,965</u>	<u>\$ 96,315</u>	<u>\$ 2,026</u>

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 13,397	
Investment earnings:			
Interest	<u>84,758</u>	<u>1,125</u>	
Total additions	<u>84,758</u>	<u>14,522</u>	
Deductions:			
Benefits	227,865	-	
Administrative and general	<u>-</u>	<u>33,999</u>	
Total deductions	<u>227,865</u>	<u>33,999</u>	
Deficiency of total additions over total deductions	(143,107)	(19,477)	
Cash and investment fund balance - beginning	<u>2,008,965</u>	<u>96,315</u>	
Cash and investment fund balance - ending	<u>\$ 1,865,858</u>	<u>\$ 76,838</u>	
Net assets:			
Cash and investments	<u>\$ 1,865,858</u>	<u>\$ 76,838</u>	<u>\$ 786</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,865,858</u>	<u>\$ 76,838</u>	<u>\$ 786</u>

The accompanying notes are an integral part of the financial information.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules 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, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules. 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 debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The luce elementary construction fund is used to account for receipts and disbursements concerning the renovation of luce elementary school.

Additionally, the School Corporation reports the following fund types:

The internal service fund, self-insurance, which was established to fund risks associated with medical benefits to employees. It accounts for monies set aside for claim settlements for employees and their qualifying dependents.

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the individual residing within the school corporation limits.

Agency funds account for assets held by the School Corporation as an agent for corporation employees.

**B. Measurement Focus and Basis of Accounting**

The government-wide, governmental fund, proprietary fund and fiduciary fund financial schedules 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 schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules 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 schedules. Exceptions to this general rule are payments-in-lieu of taxes and other charges between grant funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise 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.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plans

A. 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

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

B. 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 members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
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Funding Policy and Annual Pension Cost

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,583,301	\$ 1,468,226	\$ 115,075	108%	\$ 1,541,227	7%
07-01-05	1,655,579	1,647,765	7,814	100%	1,614,980	0%
07-01-06	1,559,529	1,640,078	(80,549)	95%	1,787,269	(5%)

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Pre-School Child Care Program	Education License	Alternative Education	Early Intervention
<b>Receipts:</b>							
Local sources	\$ 50,975	\$ 392,422	\$ 97,541	\$ 32,500	\$ -	\$ 2,279	\$ -
Intermediate sources	-	-	-	-	394	-	-
State sources	15,468	7,286	21,490	-	-	1,633	8,000
Federal sources	-	202,515	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	28	-
<b>Total receipts</b>	<b>66,443</b>	<b>602,223</b>	<b>119,031</b>	<b>32,500</b>	<b>394</b>	<b>3,940</b>	<b>8,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	25,207	-	-	27,786	-	3,577	8,000
Support services	5,170	596,045	138,592	3,431	-	326	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	38,500	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>68,877</b>	<b>596,045</b>	<b>138,592</b>	<b>31,217</b>	<b>-</b>	<b>3,903</b>	<b>8,000</b>
Excess (deficiency) of receipts over disbursements	(2,434)	6,178	(19,561)	1,283	394	37	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	9,672	-	-	544	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>9,672</b>	<b>-</b>	<b>-</b>	<b>544</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,434)	6,178	(9,889)	1,283	394	581	-
Cash and investments - beginning	56,695	7,178	124,531	3,111	519	550	-
Cash and investments - ending	\$ 54,261	\$ 13,356	\$ 114,642	\$ 4,394	\$ 913	\$ 1,131	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 54,261	\$ 13,356	\$ 114,642	\$ 4,394	\$ 913	\$ 1,131	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 54,261</b>	<b>\$ 13,356</b>	<b>\$ 114,642</b>	<b>\$ 4,394</b>	<b>\$ 913</b>	<b>\$ 1,131</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	54,261	13,356	114,642	4,394	913	1,131	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 54,261</b>	<b>\$ 13,356</b>	<b>\$ 114,642</b>	<b>\$ 4,394</b>	<b>\$ 913</b>	<b>\$ 1,131</b>	<b>\$ -</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2006  
 (Continued)

	Spencer County Community Foundation	Toyota Grant Alternative School	Gifted/Talented 2005-2006	Gifted/Talented 2004-2005	Economic Education Grant 2005-2006	Adult and Continuing Education	Non-English Speaking Program
<b>Receipts:</b>							
Local sources	\$ 500	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	12,895	-	2,500	65,667	197
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>500</b>	<b>-</b>	<b>12,945</b>	<b>-</b>	<b>2,500</b>	<b>65,667</b>	<b>197</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	605	985	10,984	399	2,366	64,479	-
Support services	-	-	1,025	-	134	11,702	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>605</b>	<b>985</b>	<b>12,009</b>	<b>399</b>	<b>2,500</b>	<b>76,181</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(105)	(985)	936	(399)	-	(10,514)	197
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(105)	(985)	936	(399)	-	(10,514)	197
Cash and investments - beginning	1,013	1,534	-	399	-	27,320	673
Cash and investments - ending	<u>\$ 908</u>	<u>\$ 549</u>	<u>\$ 936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,806</u>	<u>\$ 870</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 908	\$ 549	\$ 936	\$ -	\$ -	\$ 16,806	\$ 870
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 908</b>	<b>\$ 549</b>	<b>\$ 936</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,806</b>	<b>\$ 870</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	908	549	936	-	-	16,806	870
<b>Total cash and investment fund balance - ending</b>	<b>\$ 908</b>	<b>\$ 549</b>	<b>\$ 936</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,806</b>	<b>\$ 870</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2006  
 (Continued)

	School Technology	Safe Haven 2005-2006	Waste Tire Recycling	Title I 2004-2005	Title I 2005-2006	Innovative Education Program Strategies	Title V 2005-2006
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	9,750	1,661	7,138	-	-	-	-
Federal sources	-	-	-	5,000	139,553	-	5,007
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<u>9,750</u>	<u>1,661</u>	<u>7,138</u>	<u>5,000</u>	<u>139,553</u>	<u>-</u>	<u>5,007</u>
Disbursements:							
Current:							
Instruction	-	1,470	-	3,282	121,076	3,537	16,592
Support services	2,513	191	-	448	19,226	1,500	11,073
Community services	-	-	-	50	948	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>2,513</u>	<u>1,661</u>	<u>-</u>	<u>3,780</u>	<u>141,250</u>	<u>5,037</u>	<u>27,665</u>
Excess (deficiency) of receipts over disbursements	<u>7,237</u>	<u>-</u>	<u>7,138</u>	<u>1,220</u>	<u>(1,697)</u>	<u>(5,037)</u>	<u>(22,658)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	5,408	-	23,090
Transfers out	-	-	-	(5,408)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,408)</u>	<u>5,408</u>	<u>-</u>	<u>23,090</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,237	-	7,138	(4,188)	3,711	(5,037)	432
Cash and investments - beginning	14,984	-	-	4,188	-	5,037	-
Cash and investments - ending	<u>\$ 22,221</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ -</u>	<u>\$ 3,711</u>	<u>\$ -</u>	<u>\$ 432</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 22,221	\$ -	\$ 7,138	\$ -	\$ 3,711	\$ -	\$ 432
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 22,221</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ -</u>	<u>\$ 3,711</u>	<u>\$ -</u>	<u>\$ 432</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	22,221	-	7,138	-	3,711	-	432
<b>Total cash and investment fund balance - ending</b>	<u>\$ 22,221</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ -</u>	<u>\$ 3,711</u>	<u>\$ -</u>	<u>\$ 432</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2006  
 (Continued)

	Title V 2004-2005	Special Education Flow Thru 2005-2006	Drug Free Schools 2005-2006	High School to Work 2004-2005	High School to Work Grant	Tech/Prep Career Majors 2006	Vocational and Technical Board
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	2,000	-	-	-
Federal sources	-	17,271	6,746	-	-	1,880	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>17,271</b>	<b>6,746</b>	<b>2,000</b>	<b>-</b>	<b>1,880</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	4,995	14,485	-	1,960	185	6,996	32
Support services	2,017	2,753	6,032	-	-	180	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,012</b>	<b>17,238</b>	<b>6,032</b>	<b>1,960</b>	<b>185</b>	<b>7,176</b>	<b>32</b>
Excess (deficiency) of receipts over disbursements	(7,012)	33	714	40	(185)	(5,296)	(32)
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,012)	33	714	40	(185)	(5,296)	(32)
Cash and investments - beginning	7,012	-	-	(40)	-	-	32
Cash and investments - ending	\$ -	\$ 33	\$ 714	\$ -	\$ (185)	\$ (5,296)	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 33	\$ 714	\$ -	\$ (185)	\$ (5,296)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ 714</b>	<b>\$ -</b>	<b>\$ (185)</b>	<b>\$ (5,296)</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	33	714	-	(185)	(5,296)	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ 714</b>	<b>\$ -</b>	<b>\$ (185)</b>	<b>\$ (5,296)</b>	<b>\$ -</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2006  
 (Continued)

	Federal Medicaid Reimbursement	Emergency Impact Aid Displaced	Improving Teacher Quality Title II 2005-2006	Improving Teacher Quality Enhanced Education	Retirement/ Severance Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 898,395	\$ 1,474,662
Intermediate sources	-	-	-	-	-	394
State sources	-	-	-	-	-	155,685
Federal sources	2,572	6,000	60,000	3,244	-	449,788
Sale of property, adjustments and refunds	-	-	-	-	-	28
<b>Total receipts</b>	<b>2,572</b>	<b>6,000</b>	<b>60,000</b>	<b>3,244</b>	<b>898,395</b>	<b>2,080,557</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	32,902	-	-	351,900
Support services	3,317	-	10,056	-	-	815,731
Community services	-	-	-	-	-	998
Nonprogrammed charges	-	-	-	-	-	38,500
Debt services	-	-	-	-	903,513	903,513
<b>Total disbursements</b>	<b>3,317</b>	<b>-</b>	<b>42,958</b>	<b>-</b>	<b>903,513</b>	<b>2,110,642</b>
Excess (deficiency) of receipts over disbursements	(745)	6,000	17,042	3,244	(5,118)	(30,085)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	38,714
Transfers out	(3,832)	-	(21,468)	(1,622)	-	(32,330)
<b>Total other financing sources (uses)</b>	<b>(3,832)</b>	<b>-</b>	<b>(21,468)</b>	<b>(1,622)</b>	<b>-</b>	<b>6,384</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,577)	6,000	(4,426)	1,622	(5,118)	(23,701)
Cash and investments - beginning	28,632	-	6,529	-	(25,825)	264,072
Cash and investments - ending	\$ 24,055	\$ 6,000	\$ 2,103	\$ 1,622	\$ (30,943)	\$ 240,371
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 24,055	\$ 6,000	\$ 2,103	\$ 1,622	\$ -	\$ 271,314
Restricted assets:						
Cash and investments	-	-	-	-	(30,943)	(30,943)
<b>Total cash and investment assets - ending</b>	<b>\$ 24,055</b>	<b>\$ 6,000</b>	<b>\$ 2,103</b>	<b>\$ 1,622</b>	<b>\$ (30,943)</b>	<b>\$ 240,371</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (30,943)	\$ (30,943)
Unrestricted	24,055	6,000	2,103	1,622	-	271,314
<b>Total cash and investment fund balance - ending</b>	<b>\$ 24,055</b>	<b>\$ 6,000</b>	<b>\$ 2,103</b>	<b>\$ 1,622</b>	<b>\$ (30,943)</b>	<b>\$ 240,371</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Pre-School Child Care Program	Education License	Alternative Education
<b>Receipts:</b>							
Local sources	\$ 51,156	\$ 383,983	\$ 97,385	\$ -	\$ 49,500	\$ -	\$ 836
Intermediate sources	-	-	-	-	-	619	-
State sources	20,623	7,909	24,409	-	-	-	977
Federal sources	-	226,973	-	-	-	-	-
<b>Total receipts</b>	<b>71,779</b>	<b>618,865</b>	<b>121,794</b>	<b>-</b>	<b>49,500</b>	<b>619</b>	<b>1,813</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	26,034	-	-	-	43,748	-	2,370
Support services	9,444	601,326	143,576	-	5,625	-	224
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	38,500	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>73,978</b>	<b>601,326</b>	<b>143,576</b>	<b>-</b>	<b>49,373</b>	<b>-</b>	<b>2,594</b>
Excess (deficiency) of receipts over disbursements	(2,199)	17,539	(21,782)	-	127	619	(781)
<b>Other financing sources (uses):</b>							
Transfers in	362	-	-	159,982	-	-	326
Transfers out	(5,572)	-	-	(159,982)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,210)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,409)	17,539	(21,782)	-	127	619	(455)
Cash and investments - beginning	54,261	13,356	114,642	-	4,394	913	1,131
Cash and investments - ending	<u>\$ 46,852</u>	<u>\$ 30,895</u>	<u>\$ 92,860</u>	<u>\$ -</u>	<u>\$ 4,521</u>	<u>\$ 1,532</u>	<u>\$ 676</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 46,852	\$ 30,895	\$ 92,860	\$ -	\$ 4,521	\$ 1,532	\$ 676
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 46,852</u></b>	<b><u>\$ 30,895</u></b>	<b><u>\$ 92,860</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,521</u></b>	<b><u>\$ 1,532</u></b>	<b><u>\$ 676</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	46,852	30,895	92,860	-	4,521	1,532	676
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 46,852</u></b>	<b><u>\$ 30,895</u></b>	<b><u>\$ 92,860</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,521</u></b>	<b><u>\$ 1,532</u></b>	<b><u>\$ 676</u></b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2007  
 (Continued)

	Early Intervention	Spencer County Community Foundation	Community Foundation Marsh	Toyota Grant Alternative School	Gifted/Talented 2005-2006	Gifted/Talented 2006-2007	Economic Education Grant 2005-2006
<b>Receipts:</b>							
Local sources	\$ -	\$ 1,582	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	16,000	-	-	-	-	12,895	2,500
Federal sources	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>16,000</b>	<b>1,582</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>12,895</b>	<b>2,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	16,000	408	1,233	415	936	9,749	1,765
Support services	-	-	-	-	-	1,026	100
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>16,000</b>	<b>408</b>	<b>1,233</b>	<b>415</b>	<b>936</b>	<b>10,775</b>	<b>1,865</b>
Excess (deficiency) of receipts over disbursements	-	1,174	767	(415)	(936)	2,120	635
<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>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,174	767	(415)	(936)	2,120	635
Cash and investments - beginning	-	908	-	549	936	-	-
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 2,082</b>	<b>\$ 767</b>	<b>\$ 134</b>	<b>\$ -</b>	<b>\$ 2,120</b>	<b>\$ 635</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ -	\$ 2,082	\$ 767	\$ 134	\$ -	\$ 2,120	\$ 635
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 2,082</b>	<b>\$ 767</b>	<b>\$ 134</b>	<b>\$ -</b>	<b>\$ 2,120</b>	<b>\$ 635</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,082	767	134	-	2,120	635
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 2,082</b>	<b>\$ 767</b>	<b>\$ 134</b>	<b>\$ -</b>	<b>\$ 2,120</b>	<b>\$ 635</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2007  
 (Continued)

	Adult and Continuing Education	Non-English Speaking Program	School Technology	Safe Haven 2006-2007	Waste Tire Recycling	Title I 2006-2007	Title I 2005-2006
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	54,624	117	2,721	1,660	11,365	-	-
Federal sources	-	-	-	-	-	115,365	5,000
<b>Total receipts</b>	<b>54,624</b>	<b>117</b>	<b>2,721</b>	<b>1,660</b>	<b>11,365</b>	<b>115,365</b>	<b>5,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	54,857	-	-	2,843	-	104,100	2,490
Support services	11,513	-	662	421	22,726	18,983	289
Community services	-	-	-	-	-	1,166	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>66,370</b>	<b>-</b>	<b>662</b>	<b>3,264</b>	<b>22,726</b>	<b>124,249</b>	<b>2,779</b>
Excess (deficiency) of receipts over disbursements	(11,746)	117	2,059	(1,604)	(11,361)	(8,884)	2,221
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	1,660	-	5,932	-
Transfers out	-	-	-	-	-	-	(5,932)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,660</b>	<b>-</b>	<b>5,932</b>	<b>(5,932)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,746)	117	2,059	56	(11,361)	(2,952)	(3,711)
Cash and investments - beginning	16,806	870	22,221	-	7,138	-	3,711
Cash and investments - ending	<u>\$ 5,060</u>	<u>\$ 987</u>	<u>\$ 24,280</u>	<u>\$ 56</u>	<u>\$ (4,223)</u>	<u>\$ (2,952)</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 5,060	\$ 987	\$ 24,280	\$ 56	\$ (4,223)	\$ (2,952)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 5,060</u></b>	<b><u>\$ 987</u></b>	<b><u>\$ 24,280</u></b>	<b><u>\$ 56</u></b>	<b><u>\$ (4,223)</u></b>	<b><u>\$ (2,952)</u></b>	<b><u>\$ -</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,060	987	24,280	56	(4,223)	(2,952)	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 5,060</u></b>	<b><u>\$ 987</u></b>	<b><u>\$ 24,280</u></b>	<b><u>\$ 56</u></b>	<b><u>\$ (4,223)</u></b>	<b><u>\$ (2,952)</u></b>	<b><u>\$ -</u></b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2007  
 (Continued)

	Title V 2005-2006	Title V 2006-2007	Special Education Flow Thru 2005-2006	Special Education Flow Thru 2006-2007	Drug Free Schools 2006-2007	Drug Free Schools 2005-2006	High School to Work Grant
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	1,000
Federal sources	-	2,487	-	1,980	4,851	-	-
<b>Total receipts</b>	<b>-</b>	<b>2,487</b>	<b>-</b>	<b>1,980</b>	<b>4,851</b>	<b>-</b>	<b>1,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	11,920	33	1,980	-	-	815
Support services	432	7,831	-	-	3,734	714	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>432</b>	<b>19,751</b>	<b>33</b>	<b>1,980</b>	<b>3,734</b>	<b>714</b>	<b>815</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(432)</b>	<b>(17,264)</b>	<b>(33)</b>	<b>-</b>	<b>1,117</b>	<b>(714)</b>	<b>185</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	20,426	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>20,426</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>(432)</b>	<b>3,162</b>	<b>(33)</b>	<b>-</b>	<b>1,117</b>	<b>(714)</b>	<b>185</b>
<b>Cash and investments - beginning</b>	<b>432</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>714</b>	<b>(185)</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 3,162</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,117</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ -	\$ 3,162	\$ -	\$ -	\$ 1,117	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 3,162</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,117</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,162	-	-	1,117	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 3,162</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,117</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 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, 2007  
 (Continued)

	Tech/Prep Career Majors 2006	Federal Medicaid Reimbursement	Emergency Impact Aid Displaced	Improving Teacher Quality Title II 2005-2006	Improving Teacher Quality Enhanced Education	Retirement/ Severance Bond	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 883,656	\$ 1,470,098
Intermediate sources	-	-	-	-	-	-	619
State sources	-	-	-	-	-	-	156,800
Federal sources	19,420	11,041	6,000	71,430	-	-	464,547
<b>Total receipts</b>	<b>19,420</b>	<b>11,041</b>	<b>6,000</b>	<b>71,430</b>	<b>-</b>	<b>883,656</b>	<b>2,092,064</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	14,124	-	12,000	34,992	-	-	342,812
Support services	-	3,425	-	10,539	550	-	843,140
Community services	-	-	-	-	-	-	1,166
Nonprogrammed charges	-	-	-	-	-	-	38,500
Debt services	-	-	-	-	-	896,073	896,073
<b>Total disbursements</b>	<b>14,124</b>	<b>3,425</b>	<b>12,000</b>	<b>45,531</b>	<b>550</b>	<b>896,073</b>	<b>2,121,691</b>
Excess (deficiency) of receipts over disbursements	5,296	7,616	(6,000)	25,899	(550)	(12,417)	(29,627)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	13,731	202,419
Transfers out	-	(4,976)	-	(20,426)	-	(13,731)	(210,619)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,976)</b>	<b>-</b>	<b>(20,426)</b>	<b>-</b>	<b>-</b>	<b>(8,200)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,296	2,640	(6,000)	5,473	(550)	(12,417)	(37,827)
Cash and investments - beginning	(5,296)	24,055	6,000	2,103	1,622	(30,943)	240,371
Cash and investments - ending	\$ -	\$ 26,695	\$ -	\$ 7,576	\$ 1,072	\$ (43,360)	\$ 202,544
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 26,695	\$ -	\$ 7,576	\$ 1,072	\$ -	\$ 245,904
Restricted assets:							
Cash and investments	-	-	-	-	-	(43,360)	(43,360)
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 26,695</b>	<b>\$ -</b>	<b>\$ 7,576</b>	<b>\$ 1,072</b>	<b>\$ (43,360)</b>	<b>\$ 202,544</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43,360)	\$ (43,360)
Unrestricted	-	26,695	-	7,576	1,072	-	245,904
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 26,695</b>	<b>\$ -</b>	<b>\$ 7,576</b>	<b>\$ 1,072</b>	<b>\$ (43,360)</b>	<b>\$ 202,544</b>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2006

	Alcoa Foundation Grant Luce	Alcoa Reading Through Year - Luce	SINE Alternative Education Grant 2004-2005	Adult and Continuing Education	Concessions	Fluoride
Additions:						
Contributions:						
Other	\$ -	\$ 2,000	\$ 15,285	\$ 150	\$ 7,843	\$ 330
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	-	2,000	15,285	150	7,843	330
Deductions:						
Administrative and general	1,008	1,711	2,267	-	7,843	245
Excess (deficiency) of total additions over total deductions	(1,008)	289	13,018	150	-	85
Cash and investment fund balance - beginning	1,008	-	13,498	-	-	38
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 26,516</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 123</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 26,516</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 123</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 26,516</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 123</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Samatovage Trust	SINE Model School 2005-2006	SINE Student Success Process	SINE Model School Grant Luce	AEP Smart Program	Totals
Additions:						
Contributions:						
Other	\$ 87	\$ 12,235	\$ 7,000	\$ 1,750	\$ 510	\$ 47,190
Investment earnings:						
Interest	1,122	-	-	-	-	1,122
Total additions	1,209	12,235	7,000	1,750	510	48,312
Deductions:						
Administrative and general	-	1,223	9,244	11,711	-	35,252
Excess (deficiency) of total additions over total deductions	1,209	11,012	(2,244)	(9,961)	510	13,060
Cash and investment fund balance - beginning	54,658	-	4,378	10,185	(510)	83,255
Cash and investments - June 30	<u>\$ 55,867</u>	<u>\$ 11,012</u>	<u>\$ 2,134</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 96,315</u>
Net assets:						
Cash and investments	<u>\$ 55,867</u>	<u>\$ 11,012</u>	<u>\$ 2,134</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 96,315</u>
Total net assets - cash and investment basis held in trust	<u>\$ 55,867</u>	<u>\$ 11,012</u>	<u>\$ 2,134</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 96,315</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	<u>Teacher Internship</u>	<u>AEP Foundation Grant - Luce</u>	<u>Alcoa Reading Through Year - Luce</u>	<u>SINE Alternative Education Grant 2004-2005</u>	<u>Adult and Continuing Education</u>	<u>Concessions</u>
Additions:						
Contributions:						
Other	\$ 2,520	\$ 500	\$ -	\$ 1,021	\$ -	\$ 8,960
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	<u>2,520</u>	<u>500</u>	<u>-</u>	<u>1,021</u>	<u>-</u>	<u>8,960</u>
Deductions:						
Administrative and general	<u>1,200</u>	<u>500</u>	<u>289</u>	<u>12,334</u>	<u>-</u>	<u>8,960</u>
Excess (deficiency) of total additions over total deductions	1,320	-	(289)	(11,313)	-	-
Cash and investment fund balance - beginning	-	-	289	26,516	150	-
Cash and investments - June 30	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,203</u>	<u>\$ 150</u>	<u>\$ -</u>
Net assets:						
Cash and investments	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,203</u>	<u>\$ 150</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,203</u>	<u>\$ 150</u>	<u>\$ -</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the School year Ended June 30, 2007  
 (Continued)

	Fluoride	Samatovage Trust	SINE Model School 2005-2006	SINE Student Success Process	SINE Model School Grant Luce	Totals
Additions:						
Contributions:						
Other	\$ 396	\$ -	\$ -	\$ -	\$ -	\$ 13,397
Investment earnings:						
Interest	-	1,125	-	-	-	1,125
Total additions	396	1,125	-	-	-	14,522
Deductions:						
Administrative and general	437	-	7,921	2,134	224	33,999
Excess (deficiency) of total additions over total deductions	(41)	1,125	(7,921)	(2,134)	(224)	(19,477)
Cash and investment fund balance - beginning	123	55,867	11,012	2,134	224	96,315
Cash and investments - June 30	<u>\$ 82</u>	<u>\$ 56,992</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,838</u>
Net assets:						
Cash and investments	<u>\$ 82</u>	<u>\$ 56,992</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,838</u>
Total net assets - cash and investment basis held in trust	<u>\$ 82</u>	<u>\$ 56,992</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,838</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 85,299
Buildings	18,269,253
Improvements other than buildings	257,480
Machinery and equipment	1,673,814
Transportation equipment	<u>2,162,144</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 22,447,990</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended June 30, 2007

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:		
South Spencer County Middle School	\$ 685,000	\$ 703,838
South Spencer County Elementary School	11,575,000	231,500
Bonds payable:		
General obligation bonds:		
Severance/Retirement Bonds	<u>6,120,000</u>	<u>897,530</u>
Total governmental activities debt	<u>\$ 18,380,000</u>	<u>\$ 1,832,868</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

CASH CHANGE FUND (Applies to South Spencer High School)

Cash change funds were not handled properly during the examination period. Athletic Cash Change funds and Concessions Cash Change funds were disbursed from but not receipted back to the ledger as required.

A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the corporation is charged with the duty of collecting fees or other cash revenues. When authorized by the governing body, such Cash Change Fund shall be established by a check drawn on the General Fund (or other appropriate fund) of the school corporation in an amount to be determined by the governing body. The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund. The custodian shall convert same to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation. The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund [Indiana Code 36-1-8-2]. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

VENDING, CONCESSIONS, OR OTHER SALES CONTROLS (Applies to South Spencer High School)

Information was not presented for examination to indicate that inventories and reconcilements to purchases and sales concerning the vending of soft drinks and snacks were performed.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting.

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

NONUSE OF RECEIPT FORM TBR-2 (Applies to South Spencer High School)

Form TBR-2, Official Receipt-Individual Textbook Rental List was not always used by South Spencer High School for the 2005-2006 school year. Proper receipt forms to support amounts deposited or recorded were not presented for examination. As a result, full accountability for all monies received could not be established.

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)

SOUTH SPENCER COUNTY SCHOOL CORPORATION, SPENCER COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 7, 2008, with Diane Parsley, Treasurer; and H. Mike Robinson, Superintendent of Schools. The officials concurred with our findings.

Separate telephone exit conferences were held on January 7, 2008, with David Hemmer, President of the School Board; Jim Boyer, Jeff Roberts, Joe Higdon and Chris Brown, School Board members.