

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

EXAMINATION REPORT

OF

UNION-NORTH UNITED SCHOOL CORPORATION

ST. JOSEPH COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

05/02/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedules of Activities and Net Assets - Cash and Investment Basis.....	4-5
Fund Financial Information:	
Governmental Funds:	
Schedules of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Governmental Funds	6-7
Fiduciary Funds:	
Schedules of Additions, Deductions, and Changes in Cash and Investment Balances - Fiduciary Funds	8-9
Notes to Financial Information	10-16
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Other Governmental Funds	17-24
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances - Private-Purpose Trust Funds	25-26
Combining Schedule of Cash and Investment Balances - Agency Funds.....	27-28
Schedule of Capital Assets.....	29
Schedule of Long-Term Debt	30
Examination Results and Comments:	
Appropriations.....	31
Overdrawn Fund Balances	31
Capital Asset Records	31
Exit Conference.....	32

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra L. Rubesha	07-01-05 to 06-30-08
Superintendent of Schools	Larry L. Phillips	07-01-05 to 06-30-09
President of the School Board	Larry M. Ort	01-01-05 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE UNION-NORTH UNITED SCHOOL
CORPORATION, ST. JOSEPH COUNTY, INDIANA

We have examined the financial information presented herein of the Union-North United 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 Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedules, as listed in the Table of Contents, have been subjected to the examination procedures applied in the examination of the basic financial information and, in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt 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

February 20, 2008

UNION-NORTH UNITED 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	\$ 3,826,362	\$ -	\$ 46,611	\$ (3,779,751)
Support services	5,305,242	307,509	221,503	(4,776,230)
Community services	157,833	-	-	(157,833)
Nonprogrammed charges	918,736	-	-	(918,736)
Debt service	928,878	-	-	(928,878)
	<u>\$ 11,137,051</u>	<u>\$ 307,509</u>	<u>\$ 268,114</u>	<u>(10,561,428)</u>
Total governmental activities				
General receipts:				
Property taxes				3,928,211
Other local sources				664,172
State aid				5,284,917
Bonds and loans				795,000
Grants and contributions not restricted to specific programs				235,021
Sale of property, adjustments, and refunds				76,745
Investment earnings				25,152
				<u>11,009,218</u>
Total general receipts				11,009,218
Change in net assets				447,790
Net assets - beginning				188,866
Net assets - ending				\$ 636,656
<u>Assets</u>				
Cash and investment assets - unrestricted				\$ 636,656
<u>Net Assets</u>				
Net assets - unrestricted				\$ 636,656

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

UNION-NORTH UNITED 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	\$ 3,751,650	\$ -	\$ 43,947	\$ (3,707,703)
Support services	6,082,687	300,656	209,742	(5,572,289)
Community services	168,160	-	-	(168,160)
Nonprogrammed charges	487,793	-	-	(487,793)
Debt service	1,400,883	-	-	(1,400,883)
Total governmental activities	<u>\$ 11,891,173</u>	<u>\$ 300,656</u>	<u>\$ 253,689</u>	<u>(11,336,828)</u>
General receipts:				
Property taxes				2,727,401
Other local sources				675,766
State aid				5,184,991
Bonds and loans				1,927,000
Grants and contributions not restricted to specific programs				175,227
Sale of property, adjustments, and refunds				70,618
Investment earnings				<u>45,392</u>
Total general receipts				<u>10,806,395</u>
Change in net assets				(530,433)
Net assets - beginning				<u>636,656</u>
Net assets - ending				<u>\$ 106,223</u>
<u>Assets</u>				
Cash and investment assets - unrestricted				<u>\$ 106,223</u>
<u>Net Assets</u>				
Net assets - unrestricted				<u>\$ 106,223</u>

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

UNION-NORTH UNITED 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	School Lunch	GOB 2005 School Technology	Debt Service	Capital Projects	School Bus Replacement	GOB 2005 Construction	Other	Totals
Receipts:										
Local sources	\$ 2,443,035	\$ 637,268	\$ 263,949	\$ -	\$ 560,673	\$ 621,138	\$ 70,889	\$ -	\$ 327,855	\$ 4,924,807
Intermediate sources	48	-	-	-	-	-	-	-	188	236
State sources	5,319,211	1,485	9,573	-	-	-	-	-	74,774	5,405,043
Federal sources	-	-	187,762	-	-	-	-	-	195,248	383,010
Bonds and loans	-	-	-	574,000	-	-	-	221,000	-	795,000
Sale of property, adjustments and refunds	26,721	28,671	7,212	-	13,554	125	-	-	462	76,745
Total receipts	7,789,015	667,424	468,496	574,000	574,227	621,263	70,889	221,000	598,527	11,584,841
Disbursements:										
Current:										
Instruction	3,640,707	-	-	-	-	-	-	-	185,655	3,826,362
Support services	3,251,180	632,743	443,133	68,565	-	644,134	-	17,000	248,487	5,305,242
Community services	153,150	-	-	-	-	-	-	-	4,683	157,833
Nonprogrammed charges	601,717	-	-	-	-	-	-	-	-	601,717
Debt services	250,000	-	-	-	415,711	-	-	-	263,167	928,878
Total disbursements	7,896,754	632,743	443,133	68,565	415,711	644,134	-	17,000	701,992	10,820,032
Excess (deficiency) of receipts over disbursements	(107,739)	34,681	25,363	505,435	158,516	(22,871)	70,889	204,000	(103,465)	764,809
Other financing sources (uses):										
Transfers in	13,628	-	-	-	-	-	-	-	86,163	99,791
Transfers out	(22,733)	(6,230)	-	-	(277,673)	(6,783)	(864)	-	(102,527)	(416,810)
Total other financing sources (uses)	(9,105)	(6,230)	-	-	(277,673)	(6,783)	(864)	-	(16,364)	(317,019)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(116,844)	28,451	25,363	505,435	(119,157)	(29,654)	70,025	204,000	(119,829)	447,790
Cash and investments - beginning	(260,268)	(3,170)	80,574	-	-	165,893	43,727	-	162,110	188,866
Cash and investments - ending	\$ (377,112)	\$ 25,281	\$ 105,937	\$ 505,435	\$ (119,157)	\$ 136,239	\$ 113,752	\$ 204,000	\$ 42,281	\$ 636,656
Cash and Investment Assets - Ending										
Cash and investment assets - unrestricted	\$ (377,112)	\$ 25,281	\$ 105,937	\$ 505,435	\$ (119,157)	\$ 136,239	\$ 113,752	\$ 204,000	\$ 42,281	\$ 636,656
Cash and Investment Fund Balance - Ending										
Cash and investment fund balance - unrestricted	\$ (377,112)	\$ 25,281	\$ 105,937	\$ 505,435	\$ (119,157)	\$ 136,239	\$ 113,752	\$ 204,000	\$ 42,281	\$ 636,656

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

UNION-NORTH UNITED 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

	GOB 2005										Totals
	General	Transportation Operating	School Lunch	School Technology	Debt Service	Capital Projects	School Bus Replacement	GOB 2005 Construction	GOB 2006 Construction	Other	
Receipts:											
Local sources	\$ 1,832,207	\$ 427,220	\$ 249,131	\$ -	\$ 630,371	\$ 302,754	\$ 19,213	\$ -	\$ -	\$ 287,473	\$3,748,369
Intermediate sources	396	-	-	-	-	-	-	-	-	450	846
State sources	5,216,351	-	8,593	-	-	-	-	-	-	65,477	5,290,421
Federal sources	-	-	181,381	-	-	-	-	-	-	142,105	323,486
Bonds and loans	295,247	-	-	-	726,753	-	-	-	905,000	-	1,927,000
Sale of property, adjustments and refunds	19,802	6,894	14,010	-	-	29,896	-	-	-	16	70,618
Total receipts	7,364,003	434,114	453,115	-	1,357,124	332,650	19,213	-	905,000	495,521	11,360,740
Disbursements:											
Current:											
Instruction	3,578,631	-	-	-	-	-	-	-	-	173,019	3,751,650
Support services	3,328,106	637,426	447,780	505,435	8,748	699,839	-	204,000	29,024	222,329	6,082,687
Community services	167,882	-	-	-	-	-	-	-	-	278	168,160
Nonprogrammed charges	487,793	-	-	-	-	-	-	-	-	-	487,793
Debt services	-	-	-	-	1,229,219	-	-	-	-	171,664	1,400,883
Total disbursements	7,562,412	637,426	447,780	505,435	1,237,967	699,839	-	204,000	29,024	567,290	11,891,173
Excess (deficiency) of receipts over disbursements	(198,409)	(203,312)	5,335	(505,435)	119,157	(367,189)	19,213	(204,000)	875,976	(71,769)	(530,433)
Other financing sources (uses):											
Transfers in	4,884	-	-	-	-	-	-	-	-	-	4,884
Transfers out	-	-	-	-	-	-	-	-	-	(4,884)	(4,884)
Total other financing sources (uses)	4,884	-	-	-	-	-	-	-	-	(4,884)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(193,525)	(203,312)	5,335	(505,435)	119,157	(367,189)	19,213	(204,000)	875,976	(76,653)	(530,433)
Cash and investments - beginning	(377,112)	25,281	105,937	505,435	(119,157)	136,239	113,752	204,000	-	42,281	636,656
Cash and investments - ending	<u>\$ (570,637)</u>	<u>\$ (178,031)</u>	<u>\$ 111,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230,950)</u>	<u>\$ 132,965</u>	<u>\$ -</u>	<u>\$ 875,976</u>	<u>\$ (34,372)</u>	<u>\$ 106,223</u>
Cash and Investment Assets - Ending											
Cash and investment assets - unrestricted	<u>\$ (570,637)</u>	<u>\$ (178,031)</u>	<u>\$ 111,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230,950)</u>	<u>\$ 132,965</u>	<u>\$ -</u>	<u>\$ 875,976</u>	<u>\$ (34,372)</u>	<u>\$ 106,223</u>
Cash and Investment Fund Balance - Ending											
Cash and investment fund balance - unrestricted	<u>\$ (570,637)</u>	<u>\$ (178,031)</u>	<u>\$ 111,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230,950)</u>	<u>\$ 132,965</u>	<u>\$ -</u>	<u>\$ 875,976</u>	<u>\$ (34,372)</u>	<u>\$ 106,223</u>

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

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Pension Trust Fund	Private-Purpose Trust Fund	Agency Funds
Additions:			
Contributions - other	\$ -	\$ 27,886	
Transfers in	317,019	-	
Total additions	317,019	27,886	
Deductions:			
Benefits	66,904	-	
Administrative and general	-	20,809	
Total deductions	66,904	20,809	
Excess of total additions over total deductions	250,115	7,077	
Cash and investment fund balance - beginning	79,054	9,086	
Cash and investment fund balance - ending	\$ 329,169	\$ 16,163	
Net assets:			
Cash and investments	\$ 329,169	\$ 16,163	\$ 10,709
Total net assets - cash and investment basis held in trust	\$ 329,169	\$ 16,163	\$ 10,709

The accompanying notes are an integral part of this statement.

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund	Private-Purpose Trust Fund	Agency Funds
Additions:			
Contributions - other	\$ -	\$ 16,931	
Deductions:			
Benefits	25,163	-	
Administrative and general	-	20,036	
Total deductions	25,163	20,036	
Deficiency of total additions over total deductions	(25,163)	(3,105)	
Cash and investment fund balance - beginning	329,169	16,163	
Cash and investment fund balance - ending	\$ 304,006	\$ 13,058	
Net assets:			
Cash and investments	\$ 304,006	\$ 13,058	\$ 29,840
Total net assets - cash and investment basis held in trust	\$ 304,006	\$ 13,058	\$ 29,840

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

UNION-NORTH UNITED 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.

Joint Ventures

The School Corporation is a participant with 9 other schools in a joint venture to operate the Joint Educational Services in Special Education Co-op (JESSE) which was created to provide education for handicapped children. The School Corporation is obligated by contract to remit a percentage of JESSE's budget, based on the enrollment (ADM) of all participating schools, annually to supplement JESSE's budget. JESSE's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of JESSE. Complete financial statements for JESSE can be obtained from its administrative office at P.O. Box 418, 324 North Kingston, Plymouth, IN 46545.

The School Corporation is a participant with approximately 40 other schools in a joint venture to operate the Northern Indiana Education Service Center (NIESC) which was created to allow participating schools to cooperate and share certain programs and services which they collectively may implement. The School Corporation is obligated by contract to remit a per student rate determined annually to supplement NIESC budget. NIESC's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of NIESC. Complete financial statements for the NIESC can be obtained from NIESC, at 56535 Magnetic Drive, Mishawaka, IN 46545.

The School Corporation is a participant with 9 other schools in a joint venture to operate the North Central Area Vocational Co-op (Co-op) which was created to plan for future needs, programs, or services for vocational education. The School Corporation is obligated by contract to remit a percentage of the Co-op's budget, based on vocational student counts, annually to supplement the Co-op. The Co-op's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the Co-op. Complete financial statements for the Co-op can be obtained from the administrative office at P.O. Box 231, 22 North Ohio Street, Culver, IN 46511-0231.

The School Corporation is a participant with 20 other schools in a joint venture to operate the North Central Energy Cooperative which was created with the stated purpose to save money on the purchase of natural gas. The entry into the Cooperative is for a period of one year which can be renewed in the future. No significant financial assessments have been made by the cooperative to the School Corporation and no significant financial resources have been accumulated as of June 30, 2007, by the Cooperative. Concord Community Schools will be the administrative agent for the Cooperative. For information regarding the cooperative contact Larry Jackowiak by telephone at 574-875-5161 or email at ljackowi@concord.k12.in.us.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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. It includes 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, 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 transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school lunch fund accounts for financial resources for providing meals for students and adults.

The GOB 2005 school technology fund accounts for remodeling and technology improvements of the school buildings with financial resources provided from a general obligation bond.

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

The GOB 2005 construction fund accounts for remodeling and improvements of the school buildings with financial resources provided from general obligation bonds.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

The GOB 2006 construction fund accounts for remodeling and improvements of the school buildings with financial resources provided from general obligation bonds.

Additionally, the School Corporation reports the following fund types:

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 students.

Agency funds account for assets held by the School Corporation as an agent for governmental agencies, insurance companies, and other third parties.

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. 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.

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.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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. The School Corporation receives property tax from Marshall County and St. Joseph County. At June 30, 2006 and June 30, 2007, not all property taxes collected were distributed to the School Corporation. Also, late billings for property taxes by the County Treasurers' reduced the amount of property taxes that were available for distribution at June 30, 2007.

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. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Other governmental funds	\$ 22,733	\$ -
Debt Service Fund	Other governmental funds	3,984	-
Debt Service Fund	Pension Trust Fund	273,689	-
Capital Projects Fund	Other governmental funds	6,783	-
Transportation Operating Fund	Other governmental funds	6,230	-
School Bus Replacement Fund	Other governmental funds	864	-
Other governmental funds	General Fund	13,628	4,884
Other governmental funds	Other governmental funds	45,569	-
Other governmental funds	Pension Trust Fund	43,330	-
Totals		<u>\$ 416,810</u>	<u>\$ 4,884</u>

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

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 7. 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 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:

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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.

C. Union-North United School Corporation 401(a) Pension Plan

Plan Description

In accordance with the provisions of SEA 199, passed by the Indiana State Legislature in 2001 and the agreement with the teachers labor union dated April 27, 2004, the School Corporation has established a 401(a) pension plan administered by VALIC Financial Advisors, Inc., as authorized by Indiana Code 5-10-1.1-1(2). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Plan Administrator can provide information on this plan upon request. That information may be obtained by contacting:

VALIC Financial Advisors, Inc.
707 East 80th Place, Suite 302
Merrillville, In 46410
Ph. 1-800-892-5558

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Plan Administrator. Currently the School Corporation and plan members are not required to contribute any set amount to the plan. The only contribution by the School Corporation was the buyout provision which required the School Corporation to contribute \$91,175 to the plan. Retirees' unused sick day's payments and investment earnings were the only additions to the plan during the audit period.

Note 8. Subsequent Events

On December 19, 2007, the School Corporation sold general obligation bonds in the amount of \$960,000. The bond proceeds were receipted to a construction fund to be used for upgrades and improvements at the Junior/Senior High School.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

On July 19, 2007, the School Corporation issued tax anticipation warrants totaling \$88,000 for the General Fund. On August 16, 2007, the School Corporation issue tax anticipation warrants totaling \$2,021,000 for the General, Debt Service, Capital Projects and Transportation Operating Fund. On December 28, 2007, the School Corporation repaid tax anticipation warrants in the amount of \$1,056,000. On January 14, 2008, the School Corporation repaid tax anticipation warrants in the amount of \$988,000. The tax anticipation warrants still outstanding in the amount of \$727,000 will be repaid when the final 2007 tax distribution from Marshall County is received.

The School Board of Trustees is planning for a new building project: a \$1,500,000 addition to the elementary school; a \$1,800,000 renovation program at the high school; and a \$16,000,000 project to construct a new intermediate school. The project is to be financed by bonds issued through a school building holding corporation in an amount not to exceed \$19,640,000 with maximum annual lease payments not to exceed \$1,478,000 over a lease term of 26 years. The project is currently in the petition and remonstrance process.

UNION-NORTH UNITED 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

	Special Education Preschool	Rainy Day	Textbook Rental	Levy Excess	Educational License Plate Fee	Safe Haven Grant
Receipts:						
Local sources	\$ 6,931	\$ -	\$ 130,105	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	188	-
State sources	33,166	-	21,021	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	462	-	-	-
Total receipts	40,097	-	151,588	-	188	-
Disbursements:						
Current:						
Instruction	38,193	-	-	-	-	-
Support services	-	-	186,400	-	-	2,037
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	38,193	-	186,400	-	-	2,037
Excess (deficiency) of receipts over disbursements	1,904	-	(34,812)	-	188	(2,037)
Other financing sources (uses):						
Transfers in	-	-	-	42,543	-	-
Transfers out	(67)	-	-	(13,628)	-	-
Total other financing sources (uses)	(67)	-	-	28,915	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,837	-	(34,812)	28,915	188	(2,037)
Cash and investments - beginning	5,106	3,600	20,152	13,628	75	2,037
Cash and investments - ending	<u>\$ 6,943</u>	<u>\$ 3,600</u>	<u>\$ (14,660)</u>	<u>\$ 42,543</u>	<u>\$ 263</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investment assets - unrestricted	<u>\$ 6,943</u>	<u>\$ 3,600</u>	<u>\$ (14,660)</u>	<u>\$ 42,543</u>	<u>\$ 263</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Cash and investment fund balance - unrestricted	<u>\$ 6,943</u>	<u>\$ 3,600</u>	<u>\$ (14,660)</u>	<u>\$ 42,543</u>	<u>\$ 263</u>	<u>\$ -</u>

UNION-NORTH UNITED 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)

	Teacher Training and Reading Recovery	Walmart Foundation	Gifted and Talented Grant 05/06	Gifted and Talented Grant 04/05	Non-English Speaking Programs	ECIA Title I FY 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	8,000	-	12,587	-	-	-
Federal sources	-	-	-	-	-	105,587
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	8,000	-	12,587	-	-	105,587
Disbursements:						
Current:						
Instruction	-	-	9,706	4,741	-	92,742
Support services	8,858	1,000	1,667	-	-	26,901
Community services	-	-	-	-	-	3,486
Debt services	-	-	-	-	-	-
Total disbursements	8,858	1,000	11,373	4,741	-	123,129
Excess (deficiency) of receipts over disbursements	(858)	(1,000)	1,214	(4,741)	-	(17,542)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	15,139
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	15,139
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(858)	(1,000)	1,214	(4,741)	-	(2,403)
Cash and investments - beginning	858	1,000	-	4,741	952	-
Cash and investments - ending	\$ -	\$ -	\$ 1,214	\$ -	\$ 952	\$ (2,403)
<u>Cash and Investment Assets - Ending</u>						
Cash and investment assets - unrestricted	\$ -	\$ -	\$ 1,214	\$ -	\$ 952	\$ (2,403)
<u>Cash and Investment Fund Balance - Ending</u>						
Cash and investment fund balance - unrestricted	\$ -	\$ -	\$ 1,214	\$ -	\$ 952	\$ (2,403)

UNION-NORTH UNITED 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)

	ECIA Title I FY 04/05	ESEA Title V Part A FY 05/06	ESEA Title V Part A FY 04/05	Drug Free Schools FY 04/05	Drug Free Schools FY 03/04	Vocational Perkins Grant FY 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	9,000	4,220	-	-	-	5,518
Sale of property, adjustments and refunds	-	-	-	-	-	-
	<u>9,000</u>	<u>4,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,518</u>
Total receipts						
Disbursements:						
Current:						
Instruction	-	5,584	10,363	921	-	-
Support services	2,970	427	792	2,297	971	5,534
Community services	1,197	-	-	-	-	-
Debt services	-	-	-	-	-	-
	<u>4,167</u>	<u>6,011</u>	<u>11,155</u>	<u>3,218</u>	<u>971</u>	<u>5,534</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	<u>4,833</u>	<u>(1,791)</u>	<u>(11,155)</u>	<u>(3,218)</u>	<u>(971)</u>	<u>(16)</u>
Other financing sources (uses):						
Transfers in	-	18,797	9,684	-	-	-
Transfers out	<u>(15,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)						
	<u>(15,139)</u>	<u>18,797</u>	<u>9,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses						
	(10,306)	17,006	(1,471)	(3,218)	(971)	(16)
Cash and investments - beginning	<u>10,306</u>	<u>-</u>	<u>1,471</u>	<u>4,679</u>	<u>971</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 17,006</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ (16)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investment assets - unrestricted	<u>\$ -</u>	<u>\$ 17,006</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ (16)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Cash and investment fund balance - unrestricted	<u>\$ -</u>	<u>\$ 17,006</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ (16)</u>

UNION-NORTH UNITED 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)

	Workforce Development Grant	Federal Medicaid Reimbursement	Title II A Improving Teacher Quality Grant	Title II D Improving Teacher Quality Grant	Debt Service Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 190,819	\$ 327,855
Intermediate sources	-	-	-	-	-	188
State sources	-	-	-	-	-	74,774
Federal sources	-	3,148	66,029	1,746	-	195,248
Sale of property, adjustments and refunds	-	-	-	-	-	462
Total receipts	-	3,148	66,029	1,746	190,819	598,527
Disbursements:						
Current:						
Instruction	55	-	23,350	-	-	185,655
Support services	-	1,952	3,305	3,376	-	248,487
Community services	-	-	-	-	-	4,683
Debt services	-	-	-	-	263,167	263,167
Total disbursements	55	1,952	26,655	3,376	263,167	701,992
Excess (deficiency) of receipts over disbursements	(55)	1,196	39,374	(1,630)	(72,348)	(103,465)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	86,163
Transfers out	-	-	(28,481)	-	(45,212)	(102,527)
Total other financing sources (uses)	-	-	(28,481)	-	(45,212)	(16,364)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(55)	1,196	10,893	(1,630)	(117,560)	(119,829)
Cash and investments - beginning	55	4,984	(2,522)	1,630	88,387	162,110
Cash and investments - ending	\$ -	\$ 6,180	\$ 8,371	\$ -	\$ (29,173)	\$ 42,281
Cash and Investment Assets - Ending						
Cash and investment assets - unrestricted	\$ -	\$ 6,180	\$ 8,371	\$ -	\$ (29,173)	\$ 42,281
Cash and Investment Fund Balance - Ending						
Cash and investment fund balance - unrestricted	\$ -	\$ 6,180	\$ 8,371	\$ -	\$ (29,173)	\$ 42,281

UNION-NORTH UNITED 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	Rainy Day	Textbook Rental	Levy Excess	Full Day Kindergarten	Educational License Plate Fee
Receipts:						
Local sources	\$ 4,806	\$ -	\$ 139,282	\$ -	\$ 12,750	\$ -
Intermediate sources	-	-	-	-	-	450
State sources	32,122	-	19,768	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>36,928</u>	<u>-</u>	<u>159,050</u>	<u>-</u>	<u>12,750</u>	<u>450</u>
Disbursements:						
Current:						
Instruction	36,040	-	-	-	7,393	338
Support services	-	-	171,774	-	1,025	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>36,040</u>	<u>-</u>	<u>171,774</u>	<u>-</u>	<u>8,418</u>	<u>338</u>
Excess (deficiency) of receipts over disbursements	<u>888</u>	<u>-</u>	<u>(12,724)</u>	<u>-</u>	<u>4,332</u>	<u>112</u>
Other financing uses:						
Transfers out	(4,884)	-	-	-	-	-
Excess (deficiency) of receipts over disbursements and other financing uses	<u>(3,996)</u>	<u>-</u>	<u>(12,724)</u>	<u>-</u>	<u>4,332</u>	<u>112</u>
Cash and investments - beginning	<u>6,943</u>	<u>3,600</u>	<u>(14,660)</u>	<u>42,543</u>	<u>-</u>	<u>263</u>
Cash and investments - ending	<u>\$ 2,947</u>	<u>\$ 3,600</u>	<u>\$ (27,384)</u>	<u>\$ 42,543</u>	<u>\$ 4,332</u>	<u>\$ 375</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investment assets - unrestricted	<u>\$ 2,947</u>	<u>\$ 3,600</u>	<u>\$ (27,384)</u>	<u>\$ 42,543</u>	<u>\$ 4,332</u>	<u>\$ 375</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Cash and investment fund balance - unrestricted	<u>\$ 2,947</u>	<u>\$ 3,600</u>	<u>\$ (27,384)</u>	<u>\$ 42,543</u>	<u>\$ 4,332</u>	<u>\$ 375</u>

UNION-NORTH UNITED 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)

	Teacher Training and Reading Recovery	Gifted and Talented Grant 05/06	Gifted and Talented Grant 06/07	Non-English Speaking Programs	ECIA Title I FY 05/06	ESEA Title V Part A FY 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,000	-	12,587	-	-	-
Federal sources	-	-	-	-	109,711	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	1,000	-	12,587	-	109,711	-
Disbursements:						
Current:						
Instruction	-	1,214	8,490	-	84,579	15,796
Support services	1,000	-	2,110	-	26,932	1,210
Community services	-	-	-	-	278	-
Debt services	-	-	-	-	-	-
Total disbursements	1,000	1,214	10,600	-	111,789	17,006
Excess (deficiency) of receipts over disbursements	-	(1,214)	1,987	-	(2,078)	(17,006)
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements and other financing uses	-	(1,214)	1,987	-	(2,078)	(17,006)
Cash and investments - beginning	-	1,214	-	952	(2,403)	17,006
Cash and investments - ending	\$ -	\$ -	\$ 1,987	\$ 952	\$ (4,481)	\$ -
Cash and Investment Assets - Ending						
Cash and investment assets - unrestricted	\$ -	\$ -	\$ 1,987	\$ 952	\$ (4,481)	\$ -
Cash and Investment Fund Balance - Ending						
Cash and investment fund balance - unrestricted	\$ -	\$ -	\$ 1,987	\$ 952	\$ (4,481)	\$ -

UNION-NORTH UNITED 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)

	ESEA Title V Part A FY 06/07	Drug Free Schools FY 04/05	Drug Free Schools FY 05/06	Vocational and Technical Education FY 06/07	Vocational Perkins Grant FY 05/06
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	865	-	4,931	5,518	-
Sale of property, adjustments and refunds	-	-	-	-	16
Total receipts	<u>865</u>	<u>-</u>	<u>4,931</u>	<u>5,518</u>	<u>16</u>
Disbursements:					
Current:					
Instruction	-	561	728	-	-
Support services	-	900	1,320	4,808	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,461</u>	<u>2,048</u>	<u>4,808</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>865</u>	<u>(1,461)</u>	<u>2,883</u>	<u>710</u>	<u>16</u>
Other financing uses:					
Transfers out	-	-	-	-	-
Excess (deficiency) of receipts over disbursements and other financing uses	<u>865</u>	<u>(1,461)</u>	<u>2,883</u>	<u>710</u>	<u>16</u>
Cash and investments - beginning	-	1,461	-	-	(16)
Cash and investments - ending	<u>\$ 865</u>	<u>\$ -</u>	<u>\$ 2,883</u>	<u>\$ 710</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investment assets - unrestricted	<u>\$ 865</u>	<u>\$ -</u>	<u>\$ 2,883</u>	<u>\$ 710</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Cash and investment fund balance - unrestricted	<u>\$ 865</u>	<u>\$ -</u>	<u>\$ 2,883</u>	<u>\$ 710</u>	<u>\$ -</u>

UNION-NORTH UNITED 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)

	Federal Medicaid Reimbursement	Title II A Improving Teacher Quality Grant	Title II D Improving Teacher Quality Grant	Debt Service Severance Bond	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 130,635	\$ 287,473
Intermediate sources	-	-	-	-	450
State sources	-	-	-	-	65,477
Federal sources	-	19,000	2,080	-	142,105
Sale of property, adjustments and refunds	-	-	-	-	16
Total receipts	<u>-</u>	<u>19,000</u>	<u>2,080</u>	<u>130,635</u>	<u>495,521</u>
Disbursements:					
Current:					
Instruction	-	17,880	-	-	173,019
Support services	6,310	2,860	2,080	-	222,329
Community services	-	-	-	-	278
Debt services	-	-	-	171,664	171,664
Total disbursements	<u>6,310</u>	<u>20,740</u>	<u>2,080</u>	<u>171,664</u>	<u>567,290</u>
Excess (deficiency) of receipts over disbursements	<u>(6,310)</u>	<u>(1,740)</u>	<u>-</u>	<u>(41,029)</u>	<u>(71,769)</u>
Other financing uses:					
Transfers out	-	-	-	-	(4,884)
Excess (deficiency) of receipts over disbursements and other financing uses	(6,310)	(1,740)	-	(41,029)	(76,653)
Cash and investments - beginning	<u>6,180</u>	<u>8,371</u>	<u>-</u>	<u>(29,173)</u>	<u>42,281</u>
Cash and investments - ending	<u>\$ (130)</u>	<u>\$ 6,631</u>	<u>\$ -</u>	<u>\$ (70,202)</u>	<u>\$ (34,372)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investment assets - unrestricted	<u>\$ (130)</u>	<u>\$ 6,631</u>	<u>\$ -</u>	<u>\$ (70,202)</u>	<u>\$ (34,372)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Cash and investment fund balance - unrestricted	<u>\$ (130)</u>	<u>\$ 6,631</u>	<u>\$ -</u>	<u>\$ (70,202)</u>	<u>\$ (34,372)</u>

UNION-NORTH UNITED 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

	Driver Education	Instructional Support	Totals
Additions:			
Contributions - other	\$ 8,460	\$ 19,426	\$ 27,886
Deductions:			
Administrative and general	11,028	9,781	20,809
Excess (deficiency) of total additions over total deductions	(2,568)	9,645	7,077
Cash and investment fund balance - beginning	9,086	-	9,086
Cash and investments - June 30	\$ 6,518	\$ 9,645	\$ 16,163
Net assets:			
Cash and investments	\$ 6,518	\$ 9,645	\$ 16,163
Total net assets - cash and investment basis held in trust	\$ 6,518	\$ 9,645	\$ 16,163

UNION-NORTH UNITED 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>Driver Education</u>	<u>Instructional Support</u>	<u>Totals</u>
Additions:			
Contributions - other	\$ 12,480	\$ 4,451	\$ 16,931
Deductions:			
Administrative and general	<u>9,934</u>	<u>10,102</u>	<u>20,036</u>
Excess (deficiency) of total additions over total deductions	2,546	(5,651)	(3,105)
Cash and investment fund balance - beginning	<u>6,518</u>	<u>9,645</u>	<u>16,163</u>
Cash and investments - June 30	<u>\$ 9,064</u>	<u>\$ 3,994</u>	<u>\$ 13,058</u>
Net assets:			
Cash and investments	<u>\$ 9,064</u>	<u>\$ 3,994</u>	<u>\$ 13,058</u>
Total net assets - cash and investment basis held in trust	<u>\$ 9,064</u>	<u>\$ 3,994</u>	<u>\$ 13,058</u>

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	<u>Prepaid Student Meals</u>	<u>Payroll Withholding</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ 2,662	\$ 8,047	\$ 10,709
Total net assets - cash and investment basis held in trust	<u>\$ 2,662</u>	<u>\$ 8,047</u>	<u>\$ 10,709</u>

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	<u>Prepaid Student Meals</u>	<u>Payroll Withholding</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ 3,727	\$ 26,113	\$ 29,840
Total net assets - cash and investment basis held in trust	<u>\$ 3,727</u>	<u>\$ 26,113</u>	<u>\$ 29,840</u>

UNION-NORTH UNITED 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. The Schedule of Capital Assets has not been updated to include capital additions or deletions from July 1, 2005 to June 30, 2007.

Primary Government

Governmental activities:

Capital assets, not being depreciated:	
Land	\$ 189,166
Buildings	9,062,968
Improvements other than buildings	632,043
Machinery and equipment	<u>3,294,818</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 13,178,995</u>

UNION-NORTH UNITED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

Union-North United School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
General obligation bonds:		
Bonds of 2006	\$ 905,000	\$ 935,595
Finance retirement/severance liabilities	<u>1,040,000</u>	<u>169,883</u>
Total governmental activities debt	<u>\$ 1,945,000</u>	<u>\$ 1,105,478</u>

UNION-NORTH UNITED SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2006	\$ 48,261
Transportation Operating	2006	5,260
Preschool Special Education	2006	37,765

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN FUND BALANCES

The General, Transportation Operating, Debt Service, Capital Projects, and Debt Service Severance Bond funds were overdrawn at June 30, 2006 and/or at June 30, 2007, as disclosed in the financial schedules. The funds are property tax supported funds which have not had timely tax distributions in 2006 and 2007.

The Textbook Rental Fund was overdrawn at June 30, 2006, in the amount of \$14,660 and at June 30, 2007, in the amount of \$27,384.

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

CAPITAL ASSET RECORDS

Information presented for examination was not updated since June 30, 2005.

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

UNION-NORTH UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2008, with Larry M. Ort, President of the School Board; Larry L. Phillips, Superintendent of Schools; and Debra L. Rubesha, Treasurer.