

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

AUDIT REPORT

OF

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION

STARKE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

03/16/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Guy Richie	07-01-06 to 06-30-09
Superintendent of Schools	Jack R. Heath (Interim) Iran G. Floyd (Interim)	07-01-06 to 06-30-07 07-01-07 to 06-30-09
President of the School Board	Murray Jain	07-01-06 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Judson-San Pierre School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 25, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 25, 2009



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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Judson-San Pierre School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

February 25, 2009

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<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	\$ 6,106,730	\$ -	\$ 121,958	\$ (5,984,772)
Support services	4,559,969	2,534	326,886	(4,230,549)
Community services	254,651	-	-	(254,651)
Nonprogrammed charges	915,292	-	-	(915,292)
Debt service	<u>3,020,361</u>	<u>-</u>	<u>-</u>	<u>(3,020,361)</u>
Total governmental activities	<u>\$ 14,857,003</u>	<u>\$ 2,534</u>	<u>\$ 448,844</u>	<u>(14,405,625)</u>
General receipts:				
Property taxes				3,758,961
Other local sources				1,089,501
State aid				7,395,096
Bonds and loans				1,606,000
Grants and contributions not restricted to specific programs				319,643
Sale of property, adjustments, and refunds				5,886
Investment earnings				<u>72,136</u>
Total general receipts				<u>14,247,223</u>
Change in net assets				(158,402)
Net assets - beginning				<u>3,646,901</u>
Net assets - ending				<u>\$ 3,488,499</u>
<u>Assets</u>				
Cash and investments				\$ 3,229,007
Restricted assets:				
Cash and investments				<u>259,492</u>
Total assets				<u>\$ 3,488,499</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 259,492
Unrestricted				<u>3,229,007</u>
Total net assets				<u>\$ 3,488,499</u>

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<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	\$ 5,944,015	\$ -	\$ 143,433	\$ (5,800,582)
Support services	4,587,730	3,330	331,785	(4,252,615)
Community services	267,381	-	-	(267,381)
Nonprogrammed charges	905,697	-	-	(905,697)
Debt service	<u>2,972,553</u>	<u>-</u>	<u>-</u>	<u>(2,972,553)</u>
Total governmental activities	<u>\$ 14,677,376</u>	<u>\$ 3,330</u>	<u>\$ 475,218</u>	<u>(14,198,828)</u>
General receipts:				
Property taxes				2,824,433
Other local sources				1,349,628
State aid				7,057,607
Bonds and loans				1,975,000
Grants and contributions not restricted to specific programs				340,007
Sale of property, adjustments, and refunds				1,304
Investment earnings				<u>86,093</u>
Total general receipts				<u>13,634,072</u>
Change in net assets				(564,756)
Net assets - beginning				<u>3,488,499</u>
Net assets - ending				<u>\$ 2,923,743</u>
<u>Assets</u>				
Cash and investments				\$ 2,851,106
Restricted assets:				
Cash and investments				<u>72,637</u>
Total assets				<u>\$ 2,923,743</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 72,637
Unrestricted				<u>2,851,106</u>
Total net assets				<u>\$ 2,923,743</u>

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,794,631	\$ 362,113	\$ -	\$ 1,285,561	\$ 820,782	\$ 135,166	\$ 522,852	\$ 4,921,105
Intermediate sources	939	-	-	-	-	-	1,088	2,027
State sources	7,504,369	-	-	-	-	-	86,042	7,590,411
Federal sources	-	-	-	-	-	-	573,172	573,172
Bonds and loans	1,105,000	162,000	-	-	339,000	-	-	1,606,000
Sale of property, adjustments and refunds	5,886	-	-	-	-	-	-	5,886
Total receipts	<u>10,410,825</u>	<u>524,113</u>	<u>-</u>	<u>1,285,561</u>	<u>1,159,782</u>	<u>135,166</u>	<u>1,183,154</u>	<u>14,698,601</u>
Disbursements:								
Current:								
Instruction	5,838,811	-	-	-	-	-	267,918	6,106,729
Support services	2,419,629	403,000	-	-	745,378	170,280	821,683	4,559,970
Community services	252,355	-	-	-	-	-	2,296	254,651
Nonprogrammed charges	879,692	-	-	-	-	-	35,600	915,292
Debt services	1,300,000	-	-	1,420,361	300,000	-	-	3,020,361
Total disbursements	<u>10,690,487</u>	<u>403,000</u>	<u>-</u>	<u>1,420,361</u>	<u>1,045,378</u>	<u>170,280</u>	<u>1,127,497</u>	<u>14,857,003</u>
Excess (deficiency) of receipts over disbursements	<u>(279,662)</u>	<u>121,113</u>	<u>-</u>	<u>(134,800)</u>	<u>114,404</u>	<u>(35,114)</u>	<u>55,657</u>	<u>(158,402)</u>
Other financing sources (uses):								
Transfers in	42,850	97,311	326,719	-	-	-	16,983	483,863
Transfers out	<u>(124,738)</u>	<u>(18,525)</u>	<u>(42,850)</u>	<u>(203,249)</u>	<u>(66,990)</u>	<u>(10,107)</u>	<u>(17,404)</u>	<u>(483,863)</u>
Total other financing sources (uses)	<u>(81,888)</u>	<u>78,786</u>	<u>283,869</u>	<u>(203,249)</u>	<u>(66,990)</u>	<u>(10,107)</u>	<u>(421)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(361,550)</u>	<u>199,899</u>	<u>283,869</u>	<u>(338,049)</u>	<u>47,414</u>	<u>(45,221)</u>	<u>55,236</u>	<u>(158,402)</u>
Cash and investments - beginning	<u>2,370,541</u>	<u>(12,662)</u>	<u>42,850</u>	<u>574,414</u>	<u>293,819</u>	<u>117,328</u>	<u>260,611</u>	<u>3,646,901</u>
Cash and investments - ending	<u>\$ 2,008,991</u>	<u>\$ 187,237</u>	<u>\$ 326,719</u>	<u>\$ 236,365</u>	<u>\$ 341,233</u>	<u>\$ 72,107</u>	<u>\$ 315,847</u>	<u>\$ 3,488,499</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 2,008,991	\$ 187,237	\$ 326,719	\$ -	\$ 341,233	\$ 72,107	\$ 292,720	\$ 3,229,007
Restricted assets:								
Cash and investments	-	-	-	236,365	-	-	23,127	259,492
Total cash and investment assets - ending	<u>\$ 2,008,991</u>	<u>\$ 187,237</u>	<u>\$ 326,719</u>	<u>\$ 236,365</u>	<u>\$ 341,233</u>	<u>\$ 72,107</u>	<u>\$ 315,847</u>	<u>\$ 3,488,499</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 236,365	\$ -	\$ -	\$ 23,127	\$ 259,492
Unrestricted	<u>2,008,991</u>	<u>187,237</u>	<u>326,719</u>	<u>-</u>	<u>341,233</u>	<u>72,107</u>	<u>292,720</u>	<u>3,229,007</u>
Total cash and investment fund balance - ending	<u>\$ 2,008,991</u>	<u>\$ 187,237</u>	<u>\$ 326,719</u>	<u>\$ 236,365</u>	<u>\$ 341,233</u>	<u>\$ 72,107</u>	<u>\$ 315,847</u>	<u>\$ 3,488,499</u>

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,531,695	\$ 485,174	\$ -	\$ 950,176	\$ 616,331	\$ 119,694	\$ 558,953	\$ 4,262,023
Intermediate sources	898	-	-	-	-	-	563	1,461
State sources	7,168,807	-	-	-	-	-	96,677	7,265,484
Federal sources	-	-	-	-	-	-	607,348	607,348
Bonds and loans	1,280,000	185,000	-	180,000	330,000	-	-	1,975,000
Sale of property, adjustments and refunds	1,024	280	-	-	-	-	-	1,304
Total receipts	<u>9,982,424</u>	<u>670,454</u>	<u>-</u>	<u>1,130,176</u>	<u>946,331</u>	<u>119,694</u>	<u>1,263,541</u>	<u>14,112,620</u>
Disbursements:								
Current:								
Instruction	5,642,852	288	-	-	-	-	300,875	5,944,015
Support services	2,052,175	668,940	-	-	954,192	71,394	841,029	4,587,730
Community services	257,917	-	-	-	-	-	9,464	267,381
Nonprogrammed charges	865,510	-	-	-	-	-	40,187	905,697
Debt services	1,105,000	162,000	-	1,295,792	339,000	-	70,761	2,972,553
Total disbursements	<u>9,923,454</u>	<u>831,228</u>	<u>-</u>	<u>1,295,792</u>	<u>1,293,192</u>	<u>71,394</u>	<u>1,262,316</u>	<u>14,677,376</u>
Excess (deficiency) of receipts over disbursements	<u>58,970</u>	<u>(160,774)</u>	<u>-</u>	<u>(165,616)</u>	<u>(346,861)</u>	<u>48,300</u>	<u>1,225</u>	<u>(564,756)</u>
Other financing sources (uses):								
Transfers in	326,719	-	329,793	-	52,650	-	11,416	720,578
Transfers out	<u>(323,479)</u>	<u>(8,712)</u>	<u>(326,719)</u>	<u>-</u>	<u>(47,015)</u>	<u>-</u>	<u>(14,653)</u>	<u>(720,578)</u>
Total other financing sources (uses)	<u>3,240</u>	<u>(8,712)</u>	<u>3,074</u>	<u>-</u>	<u>5,635</u>	<u>-</u>	<u>(3,237)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	62,210	(169,486)	3,074	(165,616)	(341,226)	48,300	(2,012)	(564,756)
Cash and investments - beginning	<u>2,008,991</u>	<u>187,237</u>	<u>326,719</u>	<u>236,365</u>	<u>341,233</u>	<u>72,107</u>	<u>315,847</u>	<u>3,488,499</u>
Cash and investments - ending	<u>\$ 2,071,201</u>	<u>\$ 17,751</u>	<u>\$ 329,793</u>	<u>\$ 70,749</u>	<u>\$ 7</u>	<u>\$ 120,407</u>	<u>\$ 313,835</u>	<u>\$ 2,923,743</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 2,071,201	\$ 17,751	\$ 329,793	\$ -	\$ 7	\$ 120,407	\$ 311,947	\$ 2,851,106
Restricted assets:								
Cash and investments	-	-	-	70,749	-	-	1,888	72,637
Total cash and investment assets - ending	<u>\$ 2,071,201</u>	<u>\$ 17,751</u>	<u>\$ 329,793</u>	<u>\$ 70,749</u>	<u>\$ 7</u>	<u>\$ 120,407</u>	<u>\$ 313,835</u>	<u>\$ 2,923,743</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 70,749	\$ -	\$ -	\$ 1,888	\$ 72,637
Unrestricted	<u>2,071,201</u>	<u>17,751</u>	<u>329,793</u>	<u>-</u>	<u>7</u>	<u>120,407</u>	<u>311,947</u>	<u>2,851,106</u>
Total cash and investment fund balance - ending	<u>\$ 2,071,201</u>	<u>\$ 17,751</u>	<u>\$ 329,793</u>	<u>\$ 70,749</u>	<u>\$ 7</u>	<u>\$ 120,407</u>	<u>\$ 313,835</u>	<u>\$ 2,923,743</u>

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 6,642
Deductions:		
Benefits	55,424	-
Administrative and general	-	16,893
Total deductions	<u>55,424</u>	<u>16,893</u>
Deficiency of total additions over total deductions	(55,424)	(10,251)
Cash and investment fund balance - beginning	<u>151,189</u>	<u>20,014</u>
Cash and investment fund balance - ending	<u>\$ 95,765</u>	<u>\$ 9,763</u>
Total net assets - cash and investment basis held in trust	<u>\$ 95,765</u>	<u>\$ 9,763</u>

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 7,320
Deductions:		
Benefits	28,246	-
Administrative and general	-	16,534
Total deductions	28,246	16,534
Deficiency of total additions over total deductions	(28,246)	(9,214)
Cash and investment fund balance - beginning	95,765	9,763
Cash and investment fund balance - ending	\$ 67,519	\$ 549
Total net assets - cash and investment basis held in trust	\$ 67,519	\$ 549

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: North Judson-San Pierre School Corporation

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

Joint Venture

The School Corporation is a participant with nine other school corporations in a joint venture to operate the North Central Area Vocational Cooperative (NCAVC) which was created for joint planning for future need, operating programs and service for vocational education. The School Corporation is obligated by contract to remit its proportional share annually to supplement the NCAVC budget. NCAVC's continued existence depends on continued funding by the member School Corporations. Complete financial statements for NCAVC can be obtained from NCAVC's administrative office located at the Culver Community School Corporation, PO Box 231, and 222 North Ohio Street, Culver, Indiana, 46511.

The School Corporation is a participant with nine other school corporations in a joint venture to operate the Joint Educational Service in Special Education Cooperative (JESSE) which was created to operate a comprehensive program of special education for children with special health care needs. The School Corporation is obligated by contract to remit its proportional share annually to supplement the JESSE budget. JESSE's continued existence depends on continued funding by the member school corporations. Complete financial statements for JESSE can be obtained from JESSE's administrative office located at 322 North Michigan Street, Plymouth, Indiana, 46563.

The School Corporation is a participant with forty-one other school corporations in a joint venture to operate the Northern Indiana Education Services Center (NIESC) which was created to assist member school corporations in providing educational programs and services. The School Corporation is obligated by contract to remit its proportional share annually to supplement the NIESC budget. NIESC's continued existence depends on continued funding by the member school corporations. Complete financial statements for NIESC can be obtained from NIESC's administrative office located at 56535 Magnetic Drive, Mishawaka, Indiana, 46545.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is a participant with twenty-two other school corporations in a joint venture to operate the North-Central Energy Cooperative (NEC) which was created to reduce energy costs by procurement of natural gas in a more economical and efficient manner. The School Corporation is obligated by contract to remit its proportional share annually to supplement the NEC contracts and budget. Complete financial statements for NEC can be obtained from NEC's administrative office located at Concord Community Schools 59040 Minuteman Way, Elkhart, Indiana, 46517.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The levy excess fund accounts for that portion of the property taxes received which exceeds the school corporation's ad valorem property tax levy as certified each year by the department of local government finance.

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance bond, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students in the form of scholarships.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balances Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006-07	2007-08
Title II Part D	\$ -	\$ 162
Athletic Payroll Fund	5,363	5,645

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2008, the School Corporation had deposit balances in the amount of \$2,991,811. Bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2006-07	2007-08
General Fund	Levy Excess Fund	\$ 124,738	\$ 270,829
General Fund	Capital Projects Funds	-	52,650
Levy Excess Fund	General Fund	42,850	326,719
Debt Service Fund	Transportation Operating Fund	97,311	-
Transportation Operating Fund	Levy Excess Fund	18,525	8,712
Debt Service Fund	Levy Excess Fund	105,938	-
Capital Projects Fund	Levy Excess Fund	66,990	47,015
School Bus Replacement Fund	Levy Excess Fund	10,107	-
Other governmental funds	Levy Excess Fund	421	3,237
Other governmental funds	Other governmental funds	16,983	11,416
Totals		\$ 483,863	\$ 720,578

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

The policy of the School Corporation is not to purchase commercial insurance for the risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters. Instead, the School Corporation records as a disbursement any replacement items purchased.

B. Holding Corporation

The School Corporation has entered into a capital lease with North Judson-San Pierre Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$1,235,600.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

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 the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 79,776
Interest on net pension obligation	(10,890)
Adjustment to annual required contribution	12,410
Annual pension cost	81,296
Contributions made	88,242
Decrease in net pension obligation	(6,946)
Net pension obligation, beginning of year	(150,208)
Net pension obligation, end of year	\$ (157,154)

	PERF
Contribution rates:	
School Corporation	7.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 77,150	109%	\$ (153,052)
	06-30-06	88,318	97%	(150,208)
	06-30-07	81,296	109%	(157,154)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$118,423, \$120,310, and \$128,950, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

NORTH JUDSON-SAN PIERRE 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)
07-01-05	\$ 978,142	\$ 1,291,077	\$ (312,935)	76%	\$ 1,157,346	(27%)
07-01-06	1,371,416	1,414,745	(43,329)	97%	1,207,529	(4%)
07-01-07	1,566,361	1,498,199	68,162	105%	1,200,776	6%

NORTH JUDSON-SAN PIERRE 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	Education License Plates	Safe Haven Grant	Early Intervention Grant	Gifted/Talented Annual Ongoing Grant
Receipts:							
Local sources	\$ 4,915	\$ 379,127	\$ 71,956	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,088	-	-	-
State sources	29,667	4,534	37,506	-	-	1,500	12,835
Federal sources	-	284,846	-	-	-	-	-
Total receipts	34,582	668,507	109,462	1,088	-	1,500	12,835
Disbursements:							
Current:							
Instruction	-	-	-	-	1,190	1,500	10,524
Support services	-	646,703	89,581	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	35,600	-	-	-	-	-	-
Total disbursements	35,600	646,703	89,581	-	1,190	1,500	10,524
Excess (deficiency) of receipts over disbursements	(1,018)	21,804	19,881	1,088	(1,190)	-	2,311
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(421)	-	-	-	-	-	-
Total other financing sources (uses)	(421)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,439)	21,804	19,881	1,088	(1,190)	-	2,311
Cash and investments - beginning	26,266	56,897	30,575	5,306	1,190	-	9,158
Cash and investments - ending	<u>\$ 24,827</u>	<u>\$ 78,701</u>	<u>\$ 50,456</u>	<u>\$ 6,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,469</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 24,827	\$ 78,701	\$ 50,456	\$ 6,394	\$ -	\$ -	\$ 11,469
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 24,827</u>	<u>\$ 78,701</u>	<u>\$ 50,456</u>	<u>\$ 6,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,469</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	24,827	78,701	50,456	6,394	-	-	11,469
Total cash and investment fund balance - ending	<u>\$ 24,827</u>	<u>\$ 78,701</u>	<u>\$ 50,456</u>	<u>\$ 6,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,469</u>

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

NORTH JUDSON-SAN PIERRE 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)

	Medicaid Reimbursement	Non-English Speaking Program	Technology	Buddy Grant Elementary	Miscellaneous Technology	Buddy System Project	Title 1 FY 2006
Receipts:							
Local sources	\$ -	\$ -	\$ 20,927	\$ -	\$ 22,800	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	10,000
Total receipts	-	-	20,927	-	22,800	-	10,000
Disbursements:							
Current:							
Instruction	-	-	-	564	-	996	27,869
Support services	-	-	12,055	-	22,608	-	90
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	12,055	564	22,608	996	27,959
Excess (deficiency) of receipts over disbursements	-	-	8,872	(564)	192	(996)	(17,959)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(13,017)
Total other financing sources (uses)	-	-	-	-	-	-	(13,017)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	8,872	(564)	192	(996)	(30,976)
Cash and investments - beginning	5,606	1,403	13,641	564	-	996	30,976
Cash and investments - ending	<u>\$ 5,606</u>	<u>\$ 1,403</u>	<u>\$ 22,513</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 5,606	\$ 1,403	\$ 22,513	\$ -	\$ 192	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,606</u>	<u>\$ 1,403</u>	<u>\$ 22,513</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,606	1,403	22,513	-	192	-	-
Total cash and investment fund balance - ending	<u>\$ 5,606</u>	<u>\$ 1,403</u>	<u>\$ 22,513</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ -</u>

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

NORTH JUDSON-SAN PIERRE 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 1 FY 2007	Title VI FY 2000	Title V, Part A FY 2005	Title V, Part A FY 2006	Title V, Part A FY 2007	Drug Free 2005-06	Drug Free Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	224,512	-	-	-	2,688	-	-
Total receipts	224,512	-	-	-	2,688	-	-
Disbursements:							
Current:							
Instruction	186,824	-	-	-	-	-	-
Support services	5,380	220	1,748	3,753	-	-	-
Community services	1,699	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	193,903	220	1,748	3,753	-	-	-
Excess (deficiency) of receipts over disbursements	30,609	(220)	(1,748)	(3,753)	2,688	-	-
Other financing sources (uses):							
Transfers in	13,017	-	-	-	-	-	3,966
Transfers out	-	-	-	-	-	(3,966)	-
Total other financing sources (uses)	13,017	-	-	-	-	(3,966)	3,966
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,626	(220)	(1,748)	(3,753)	2,688	(3,966)	3,966
Cash and investments - beginning	-	220	1,748	5,554	-	3,966	-
Cash and investments - ending	\$ 43,626	\$ -	\$ -	\$ 1,801	\$ 2,688	\$ -	\$ 3,966
Cash and Investment Assets - Ending							
Cash and investments	\$ 43,626	\$ -	\$ -	\$ 1,801	\$ 2,688	\$ -	\$ 3,966
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 43,626	\$ -	\$ -	\$ 1,801	\$ 2,688	\$ -	\$ 3,966
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	43,626	-	-	1,801	2,688	-	3,966
Total cash and investment fund balance - ending	\$ 43,626	\$ -	\$ -	\$ 1,801	\$ 2,688	\$ -	\$ 3,966

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

NORTH JUDSON-SAN PIERRE 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 II	Title II Part D	Gender Equity	Retirement Severance Bond/ Debt Service	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 23,127	\$ -	\$ 522,852
Intermediate sources	-	-	-	-	-	1,088
State sources	-	-	-	-	-	86,042
Federal sources	51,126	-	-	-	-	573,172
Total receipts	51,126	-	-	23,127	-	1,183,154
Disbursements:						
Current:						
Instruction	38,276	175	-	-	-	267,918
Support services	23,093	3,589	-	-	12,863	821,683
Community services	-	-	597	-	-	2,296
Nonprogrammed charges	-	-	-	-	-	35,600
Total disbursements	61,369	3,764	597	-	12,863	1,127,497
Excess (deficiency) of receipts over disbursements	(10,243)	(3,764)	(597)	23,127	(12,863)	55,657
Other financing sources (uses):						
Transfers in	-	-	-	-	-	16,983
Transfers out	-	-	-	-	-	(17,404)
Total other financing sources (uses)	-	-	-	-	-	(421)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,243)	(3,764)	(597)	23,127	(12,863)	55,236
Cash and investments - beginning	39,257	12,458	597	-	14,233	260,611
Cash and investments - ending	<u>\$ 29,014</u>	<u>\$ 8,694</u>	<u>\$ -</u>	<u>\$ 23,127</u>	<u>\$ 1,370</u>	<u>\$ 315,847</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 29,014	\$ 8,694	\$ -	\$ -	\$ 1,370	\$ 292,720
Restricted assets:						
Cash and investments	-	-	-	23,127	-	23,127
Total cash and investment assets - ending	<u>\$ 29,014</u>	<u>\$ 8,694</u>	<u>\$ -</u>	<u>\$ 23,127</u>	<u>\$ 1,370</u>	<u>\$ 315,847</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 23,127	\$ -	\$ 23,127
Unrestricted	29,014	8,694	-	-	1,370	292,720
Total cash and investment fund balance - ending	<u>\$ 29,014</u>	<u>\$ 8,694</u>	<u>\$ -</u>	<u>\$ 23,127</u>	<u>\$ 1,370</u>	<u>\$ 315,847</u>

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

NORTH JUDSON-SAN PIERRE 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, 2008

	Special Education/ Preschool	School Lunch	Textbook Rental	Education License Plates	Gifted/Talented Annual Ongoing Grant	Medicaid Reimbursement	Non-Speaking English Program
Receipts:							
Local sources	\$ 3,302	\$ 328,804	\$ 84,869	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	563	-	-	-
State sources	17,841	4,471	41,982	-	31,572	-	811
Federal sources	-	285,332	-	-	-	-	-
Total receipts	21,143	618,607	126,851	563	31,572	-	811
Disbursements:							
Current:							
Instruction	-	1,452	-	-	14,220	-	-
Support services	-	632,462	68,576	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	40,187	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	40,187	633,914	68,576	-	14,220	-	-
Excess (deficiency) of receipts over disbursements	(19,044)	(15,307)	58,275	563	17,352	-	811
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,044)	(15,307)	58,275	563	17,352	-	811
Cash and investments - beginning	24,827	78,701	50,456	6,394	11,469	5,606	1,403
Cash and investments - ending	\$ 5,783	\$ 63,394	\$ 108,731	\$ 6,957	\$ 28,821	\$ 5,606	\$ 2,214
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 5,783	\$ 63,394	\$ 108,731	\$ 6,957	\$ 28,821	\$ 5,606	\$ 2,214
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 5,783	\$ 63,394	\$ 108,731	\$ 6,957	\$ 28,821	\$ 5,606	\$ 2,214
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,783	63,394	108,731	6,957	28,821	5,606	2,214
Total cash and investment fund balance - ending	\$ 5,783	\$ 63,394	\$ 108,731	\$ 6,957	\$ 28,821	\$ 5,606	\$ 2,214

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

NORTH JUDSON-SAN PIERRE 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, 2008
 (Continued)

	Technology	Miscellaneous Technology	Title 1 FY 2007	Title 1 FY 2008	Title V, Part A FY 2006	Title V, Part A FY 2007	Title V, Part A FY 2008
Receipts:							
Local sources	\$ 20,819	\$ 68,400	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	15,134	217,709	-	-	2,520
Total receipts	20,819	68,400	15,134	217,709	-	-	2,520
Disbursements:							
Current:							
Instruction	-	-	41,485	197,225	-	-	-
Support services	36,872	67,824	3,650	5,396	1,801	1,462	-
Community services	-	-	2,209	7,255	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	36,872	67,824	47,344	209,876	1,801	1,462	-
Excess (deficiency) of receipts over disbursements	(16,053)	576	(32,210)	7,833	(1,801)	(1,462)	2,520
Other financing sources (uses):							
Transfers in	-	-	-	11,416	-	-	-
Transfers out	-	-	(11,416)	-	-	-	-
Total other financing sources (uses)	-	-	(11,416)	11,416	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,053)	576	(43,626)	19,249	(1,801)	(1,462)	2,520
Cash and investments - beginning	22,513	192	43,626	-	1,801	2,688	-
Cash and investments - ending	\$ 6,460	\$ 768	\$ -	\$ 19,249	\$ -	\$ 1,226	\$ 2,520
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 6,460	\$ 768	\$ -	\$ 19,249	\$ -	\$ 1,226	\$ 2,520
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 6,460	\$ 768	\$ -	\$ 19,249	\$ -	\$ 1,226	\$ 2,520
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,460	768	-	19,249	-	1,226	2,520
Total cash and investment fund balance - ending	\$ 6,460	\$ 768	\$ -	\$ 19,249	\$ -	\$ 1,226	\$ 2,520

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

NORTH JUDSON-SAN PIERRE 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, 2008
 (Continued)

	Drug Free Grant	Title II	Title II Part D	Retirement/ Severance Bond Debt Service	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 52,759	\$ -	\$ 558,953
Intermediate sources	-	-	-	-	-	563
State sources	-	-	-	-	-	96,677
Federal sources	-	86,653	-	-	-	607,348
Total receipts	-	86,653	-	52,759	-	1,263,541
Disbursements:						
Current:						
Instruction	-	46,403	90	-	-	300,875
Support services	-	14,220	8,766	-	-	841,029
Community services	-	-	-	-	-	9,464
Nonprogrammed charges	-	-	-	-	-	40,187
Debt services	-	-	-	70,761	-	70,761
Total disbursements	-	60,623	8,856	70,761	-	1,262,316
Excess (deficiency) of receipts over disbursements	-	26,030	(8,856)	(18,002)	-	1,225
Other financing sources (uses):						
Transfers in	-	-	-	-	-	11,416
Transfers out	-	-	-	(3,237)	-	(14,653)
Total other financing sources (uses)	-	-	-	(3,237)	-	(3,237)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	26,030	(8,856)	(21,239)	-	(2,012)
Cash and investments - beginning	3,966	29,014	8,694	23,127	1,370	315,847
Cash and investments - ending	\$ 3,966	\$ 55,044	\$ (162)	\$ 1,888	\$ 1,370	\$ 313,835
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 3,966	\$ 55,044	\$ (162)	\$ -	\$ 1,370	\$ 311,947
Restricted assets:						
Cash and investments	-	-	-	1,888	-	1,888
Total cash and investment assets - ending	\$ 3,966	\$ 55,044	\$ (162)	\$ 1,888	\$ 1,370	\$ 313,835
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 1,888	\$ -	\$ 1,888
Unrestricted	3,966	55,044	(162)	-	1,370	311,947
Total cash and investment fund balance - ending	\$ 3,966	\$ 55,044	\$ (162)	\$ 1,888	\$ 1,370	\$ 313,835

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

NORTH JUDSON-SAN PIERRE 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>Athletic Payroll Fund</u>	<u>The Dorr Foundation</u>	<u>Communities In Schools</u>	<u>Indiana Next</u>	<u>Elementary Supplies</u>	<u>Totals</u>
Additions:						
Contributions:						
Other	\$ 6,642	\$ -	\$ -	\$ -	\$ -	\$ 6,642
Deductions:						
Administrative and general	10,931	127	-	132	5,703	16,893
Deficiency of total additions over total deductions	(4,289)	(127)	-	(132)	(5,703)	(10,251)
Cash and investment fund balance - beginning	(1,074)	127	506	132	20,323	20,014
Cash and investments - June 30	<u>\$ (5,363)</u>	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 14,620</u>	<u>\$ 9,763</u>
Total net assets - cash and investment basis held in trust	<u>\$ (5,363)</u>	<u>\$ -</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 14,620</u>	<u>\$ 9,763</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	<u>Athletic Payroll</u>	<u>Communities In Schools</u>	<u>Elementary Supplies</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 7,320	\$ -	\$ -	\$ 7,320
Deductions:				
Administrative and general	<u>7,604</u>	<u>506</u>	<u>8,424</u>	<u>16,534</u>
Deficiency of total additions over total deductions	(284)	(506)	(8,424)	(9,214)
Cash and investment fund balance - beginning	<u>(5,363)</u>	<u>506</u>	<u>14,620</u>	<u>9,763</u>
Cash and investments - June 30	<u>\$ (5,647)</u>	<u>\$ -</u>	<u>\$ 6,196</u>	<u>\$ 549</u>
Total net assets - cash and investment basis held in trust	<u>\$ (5,647)</u>	<u>\$ -</u>	<u>\$ 6,196</u>	<u>\$ 549</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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	\$ 254,450
Buildings	19,770,649
Improvements other than buildings	2,270,800
Machinery and equipment	<u>3,381,025</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 25,676,924</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended June 30, 2008

The School Corporation has entered into the following long-term debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Jr. High School Renovation	\$ 2,155,000	\$ 835,000
High School Renovation	1,950,000	10,000
High School Auditorium	4,975,000	-
Notes and loans payable	2,509,510	2,113,692
Bonds payable:		
General obligation bonds:		
Pension Bond	<u>810,000</u>	<u>20,000</u>
Total governmental activities long-term debt	<u>\$ 12,399,510</u>	<u>\$ 2,978,692</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ECA EDUCATIONAL FEES (Applies to Liberty Elementary and North Judson-San Pierre Middle and Senior High Schools)

Some educational fees were being receipted to and retained in an extra-curricular fund.

IC 20-26-4-1(d) concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

FORM TBR-2 RECEIPTS (Applies to North Judson - San Pierre High School)

Receipts were not always completed properly. Some receipts had no date, not all data provided, and classification of money received was not always indicated. A similar comment was in prior Report B29460.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the School Lunch Fund was insufficient. The Annual Financial Report submitted to the Indiana Department of Education did not reconcile to the school lunch funds ledger. Amounts reported as receipts, disbursements and ending balances did not agree to the funds ledger. Information to verify report totals could not be obtained for school lunch. Deposits did not always agree with documentation provided.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the North Judson-San Pierre School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2008-1.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material

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

effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

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

STATE BOARD OF ACCOUNTS

February 25, 2009

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 89,809	\$ 85,509
National School Lunch Program	10.555		214,089	210,873
Summer Food Service Program for Children	10.559		<u>3,674</u>	<u>4,474</u>
Total for federal grantor agency			<u>307,572</u>	<u>300,856</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		06-7515	27,960	-
		07-7515	193,903	35,928
		08-7515	<u>-</u>	<u>209,876</u>
Total for program			<u>221,863</u>	<u>245,804</u>
State Grants for Innovative Programs				
	84.298			
		05-163	1,968	-
		06-7515	3,753	1,801
		07-7515	<u>-</u>	<u>1,462</u>
Total for program			<u>5,721</u>	<u>3,263</u>
Improving Teacher Quality State Grants				
	84.367			
		06-7515	61,369	56,622
		07-7515	<u>3,763</u>	<u>8,856</u>
Total for program			<u>65,132</u>	<u>65,478</u>
Total for federal grantor agency			<u>292,716</u>	<u>314,545</u>
Total federal awards expended			<u>\$ 600,288</u>	<u>\$ 615,401</u>

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 4,729	\$ 6,573
National School Lunch Program	10.555	11,245	16,154

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title 1 Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? no

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster – National School Lunch Program
CFDA Number: 10.555
Pass-Through Entity: Indiana Department of Education

The School Corporation does not have adequate internal control procedures in place to ensure the financial data used to complete the Annual Financial Report required by the Indiana Department of Education for school lunch is accurate.

The school lunch annual financial report (AFR) for the two years ending June 30, 2007 and 2008 was not accurately completed. The financial data could not be traced to school lunch records.

7CFR210.15 states in part: "Reporting summary, Participating school food authorities are required to submit forms and reports to the State Agency or the distributing agency, as appropriate, to demonstrate compliance with Program requirements."

We recommended that the School Corporation design and implement internal control procedures that will ensure the filing of accurate reports.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2006-1, INTERNAL CONTROLS OVER FILING FEDERAL REPORTS

Federal Agency: U.S. Department of Education
Federal Program: Title 1
CFDA Number: 84.010
Pass-Through Entity: Indiana Department of Education

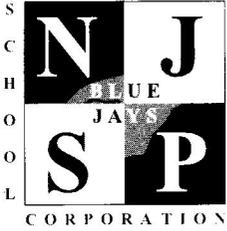
The School Corporation does not have adequate internal control procedures to ensure accuracy of reports filed with the State. Amounts reported in some quarterly and final annual expenditure reports did not agree to the records. Seven out of eight quarterly reports and both annual expenditure reports did not agree to the records.

34 CFR 80.20(b)(1) states: "Finance reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Failure to comply with federal program requirements and the requirements of the State pass-through agency could cause the School Corporation to forfeit federal funds already received and jeopardize approval of future funding under federal assistance programs.

We recommend that the School Corporation design and implement internal control procedures that will ensure accurate reports to the State.

Corrective action was taken.



NORTH JUDSON-SAN PIERRE

SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

Finding No. 2008-1 REPORTING

Federal Agency: U.S. Department of Agriculture

Pass-through Indiana Department of Education

Federal Program: Child Nutrition Cluster-National School Lunch Program

CFDA Number 10.555

Corrective Action:

The North Judson-San Pierre School Corporation will develop and implement internal *revenue controls throughout the cafeteria department to assist with properly and accurately accounting for all cafeteria revenues and expenditures.*

These internal controls will include but are not limited to the following:

1. Pre-paid Accounts: All money received for pre-paid accounts will be balanced and reconciled each day against a printed off daily pre-paid account report.
2. All daily collected revenues will be reconciled to daily meal reports for the total amounts collected each day. The meal report will include the total number of daily meals served by the type of meal along with the revenue amount that each type of meal category totals and the amount of revenue that was actually received.
3. Each location (San Pierre, Liberty, Middle School, High School, & Lutheran) will have their daily meal revenues totaled and deposited in the cafeteria bank account each day. The deposit slips will balance to all revenues received for that day. The daily bank deposit slips will be attached to all daily verification of revenues that were received. The bank deposit slips and verification will then be forwarded to the NJ-SP School Corporation Treasurer each day.
4. The daily deposits are to be receipted into the Corporation School Lunch Fund.
5. The School Lunch Fund bank statement will be reconciled and balanced each month at the Central Office. The School Treasurer and School Board are to receive a copy of this report each month.
6. Any employees involved in the handling/transporting of cafeteria revenues will be responsible for counting and recording the amount of revenue that is in their possession. This amount will be recorded and signed for in front of each person that previously handled or transported the revenues.
7. All cafeteria expenditures will be paid from the School Lunch Fund.
8. All State or Federal funds will be wired directly into the School Lunch Fund.



2-11-09



2-11-09

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2009, with Guy Richie, Treasurer; and Iran G. Floyd, Superintendent of Schools. The officials concurred with our audit findings.