

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

AUDIT REPORT
OF
BLACKFORD COUNTY SCHOOLS
BLACKFORD COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
04/15/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara S. Grover	01-01-06 to 12-31-09
Superintendent of Schools	Gerald R. Chabot Kenneth R. Kline	07-01-05 to 06-30-08 07-01-08 to 06-30-11
President of the School Board	Nancy Barry John Payne	01-01-06 to 12-31-06 01-01-07 to 12-31-09



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 BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blackford County Schools (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.

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 March 4, 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

March 4, 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 BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blackford County Schools (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 March 4, 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.

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

March 4, 2009

BLACKFORD COUNTY SCHOOLS
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	\$ 10,673,559	\$ -	\$ 121,039	\$ (10,552,520)
Support services	7,191,816	431,434	444,261	(6,316,121)
Community services	191,550	-	-	(191,550)
Nonprogrammed charges	172,890	-	-	(172,890)
Debt service	<u>3,354,258</u>	<u>-</u>	<u>-</u>	<u>(3,354,258)</u>
Total government	<u>\$ 21,584,073</u>	<u>\$ 431,434</u>	<u>\$ 565,300</u>	<u>(20,587,339)</u>
General receipts:				
Property taxes				3,708,634
Other local sources				858,819
State aid				10,285,335
Bonds and loans				1,575,898
Grants and contributions not restricted to specific programs				1,245,377
Sale of property, adjustments, and refunds				60,961
Investment earnings				<u>303,442</u>
Total general receipts				<u>18,038,466</u>
Change in net assets				(2,548,873)
Net assets - beginning				<u>5,478,351</u>
Net assets - ending				<u>\$ 2,929,478</u>
<u>Assets</u>				
Cash and investments				\$ 2,913,395
Restricted assets:				
Cash and investments				<u>16,083</u>
Total assets				<u>\$ 2,929,478</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 16,083
Unrestricted				<u>2,913,395</u>
Total net assets				<u>\$ 2,929,478</u>

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<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	\$ 10,654,944	\$ -	\$ 278,649	\$ (10,376,295)
Support services	7,687,882	446,602	633,515	(6,607,765)
Community services	216,524	-	-	(216,524)
Nonprogrammed charges	133,919	-	-	(133,919)
Debt service	5,750,921	-	-	(5,750,921)
Total government	\$ 24,444,190	\$ 446,602	\$ 912,164	(23,085,424)
General receipts:				
Property taxes				8,090,600
Other local sources				1,264,698
State aid				10,007,046
Bonds and loans				4,107,527
Grants and contributions not restricted to specific programs				1,182,163
Sale of property, adjustments, and refunds				46,169
Investment earnings				193,714
Total general receipts				24,891,917
Change in net assets				1,806,493
Net assets - beginning				2,929,478
Net assets - ending				\$ 4,735,971
<u>Assets</u>				
Cash and investments				\$ 4,593,659
Restricted assets:				
Cash and investments				142,312
Total assets				\$ 4,735,971
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 142,312
Unrestricted				4,593,659
Total net assets				\$ 4,735,971

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	School Lunch	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 2,157,047	\$ 379,185	\$ 383,310	\$ 123,954	\$ 1,182,915	\$ 781,391	\$ 86,833	\$ 206,402	\$ 5,301,037
Intermediate sources	319	-	-	-	-	-	-	975	1,294
State sources	10,350,792	-	12,198	50,127	-	-	-	212,058	10,625,175
Federal sources	41,130	-	381,712	-	-	-	-	1,047,994	1,470,836
Bonds and loans	-	396,501	-	-	1,003,778	-	-	175,619	1,575,898
Sale of property, adjustments and refunds	9,849	-	45,375	5,736	-	-	-	-	60,960
Total receipts	12,559,137	775,686	822,595	179,817	2,186,693	781,391	86,833	1,643,048	19,035,200
Disbursements:									
Current:									
Instruction	9,528,124	-	-	-	-	-	-	1,145,435	10,673,559
Support services	3,695,145	653,031	823,619	124,839	-	1,630,148	215,720	49,314	7,191,816
Community services	190,128	-	-	-	-	-	-	1,422	191,550
Nonprogrammed charges	172,890	-	-	-	-	-	-	-	172,890
Debt services	581,582	-	-	-	2,388,173	-	-	384,503	3,354,258
Total disbursements	14,167,869	653,031	823,619	124,839	2,388,173	1,630,148	215,720	1,580,674	21,584,073
Excess (deficiency) of receipts over disbursements	(1,608,732)	122,655	(1,024)	54,978	(201,480)	(848,757)	(128,887)	62,374	(2,548,873)
Other financing sources (uses):									
Transfers in	11,070	-	-	17,650	-	-	-	92,974	121,694
Transfers out	-	-	-	-	(17,650)	-	-	(104,044)	(121,694)
Total other financing sources (uses)	11,070	-	-	17,650	(17,650)	-	-	(11,070)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,597,662)	122,655	(1,024)	72,628	(219,130)	(848,757)	(128,887)	51,304	(2,548,873)
Cash and investments - beginning	2,728,600	68,355	325,424	238,215	235,213	1,564,986	136,052	181,506	5,478,351
Cash and investments - ending	\$ 1,130,938	\$ 191,010	\$ 324,400	\$ 310,843	\$ 16,083	\$ 716,229	\$ 7,165	\$ 232,810	\$ 2,929,478
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,130,938	\$ 191,010	\$ 324,400	\$ 310,843	\$ -	\$ 716,229	\$ 7,165	\$ 232,810	\$ 2,913,395
Restricted assets:									
Cash and investments	-	-	-	-	16,083	-	-	-	16,083
Total cash and investment assets - ending	\$ 1,130,938	\$ 191,010	\$ 324,400	\$ 310,843	\$ 16,083	\$ 716,229	\$ 7,165	\$ 232,810	\$ 2,929,478
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 16,083	\$ -	\$ -	\$ -	\$ 16,083
Unrestricted	1,130,938	191,010	324,400	310,843	-	716,229	7,165	232,810	2,913,395
Total cash and investment fund balance - ending	\$ 1,130,938	\$ 191,010	\$ 324,400	\$ 310,843	\$ 16,083	\$ 716,229	\$ 7,165	\$ 232,810	\$ 2,929,478

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

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

	General	Transportation Operating	School Lunch	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 4,043,183	\$ 828,439	\$ 385,195	\$ 120,179	\$ 2,475,068	\$ 1,498,436	\$ 193,205	\$ 451,140	\$ 9,994,845
Intermediate sources	319	-	-	-	-	-	-	450	769
State sources	10,199,310	-	11,505	87,579	-	-	-	135,676	10,434,070
Federal sources	50,115	-	521,409	-	-	-	-	1,095,779	1,667,303
Bonds and loans	2,614,178	262,669	-	-	1,068,186	-	-	162,494	4,107,527
Sale of property, adjustments and refunds	5,414	-	39,209	1,546	-	-	-	-	46,169
Total receipts	16,912,519	1,091,108	957,318	209,304	3,543,254	1,498,436	193,205	1,845,539	26,250,683
Disbursements:									
Current:									
Instruction	9,465,173	-	-	-	-	-	-	1,189,771	10,654,944
Support services	4,333,112	716,510	909,243	149,634	-	1,350,787	168,910	59,686	7,687,882
Community services	216,524	-	-	-	-	-	-	-	216,524
Nonprogrammed charges	133,919	-	-	-	-	-	-	-	133,919
Debt services	1,372,519	396,501	-	-	3,425,286	-	-	556,615	5,750,921
Total disbursements	15,521,247	1,113,011	909,243	149,634	3,425,286	1,350,787	168,910	1,806,072	24,444,190
Excess (deficiency) of receipts over disbursements	1,391,272	(21,903)	48,075	59,670	117,968	147,649	24,295	39,467	1,806,493
Other financing sources (uses):									
Interfund loans	-	-	-	-	-	(4,425)	-	4,425	-
Transfers in	96,102	-	-	3,107	-	-	-	96,181	195,390
Transfers out	-	-	-	-	(3,107)	(10,000)	-	(182,283)	(195,390)
Total other financing sources (uses)	96,102	-	-	3,107	(3,107)	(14,425)	-	(81,677)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,487,374	(21,903)	48,075	62,777	114,861	133,224	24,295	(42,210)	1,806,493
Cash and investments - beginning	1,130,938	191,010	324,400	310,843	16,083	716,229	7,165	232,810	2,929,478
Cash and investments - ending	<u>\$ 2,618,312</u>	<u>\$ 169,107</u>	<u>\$ 372,475</u>	<u>\$ 373,620</u>	<u>\$ 130,944</u>	<u>\$ 849,453</u>	<u>\$ 31,460</u>	<u>\$ 190,600</u>	<u>\$ 4,735,971</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 2,618,312	\$ 169,107	\$ 372,475	\$ 373,620	\$ -	\$ 849,453	\$ 31,460	\$ 179,232	\$ 4,593,659
Restricted assets:									
Cash and investments	-	-	-	-	130,944	-	-	11,368	142,312
Total cash and investment assets - ending	<u>\$ 2,618,312</u>	<u>\$ 169,107</u>	<u>\$ 372,475</u>	<u>\$ 373,620</u>	<u>\$ 130,944</u>	<u>\$ 849,453</u>	<u>\$ 31,460</u>	<u>\$ 190,600</u>	<u>\$ 4,735,971</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 130,944	\$ -	\$ -	\$ 11,368	\$ 142,312
Unrestricted	2,618,312	169,107	372,475	373,620	-	849,453	31,460	179,232	4,593,659
Total cash and investment fund balance - ending	<u>\$ 2,618,312</u>	<u>\$ 169,107</u>	<u>\$ 372,475</u>	<u>\$ 373,620</u>	<u>\$ 130,944</u>	<u>\$ 849,453</u>	<u>\$ 31,460</u>	<u>\$ 190,600</u>	<u>\$ 4,735,971</u>

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions	\$ -	\$ 26,564	
Interest	-	45,077	
Total additions	-	71,641	
Deductions:			
Benefits	444,201	-	
Administrative and general	-	564,550	
Total deductions	444,201	564,550	
Deficiency of total additions over total deductions	(444,201)	(492,909)	
Cash and investment fund balance - beginning	1,670,516	1,435,986	
Cash and investment fund balance - ending	\$ 1,226,315	\$ 943,077	\$ 117,267
Net assets:			
Cash and investments	\$ 1,226,315	\$ 943,077	
Total net assets - cash and investment basis held in trust	\$ 1,226,315	\$ 943,077	

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

BLACKFORD COUNTY SCHOOLS
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	Agency Funds
Additions:			
Contributions	\$ -	\$ 143,001	
Interest	-	29,110	
Total additions	-	172,111	
Deductions:			
Benefits	406,359	-	
Administrative and general	-	563,517	
Total deductions	406,359	563,517	
Deficiency of total additions over total deductions	(406,359)	(391,406)	
Cash and investment fund balance - beginning	1,226,315	943,077	
Cash and investment fund balance - ending	\$ 819,956	\$ 551,671	\$ 136,569
Net assets:			
Cash and investments	\$ 819,956	\$ 551,671	
Total net assets - cash and investment basis held in trust	\$ 819,956	\$ 551,671	

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. There are no component units which require inclusion.

Joint Ventures

The School Corporation is a participant with six other school corporations in a joint venture to operate the Delaware/Blackford Special Education Cooperative (the Cooperative), which was created to administer special education programs. The School Corporation is obligated by contract to remit its proportional share of administrative expenses, based on annual special education enrollments of the member school corporations to the Cooperative. During the years ended June 30, 2007 and 2008, the School Corporation remitted \$43,967 and \$44,552, respectively, to the Cooperative. Complete financial statements of the Cooperative can be obtained from Muncie Community Schools, 2501 North Oakwood, Muncie IN 47304-2399.

The School Corporation is a participant with nine other school corporations and a service center in a joint venture to operate the East Central Indiana School Trust (the Trust) which was created to keep employee health insurance costs more manageable. The School Corporation is obligated by contract to remit insurance premiums (which include administrative costs) to the Trust monthly. The Trust places its surplus resources in a reserve fund and uses them to reduce the impact of future increases in insurance costs. Complete financial statements for the Trust can be obtained from East Central Indiana School Trust, 1601 Indiana Avenue, Connersville IN 47331.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The textbook rental fund accounts for the rent of textbooks and related items to students.

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 accounts for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The only pension trust fund is the retirement/severance bond fund, which accounts for resources accumulated for pension benefits and severance payments.

The private-purpose trust funds account for financial activities of assets donated by private foundations and similar organizations.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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 (Indiana Code 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. Due to delays in the assessment process, the property taxes normally due on May 10 were not available for distribution by June 30 in either year.

3. Capital Assets

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

1. 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 except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. 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 following year. 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were all 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	2007	2008
Debt Service Fund	Textbook Rental Fund	\$ 17,650	\$ 3,107
Capital Projects Fund	Other governmental funds	-	10,000
Other governmental funds	General Fund	11,070	96,102
Other governmental funds	Other governmental funds	92,974	86,181
Totals		<u>\$ 121,694</u>	<u>\$ 195,390</u>

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

C. Restatements and Reclassifications

As of July 1, 2006, certain changes were made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2007
Other governmental funds	\$ 53,110	\$ (1,808)	\$ 51,302
Private-Purpose Trust Funds	1,434,178	1,808	1,435,986

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; and medical benefits to employees, retirees, and dependents (excluding postemployment benefits).

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Job Related Illnesses or Injuries to Employees

During 2006, the School Corporation joined the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation claims. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

Medical Benefits to Employees, Retirees, and Dependents

During 1998, the School Corporation joined the East Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for eleven member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$2,000,000 lifetime per employee. The risk pool obtains independent coverage for insured events in excess of \$150,000 per covered individual per calendar year.

B. Holding Corporation

The School Corporation has entered into a capital lease with Blackford County School 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 government. Lease payments during the years ended June 30, 2007 and 2008, totaled \$2,370,000 and \$2,370,500, respectively.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment benefits up to age 65, as authorized by Indiana Code 5-10-8, to all certified employees who retire from the School Corporation on or after attaining age 55 with at least 20 years of service, and to all other retirees after age 60 with at least 15 years of service. Currently, 26 retirees meet these eligibility requirements. The School Corporation provides up to \$12,761 to these retirees in cash and/or credit toward insurance premiums. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the years ended June 30, 2007 and 2008, disbursements of \$365,811 and \$345,737, respectively, were recognized for postemployment benefits.

D. Subsequent Event

The School Corporation borrowed \$1,611,414 in tax anticipation warrants on January 29, 2009. The entire principal, plus interest at 1.79%, is to be repaid by no later than December 31, 2009.

BLACKFORD COUNTY SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 168,399
Interest on net pension obligation	(11,466)
Adjustment to annual required contribution	13,066
Annual pension cost	169,999
Contributions made	120,224
Increase in net pension obligation	49,775
Net pension obligation, beginning of year	(158,147)
Net pension obligation, end of year	\$ (108,372)

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	7%
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

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

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-05	\$ 143,703	121%	\$ (172,202)
06-30-06	179,560	92%	(158,147)
06-30-07	169,999	71%	(108,372)

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 (Indiana Code 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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 \$268,805, \$249,211, and \$230,862, respectively. The School Corporation contributed all of the required contribution for each of the fiscal years.

BLACKFORD COUNTY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
07-01-05	\$ 2,378,860	\$ 2,849,952	\$ 471,092	83%	\$ 2,653,826	18%
07-01-06	2,476,558	2,681,619	205,061	92%	2,382,161	9%
07-01-07	2,765,202	2,844,419	79,217	97%	2,449,513	3%

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Preschool Special Education	Levy Excess	Education License Plates	Gifted and Talented	Non-English Speaking	Technology
Receipts:						
Local sources	\$ 5,405	\$ -	\$ -	\$ -	\$ -	\$ 11,665
Intermediate sources	-	-	975	-	-	-
State sources	104,194	-	-	14,432	19	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	109,599	-	975	14,432	19	11,665
Disbursements:						
Current:						
Instruction	102,186	-	-	14,432	-	-
Support services	-	-	1,650	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	102,186	-	1,650	14,432	-	-
Excess (deficiency) of receipts over disbursements	7,413	-	(675)	-	19	11,665
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(11,070)	-	-	-	-	-
Total other financing sources (uses)	(11,070)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,657)	-	(675)	-	19	11,665
Cash and investments - beginning	4,239	95,012	6,238	-	117	11,344
Cash and investments - ending	<u>\$ 582</u>	<u>\$ 95,012</u>	<u>\$ 5,563</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ 23,009</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 582	\$ 95,012	\$ 5,563	\$ -	\$ 136	\$ 23,009
Total cash and investment assets - ending	\$ 582	\$ 95,012	\$ 5,563	\$ -	\$ 136	\$ 23,009
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 582	\$ 95,012	\$ 5,563	\$ -	\$ 136	\$ 23,009
Total cash and investment fund balance - ending	\$ 582	\$ 95,012	\$ 5,563	\$ -	\$ 136	\$ 23,009

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Technology Planning Grant	ITPC Grant	1:1 English Classroom Pilot Grant	Title I 06-07	Title I 05-06	06-07 Title I Improvement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	92,913	500	-	-	-	-
Federal sources	-	-	-	320,731	-	15,547
Bonds and loans	-	-	-	-	-	-
Total receipts	92,913	500	-	320,731	-	15,547
Disbursements:						
Current:						
Instruction	64,983	-	-	322,609	-	3,188
Support services	-	-	2,500	5,000	-	546
Community services	-	-	-	1,422	-	-
Debt services	-	-	-	-	-	-
Total disbursements	64,983	-	2,500	329,031	-	3,734
Excess (deficiency) of receipts over disbursements	27,930	500	(2,500)	(8,300)	-	11,813
Other financing sources (uses):						
Transfers in	-	-	-	38,000	-	-
Transfers out	-	-	-	-	(38,000)	-
Total other financing sources (uses)	-	-	-	38,000	(38,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,930	500	(2,500)	29,700	(38,000)	11,813
Cash and investments - beginning	-	-	4,400	-	38,000	-
Cash and investments - ending	<u>\$ 27,930</u>	<u>\$ 500</u>	<u>\$ 1,900</u>	<u>\$ 29,700</u>	<u>\$ -</u>	<u>\$ 11,813</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 27,930</u>	<u>\$ 500</u>	<u>\$ 1,900</u>	<u>\$ 29,700</u>	<u>\$ -</u>	<u>\$ 11,813</u>
Total cash and investment assets - ending	<u>\$ 27,930</u>	<u>\$ 500</u>	<u>\$ 1,900</u>	<u>\$ 29,700</u>	<u>\$ -</u>	<u>\$ 11,813</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 27,930</u>	<u>\$ 500</u>	<u>\$ 1,900</u>	<u>\$ 29,700</u>	<u>\$ -</u>	<u>\$ 11,813</u>
Total cash and investment fund balance - ending	<u>\$ 27,930</u>	<u>\$ 500</u>	<u>\$ 1,900</u>	<u>\$ 29,700</u>	<u>\$ -</u>	<u>\$ 11,813</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title V 06-07	Special Education Co-op 06-07	Drug-Free	Project Lead the Way	Medicaid Reimbursement	SEEDS
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	3,871	506,751	8,774	7,773	224	9,332
Bonds and loans	-	-	-	-	-	-
Total receipts	3,871	506,751	8,774	7,773	224	9,332
Disbursements:						
Current:						
Instruction	58,845	501,889	-	7,773	-	675
Support services	-	-	4,387	-	-	4,980
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	58,845	501,889	4,387	7,773	-	5,655
Excess (deficiency) of receipts over disbursements	(54,974)	4,862	4,387	-	224	3,677
Other financing sources (uses):						
Transfers in	54,974	-	-	-	-	-
Transfers out	-	-	(4,387)	-	-	-
Total other financing sources (uses)	54,974	-	(4,387)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,862	-	-	224	3,677
Cash and investments - beginning	-	-	-	-	2,604	-
Cash and investments - ending	\$ -	\$ 4,862	\$ -	\$ -	\$ 2,828	\$ 3,677
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 4,862	\$ -	\$ -	\$ 2,828	\$ 3,677
Total cash and investment assets - ending	\$ -	\$ 4,862	\$ -	\$ -	\$ 2,828	\$ 3,677
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 4,862	\$ -	\$ -	\$ 2,828	\$ 3,677
Total cash and investment fund balance - ending	\$ -	\$ 4,862	\$ -	\$ -	\$ 2,828	\$ 3,677

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title III Migrant	Title II A 06-07	Title II-D Education Technology 1	Title II-D Education Technology 2	School Pension Debt	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 189,332	\$ 206,402
Intermediate sources	-	-	-	-	-	975
State sources	-	-	-	-	-	212,058
Federal sources	348	101,175	23,968	49,500	-	1,047,994
Bonds and loans	-	-	-	-	175,619	175,619
Total receipts	348	101,175	23,968	49,500	364,951	1,643,048
Disbursements:						
Current:						
Instruction	-	44,887	23,968	-	-	1,145,435
Support services	-	-	-	30,251	-	49,314
Community services	-	-	-	-	-	1,422
Debt services	-	-	-	-	384,503	384,503
Total disbursements	-	44,887	23,968	30,251	384,503	1,580,674
Excess (deficiency) of receipts over disbursements	348	56,288	-	19,249	(19,552)	62,374
Other financing sources (uses):						
Transfers in	-	-	-	-	-	92,974
Transfers out	-	(50,587)	-	-	-	(104,044)
Total other financing sources (uses)	-	(50,587)	-	-	-	(11,070)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	348	5,701	-	19,249	(19,552)	51,304
Cash and investments - beginning	-	-	-	-	19,552	181,506
Cash and investments - ending	<u>\$ 348</u>	<u>\$ 5,701</u>	<u>\$ -</u>	<u>\$ 19,249</u>	<u>\$ -</u>	<u>\$ 232,810</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 348</u>	<u>\$ 5,701</u>	<u>\$ -</u>	<u>\$ 19,249</u>	<u>\$ -</u>	<u>\$ 232,810</u>
Total cash and investment assets - ending	<u>\$ 348</u>	<u>\$ 5,701</u>	<u>\$ -</u>	<u>\$ 19,249</u>	<u>\$ -</u>	<u>\$ 232,810</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 348</u>	<u>\$ 5,701</u>	<u>\$ -</u>	<u>\$ 19,249</u>	<u>\$ -</u>	<u>\$ 232,810</u>
Total cash and investment fund balance - ending	<u>\$ 348</u>	<u>\$ 5,701</u>	<u>\$ -</u>	<u>\$ 19,249</u>	<u>\$ -</u>	<u>\$ 232,810</u>

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

	Preschool Special Education	Rainy Day	Levy Excess	Education License Plates	Gifted and Talented	Non-English Speaking	Technology
Receipts:							
Local sources	\$ 10,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,351
Intermediate sources	-	-	-	450	-	-	-
State sources	99,406	-	-	-	35,135	1,135	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	110,201	-	-	450	35,135	1,135	24,351
Disbursements:							
Current:							
Instruction	110,783	-	-	-	23,409	435	-
Support services	-	-	-	1,002	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	110,783	-	-	1,002	23,409	435	-
Excess (deficiency) of receipts over disbursements	(582)	-	-	(552)	11,726	700	24,351
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Transfers in	-	10,000	-	-	-	-	-
Transfers out	-	-	(95,012)	-	-	-	-
Total other financing sources (uses)	-	10,000	(95,012)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(582)	10,000	(95,012)	(552)	11,726	700	24,351
Cash and investments - beginning	582	-	95,012	5,563	-	136	23,009
Cash and investments - ending	\$ -	\$ 10,000	\$ -	\$ 5,011	\$ 11,726	\$ 836	\$ 47,360
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 10,000	\$ -	\$ 5,011	\$ 11,726	\$ 836	\$ 47,360
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 10,000	\$ -	\$ 5,011	\$ 11,726	\$ 836	\$ 47,360
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	10,000	-	5,011	11,726	836	47,360
Total cash and investment fund balance - ending	\$ -	\$ 10,000	\$ -	\$ 5,011	\$ 11,726	\$ 836	\$ 47,360

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

	Technology Planning Grant	ITPC Grant	1:1 English Classroom Pilot Grant	Title I 06-07	Title I 07-08	06-07 Title I Improvement	07-08 Title I Improvement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 4,705	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	391,734	-	56,956
Bonds and loans	-	-	-	-	-	-	-
Total receipts	-	-	-	-	396,439	-	56,956
Disbursements:							
Current:							
Instruction	27,930	-	1,900	-	338,366	4,458	45,887
Support services	-	-	-	-	19,802	7,355	3,180
Debt services	-	-	-	-	-	-	-
Total disbursements	27,930	-	1,900	-	358,168	11,813	49,067
Excess (deficiency) of receipts over disbursements	(27,930)	-	(1,900)	-	38,271	(11,813)	7,889
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	29,700	-	-
Transfers out	-	-	-	(29,700)	-	-	-
Total other financing sources (uses)	-	-	-	(29,700)	29,700	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,930)	-	(1,900)	(29,700)	67,971	(11,813)	7,889
Cash and investments - beginning	27,930	500	1,900	29,700	-	11,813	-
Cash and investments - ending	\$ -	\$ 500	\$ -	\$ -	\$ 67,971	\$ -	\$ 7,889
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 500	\$ -	\$ -	\$ 67,971	\$ -	\$ 7,889
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 500	\$ -	\$ -	\$ 67,971	\$ -	\$ 7,889
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	500	-	-	67,971	-	7,889
Total cash and investment fund balance - ending	\$ -	\$ 500	\$ -	\$ -	\$ 67,971	\$ -	\$ 7,889

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

	Title V 07-08	Special Education Co-op 06-07	Special Education Co-op 07-08	Drug-Free	Project Lead the Way	PLTW 07-08	Medicaid Reimbursement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 3,850	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	3,663	-	502,521	8,624	12,227	-	13,022
Bonds and loans	-	-	-	-	-	-	-
Total receipts	3,663	-	502,521	8,624	12,477	3,850	13,022
Disbursements:							
Current:							
Instruction	60,144	4,862	502,521	-	12,227	8,275	-
Support services	-	-	-	4,312	250	-	528
Debt services	-	-	-	-	-	-	-
Total disbursements	60,144	4,862	502,521	4,312	12,477	8,275	528
Excess (deficiency) of receipts over disbursements	(56,481)	(4,862)	-	4,312	-	(4,425)	12,494
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	4,425	-
Transfers in	56,481	-	-	-	-	-	-
Transfers out	-	-	-	(4,312)	-	-	(1,090)
Total other financing sources (uses)	56,481	-	-	(4,312)	-	4,425	(1,090)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,862)	-	-	-	-	11,404
Cash and investments - beginning	-	4,862	-	-	-	-	2,828
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,232
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,232
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,232
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	-	-	14,232
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,232

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

	SEEDS	Title II A 07-08	Title III Migrant	Title II A 06-07	Title II-D Education Technology 2	School Pension Debt	Totals
Receipts:							
Local sources	\$ 1,700	\$ -	\$ -	\$ -	\$ -	\$ 405,489	\$ 451,140
Intermediate sources	-	-	-	-	-	-	450
State sources	-	-	-	-	-	-	135,676
Federal sources	2,500	104,338	194	-	-	-	1,095,779
Bonds and loans	-	-	-	-	-	162,494	162,494
Total receipts	4,200	104,338	194	-	-	567,983	1,845,539
Disbursements:							
Current:							
Instruction	960	42,408	305	4,901	-	-	1,189,771
Support services	3,208	-	-	800	19,249	-	59,686
Debt services	-	-	-	-	-	556,615	556,615
Total disbursements	4,168	42,408	305	5,701	19,249	556,615	1,806,072
Excess (deficiency) of receipts over disbursements	32	61,930	(111)	(5,701)	(19,249)	11,368	39,467
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	4,425
Transfers in	-	-	-	-	-	-	96,181
Transfers out	-	(52,169)	-	-	-	-	(182,283)
Total other financing sources (uses)	-	(52,169)	-	-	-	-	(81,677)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32	9,761	(111)	(5,701)	(19,249)	11,368	(42,210)
Cash and investments - beginning	3,677	-	348	5,701	19,249	-	232,810
Cash and investments - ending	<u>\$ 3,709</u>	<u>\$ 9,761</u>	<u>\$ 237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,368</u>	<u>\$ 190,600</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,709	\$ 9,761	\$ 237	\$ -	\$ -	\$ -	\$ 179,232
Restricted assets:							
Cash and investments	-	-	-	-	-	11,368	11,368
Total cash and investment assets - ending	\$ 3,709	\$ 9,761	\$ 237	\$ -	\$ -	\$ 11,368	\$ 190,600
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,368	\$ 11,368
Unrestricted	3,709	9,761	237	-	-	-	179,232
Total cash and investment fund balance - ending	\$ 3,709	\$ 9,761	\$ 237	\$ -	\$ -	\$ 11,368	\$ 190,600

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

	Montpelier APPLE Grant	Jennerjahn Awards	SADD Grant	WSIESC Cap Coaches Grant	Southside APPLE Grant	College Estimator Grant
Additions:						
Contributions	\$ 9,040	\$ 727	\$ 2,000	\$ -	\$ 1,982	\$ 9,775
Interest	-	-	-	-	-	-
Total additions	<u>9,040</u>	<u>727</u>	<u>2,000</u>	<u>-</u>	<u>1,982</u>	<u>9,775</u>
Deductions:						
Administrative and general	<u>9,040</u>	<u>727</u>	<u>1,881</u>	<u>94</u>	<u>1,982</u>	<u>9,775</u>
Excess (deficiency) of total additions over total deductions	-	-	119	(94)	-	-
Cash and investment fund balance - beginning	-	-	-	299	-	-
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Mentor Moms	Mentoring Moms	CAPE Early Literacy Grant	CAPE III Grant	Totals
Additions:					
Contributions	\$ 1,590	\$ 1,450	\$ -	\$ -	\$ 26,564
Interest	-	-	-	45,077	45,077
Total additions	<u>1,590</u>	<u>1,450</u>	<u>-</u>	<u>45,077</u>	<u>71,641</u>
Deductions:					
Administrative and general	<u>1,590</u>	<u>1,203</u>	<u>535,498</u>	<u>2,760</u>	<u>564,550</u>
Excess (deficiency) of total additions over total deductions	-	247	(535,498)	42,317	(492,909)
Cash and investment fund balance - beginning	<u>-</u>	<u>1,509</u>	<u>621,953</u>	<u>812,225</u>	<u>1,435,986</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ 86,455</u>	<u>\$ 854,542</u>	<u>\$ 943,077</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ 86,455</u>	<u>\$ 854,542</u>	<u>\$ 943,077</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ 86,455</u>	<u>\$ 854,542</u>	<u>\$ 943,077</u>

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

	Montpelier APPLE Grant	Montpelier Mentee Grant	Jennerjahn Awards	SADD Grant	WSIESC Cap Coaches Grant	College Estimator Grant	Mentoring Moms	CAPE Early Literacy Grant
Additions:								
Contributions	\$ 3,351	\$ 2,964	\$ 639	\$ 2,000	\$ -	\$ 12,200	\$ 2,050	\$ -
Interest	-	-	-	-	-	-	-	-
Total additions	3,351	2,964	639	2,000	-	12,200	2,050	-
Deductions:								
Administrative and general	3,089	2,390	639	2,119	205	12,200	689	86,455
Excess (deficiency) of total additions over total deductions	262	574	-	(119)	(205)	-	1,361	(86,455)
Cash and investment fund balance - beginning	-	-	-	119	205	-	1,756	86,455
Cash and investments - June 30	\$ 262	\$ 574	\$ -	\$ -	\$ -	\$ -	\$ 3,117	\$ -
Net assets:								
Cash and investments	\$ 262	\$ 574	\$ -	\$ -	\$ -	\$ -	\$ 3,117	\$ -
Total net assets - cash and investment basis held in trust	\$ 262	\$ 574	\$ -	\$ -	\$ -	\$ -	\$ 3,117	\$ -

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

	CAPE III Grant	Southside APPLE Grant	Crabtree APPLE Grant	Northside APPLE Grant	SEEDS APPLE Grant	One Book, One Community	Totals
Additions:							
Contributions	\$ 86,455	\$ 3,840	\$ 3,368	\$ 5,864	\$ 2,175	\$ 18,095	\$ 143,001
Interest	<u>29,110</u>	-	-	-	-	-	<u>29,110</u>
Total additions	<u>115,565</u>	<u>3,840</u>	<u>3,368</u>	<u>5,864</u>	<u>2,175</u>	<u>18,095</u>	<u>172,111</u>
Deductions:							
Administrative and general	<u>423,352</u>	<u>3,753</u>	<u>3,283</u>	<u>5,073</u>	<u>2,175</u>	<u>18,095</u>	<u>563,517</u>
Excess (deficiency) of total additions over total deductions	(307,787)	87	85	791	-	-	(391,406)
Cash and investment fund balance - beginning	<u>854,542</u>	-	-	-	-	-	<u>943,077</u>
Cash and investments - June 30	<u>\$ 546,755</u>	<u>\$ 87</u>	<u>\$ 85</u>	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,671</u>
Net assets:							
Cash and investments	<u>\$ 546,755</u>	<u>\$ 87</u>	<u>\$ 85</u>	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,671</u>
Total net assets - cash and investment basis held in trust	<u>\$ 546,755</u>	<u>\$ 87</u>	<u>\$ 85</u>	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,671</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Employee Insurance Clearing	Telephone Clearing	Atlas Clearing	Payroll Withholdings	Cafeteria Pre-Paid	Cafeteria Payroll Withholdings	Totals
Cash and investments fund balance - ending	<u>\$ 20,570</u>	<u>\$ 78</u>	<u>\$ 313</u>	<u>\$ 63,060</u>	<u>\$ 26,808</u>	<u>\$ 6,438</u>	<u>\$ 117,267</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Employee Insurance Clearing	Telephone Clearing	Atlas Clearing	Payroll Withholdings	Cafeteria Pre-Paid	Cafeteria Payroll Withholdings	Totals
Cash and investments fund balance - ending	<u>\$ 33,133</u>	<u>\$ 84</u>	<u>\$ 171</u>	<u>\$ 70,516</u>	<u>\$ 27,816</u>	<u>\$ 4,849</u>	<u>\$ 136,569</u>

BLACKFORD COUNTY SCHOOLS
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. There are no general infrastructure assets.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 135,000
Buildings	36,757,553
Improvements other than buildings	726,204
Machinery and equipment	<u>8,236,473</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 45,855,230</u>

BLACKFORD COUNTY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School buildings	\$ 18,110,000	\$ 2,371,500
Notes and loans:		
Energy savings projects	547,292	247,760
Tax anticipation warrants	2,750,730	2,808,301
General obligation bonds:		
Retirement and severance	<u>3,075,000</u>	<u>388,279</u>
Total governmental activities debt	<u><u>\$ 24,483,022</u></u>	<u><u>\$ 5,815,840</u></u>

BLACKFORD COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS

PAYROLL WITHHOLDINGS FOR HEALTH INSURANCE

Payments for employee health insurance premiums were usually made entirely from governmental funds, even though payroll withholdings were taken for health insurance. These withholdings were properly placed in agency funds which represents funds to outside entities. As a result, the General Fund balance was originally understated, and the agency fund balance was overstated, by approximately \$75,000 at June 30, 2007, and \$245,000 at June 30, 2008.

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSITS (Applies to Blackford County High School)

Some cash collections were not deposited as cash. Among the given reasons were (1) checks to teachers from the School Corporation were cashed and (2) if checks included amounts due to the athletic department, those amounts were paid in cash to the department secretary.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

CASH WITHHELD FROM DEPOSITS (Applies to Montpelier School)

Collections from students for sales of lanyards were not deposited. Instead, such collections were kept in an unauthorized petty cash fund and used for small purchases until the remaining cash was deposited on December 11, 2008.

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

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSITS (Applies to Hartford City Middle School)

Some cash collections were not deposited as cash. The Treasurer occasionally cashed checks for employees. She also gave change back to students in the form of cash whenever check amounts were more than the amount due. This usually occurred when checks included money for the school cafeteria, which is deposited by cafeteria personnel into a different bank account.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

TIMELY DEPOSITS (Applies to Hartford City Middle School)

Collections were generally deposited once or twice per week, but occasionally a collection would be withheld from the next deposit, even though that deposit would include collections from later dates.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

Compliance

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

Internal Control Over Compliance

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

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

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

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

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

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

March 4, 2009

BLACKFORD COUNTY SCHOOLS
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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 106,619	\$ -
		FY 2006-07	-	108,318
		FY 2007-08	-	-
Total for program			<u>106,619</u>	<u>108,318</u>
National School Lunch Program	10.555		475,054	-
		FY 2006-07	-	512,127
		FY 2007-08	-	-
Total for program			<u>475,054</u>	<u>512,127</u>
Total for federal grantor agency			<u>581,673</u>	<u>620,445</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Muncie Community Schools Special Education Cluster Special Education - Grants to States	84.027		501,889	4,862
		14207-010-PN01	-	502,521
		14208-010-PN01	-	-
Total for cluster			<u>501,889</u>	<u>507,383</u>
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010		329,031	-
		07-0515	3,734	11,813
		07-0515 SI	-	358,169
		08-0515	-	49,067
		08-0515 SI	-	-
Total for program			<u>332,765</u>	<u>419,049</u>
Safe and Drug Free Schools and Communities - State Grants	84.186		4,387	-
		0515-06	-	4,312
		0515-07	-	-
Total for program			<u>4,387</u>	<u>4,312</u>
Tech-Prep Education	84.243		7,773	12,477
		TP-6-353	-	8,274
Pass-Through Muncie Community Schools Tech-Prep Education	84.243		-	-
		CPS-6-34	-	-
Total for program			<u>7,773</u>	<u>20,751</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298		58,845	-
		06-0515	-	60,144
		07-0515	-	-
Total for program			<u>58,845</u>	<u>60,144</u>
Education Technology State Grants	84.318		23,968	-
		0515-04	30,251	19,249
		0515-05	-	-
Total for program			<u>54,219</u>	<u>19,249</u>
Pass-Through Region 8 Education Service Center English Language Acquisition Grants	84.365		-	305
		FV 2005-06	-	-
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants Enter project in this cell	84.367		44,887	5,701
		06-0515	-	42,408
		07-0515	-	-
Total for program			<u>44,887</u>	<u>48,109</u>
Total for federal grantor agency			<u>1,004,765</u>	<u>1,079,302</u>
Total federal awards expended			<u>\$ 1,586,438</u>	<u>\$ 1,699,747</u>

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

BLACKFORD COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2007</u>	<u>2008</u>
School Breakfast Program	10.553	\$ 12,863	\$ 9,732
National School Lunch Program	10.555	48,739	35,321

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? 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? none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BLACKFORD COUNTY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BLACKFORD COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2009, with Kenneth R. Kline, Superintendent of Schools; David A. Bowman, Director of Business and Technology; Barbara S. Grover, Treasurer; and John Payne, President of the School Board. The officials concurred with our audit findings.