

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

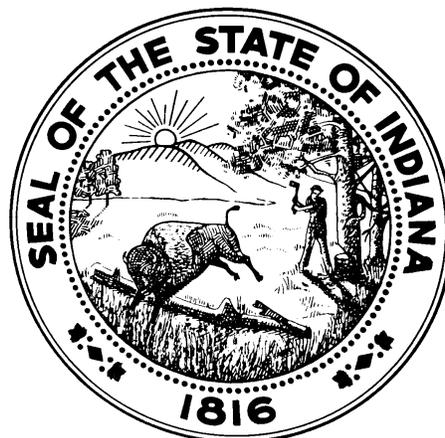
AUDIT REPORT

OF

NORTH SPENCER COUNTY SCHOOL CORPORATION

SPENCER COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/30/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Virlee E. Huffman	07-01-06 to 06-30-09
Superintendent of Schools	Joan L. Keller	07-01-06 to 06-30-09
President of the School Board	Pam Thompson	01-01-06 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE NORTH SPENCER COUNTY SCHOOL
CORPORATION, SPENCER 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 Spencer County 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.

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 May 18, 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 School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

May 18, 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 SPENCER COUNTY SCHOOL
CORPORATION, SPENCER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Spencer County 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 May 18, 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, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 18, 2009

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

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 7,963,070	\$ -	\$ 65,015	\$ (7,898,055)
Support services	6,255,365	743,861	263,816	(5,247,688)
Community services	231,909	-	-	(231,909)
Nonprogrammed charges	2,661,134	-	-	(2,661,134)
Debt service	1,982,046	-	-	(1,982,046)
Total governmental activities	\$ 19,093,524	\$ 743,861	\$ 328,831	(18,020,832)
General receipts:				
Property taxes				7,853,413
Other local sources				848,927
State aid				7,971,552
Bonds and loans				1,465,000
Grants and contributions not restricted to specific programs				671,019
Sale of property, adjustments, and refunds				2,800
Investment earnings				33,561
Total general receipts				18,846,272
Change in net assets				825,440
Net assets - beginning				4,362,713
Net assets - ending				\$ 5,188,153
<u>Assets</u>				
Cash and investments				\$ 3,160,402
Restricted assets:				
Cash and investments				2,027,751
Total assets				\$ 5,188,153
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 964,118
Other purposes				1,063,633
Unrestricted				3,160,402
Total net assets				\$ 5,188,153

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

NORTH SPENCER COUNTY 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>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 8,046,619	\$ -	\$ 94,643	\$ (7,951,976)	
Support services	5,978,283	811,369	308,765	(4,858,149)	
Community services	281,818	-	-	(281,818)	
Nonprogrammed charges	2,854,716	-	-	(2,854,716)	
Debt service	3,640,570	-	-	(3,640,570)	
Total governmental activities	\$ 20,802,006	\$ 811,369	\$ 403,408	(19,587,229)	
General receipts:					
Property taxes				6,207,414	
Other local sources				1,190,739	
State aid				7,747,331	
Bonds and loans				1,995,000	
Grants and contributions not restricted to specific programs				641,058	
Sale of property, adjustments, and refunds				7,290	
Investment earnings				18,854	
Total general receipts				17,807,686	
Change in net assets				(1,779,543)	
Net assets - beginning				5,188,153	
Net assets - ending				\$ 3,408,610	
<u>Assets</u>					
Cash and investments				\$ 2,020,262	
Restricted assets:					
Cash and investments				1,388,348	
Total assets				\$ 3,408,610	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 320,020	
Other purposes				1,068,328	
Unrestricted				2,020,262	
Total net assets				\$ 3,408,610	

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

NORTH SPENCER COUNTY 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	School Lunch Fund	Textbook Rental Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 4,036,180	\$ 983,677	\$ 739,095	\$ 187,202	\$ 1,621,895	\$ 1,621,117	\$ 66,719	\$ 217,390	\$ 9,473,275
Intermediate sources	279	-	-	-	-	-	-	1,556	1,835
State sources	8,024,957	-	64,738	16,421	-	-	-	85,970	8,192,086
Federal sources	-	-	171,289	-	-	-	-	608,032	779,321
Bonds and loans	1,000,000	350,000	-	-	-	-	115,000	-	1,465,000
Sale of property, adjustments and refunds	-	50	-	-	-	350	2,400	-	2,800
Total receipts	13,061,416	1,333,727	975,122	203,623	1,621,895	1,621,467	184,119	912,948	19,914,317
Disbursements:									
Current:									
Instruction	9,114,334	-	-	-	-	-	-	485,474	9,599,808
Support services	3,085,175	1,101,050	966,003	169,064	-	1,772,436	193,493	170,430	7,457,651
Community services	218,025	-	-	-	-	-	-	13,884	231,909
Nonprogrammed charges	52,749	-	-	-	-	-	-	97,587	150,336
Debt services	80,111	-	-	-	1,694,562	-	-	207,373	1,982,046
Total disbursements	12,550,394	1,101,050	966,003	169,064	1,694,562	1,772,436	193,493	974,748	19,421,750
Excess (deficiency) of receipts over disbursements	511,022	232,677	9,119	34,559	(72,667)	(150,969)	(9,374)	(61,800)	492,567
Other financing sources (uses):									
Transfers in	10,511	-	-	-	-	-	-	1,462	11,973
Transfers out	(1,462)	-	-	-	-	-	-	(10,511)	(11,973)
Total other financing uses	9,049	-	-	-	-	-	-	(9,049)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	520,071	232,677	9,119	34,559	(72,667)	(150,969)	(9,374)	(70,849)	492,567
Cash and investments - beginning	1,138,571	47,624	203,179	193,921	970,006	817,046	52,043	209,563	3,631,953
Cash and investments - ending	<u>\$ 1,658,642</u>	<u>\$ 280,301</u>	<u>\$ 212,298</u>	<u>\$ 228,480</u>	<u>\$ 897,339</u>	<u>\$ 666,077</u>	<u>\$ 42,669</u>	<u>\$ 138,714</u>	4,124,520
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									<u>1,063,633</u>
Net assets of governmental activities									<u>\$ 5,188,153</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,658,642	\$ 280,301	\$ 212,298	\$ 228,480	\$ -	\$ 666,077	\$ 42,669	\$ 71,935	\$ 3,160,402
Restricted assets:									
Cash and investments	-	-	-	-	897,339	-	-	66,779	964,118
Total cash and investment assets - ending	<u>\$ 1,658,642</u>	<u>\$ 280,301</u>	<u>\$ 212,298</u>	<u>\$ 228,480</u>	<u>\$ 897,339</u>	<u>\$ 666,077</u>	<u>\$ 42,669</u>	<u>\$ 138,714</u>	<u>\$ 4,124,520</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 897,339	\$ -	\$ -	\$ 66,779	\$ 964,118
Unrestricted	1,658,642	280,301	212,298	228,480	-	666,077	42,669	71,935	3,160,402
Total cash and investment fund balance - ending	<u>\$ 1,658,642</u>	<u>\$ 280,301</u>	<u>\$ 212,298</u>	<u>\$ 228,480</u>	<u>\$ 897,339</u>	<u>\$ 666,077</u>	<u>\$ 42,669</u>	<u>\$ 138,714</u>	<u>\$ 4,124,520</u>

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

NORTH SPENCER COUNTY 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	School Lunch Fund	Textbook Rental Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 3,426,273	\$ 828,614	\$ 793,976	\$ 149,374	\$ 1,307,220	\$ 1,344,981	\$ 98,155	\$ 273,379	\$ 8,221,972
Intermediate sources	836	-	-	-	-	-	-	863	1,699
State sources	7,801,351	-	16,722	30,927	-	-	-	130,459	7,979,459
Federal sources	-	-	249,649	-	-	-	-	562,688	812,337
Bonds and loans	1,340,000	600,000	-	-	-	-	55,000	-	1,995,000
Sale of property, adjustments and refunds	652	4,602	-	-	-	2,036	-	-	7,290
Total receipts	12,569,112	1,433,216	1,060,347	180,301	1,307,220	1,347,017	153,155	967,389	19,017,757
Disbursements:									
Current:									
Instruction	9,129,039	-	-	-	-	-	-	513,805	9,642,844
Support services	3,125,823	1,198,479	988,044	149,637	-	1,581,005	-	97,957	7,140,945
Community services	250,265	-	-	-	-	-	-	31,553	281,818
Nonprogrammed charges	86,246	-	-	-	-	-	-	9,572	95,818
Debt services	1,000,000	350,000	-	-	1,886,722	-	115,000	288,848	3,640,570
Total disbursements	13,591,373	1,548,479	988,044	149,637	1,886,722	1,581,005	115,000	941,735	20,801,995
Excess (deficiency) of receipts over disbursements	(1,022,261)	(115,263)	72,303	30,664	(579,502)	(233,988)	38,155	25,654	(1,784,238)
Other financing sources (uses):									
Transfers in	5,217	-	-	9,362	-	-	-	305,406	319,985
Transfers out	(47,437)	(12,486)	-	-	(29,097)	(219,931)	(1,601)	(9,433)	(319,985)
Total other financing sources (uses)	(42,220)	(12,486)	-	9,362	(29,097)	(219,931)	(1,601)	295,973	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,064,481)	(127,749)	72,303	40,026	(608,599)	(453,919)	36,554	321,627	(1,784,238)
Cash and investments - beginning	1,658,642	280,301	212,298	228,480	897,339	666,077	42,669	138,714	4,124,520
Cash and investments - ending	\$ 594,161	\$ 152,552	\$ 284,601	\$ 268,506	\$ 288,740	\$ 212,158	\$ 79,223	\$ 460,341	2,340,282
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									1,068,328
Net assets of governmental activities									\$ 3,408,610
Cash and Investment Assets - Ending									
Cash and investments	\$ 594,161	\$ 152,552	\$ 284,601	\$ 268,506	\$ -	\$ 212,158	\$ 79,223	\$ 429,061	\$ 2,020,262
Restricted assets:									
Cash and investments	-	-	-	-	288,740	-	-	31,280	320,020
Total cash and investment assets - ending	\$ 594,161	\$ 152,552	\$ 284,601	\$ 268,506	\$ 288,740	\$ 212,158	\$ 79,223	\$ 460,341	\$ 2,340,282
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 288,740	\$ -	\$ -	\$ 31,280	\$ 320,020
Unrestricted	594,161	152,552	284,601	268,506	-	212,158	79,223	429,061	2,020,262
Total cash and investment fund balance - ending	\$ 594,161	\$ 152,552	\$ 284,601	\$ 268,506	\$ 288,740	\$ 212,158	\$ 79,223	\$ 460,341	\$ 2,340,282

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 2,839,024
Miscellaneous	<u>4,647</u>
Total operating receipts	<u>2,843,671</u>
Operating disbursements:	
Insurance claims and expense	<u>2,510,798</u>
Excess of operating receipts over operating disbursements	<u>332,873</u>
Change in net assets	332,873
Cash and investment fund balance - beginning	<u>730,760</u>
Cash and investment fund balance - ending	<u>\$ 1,063,633</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,063,633</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,063,633</u>

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2008

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,758,887
Miscellaneous	4,706
Total operating receipts	2,763,593
Operating disbursements:	
Insurance claims and expense	1,448,938
Other	1,309,960
Total operating disbursements	2,758,898
Excess of operating receipts over operating disbursements	4,695
Change in net assets	4,695
Cash and investment fund balance - beginning	1,063,633
Cash and investment fund balance - ending	\$ 1,068,328
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,068,328
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,068,328

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

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

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 12,078	\$ -	
Other	-	41,166	
	12,078	41,166	
Total contributions			
	12,078	41,166	
Investment earnings:			
Interest	4,534	-	
	4,534	-	
Total additions			
	16,612	41,166	
Deductions:			
Benefits	220,414	-	
Administrative and general	-	41,487	
	220,414	41,487	
Total deductions			
	220,414	41,487	
Deficiency of total additions over total deductions	(203,802)	(321)	
Cash and investment fund balance - beginning	356,071	21,568	
Cash and investment fund balance - ending	\$ 152,269	\$ 21,247	\$ 35,225
Net assets:			
Cash and investments	\$ 152,269	\$ 21,247	
Total net assets - cash and investment basis held in trust	\$ 152,269	\$ 21,247	

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 21,798	\$ -	
Other	<u>-</u>	<u>21,950</u>	
Total contributions	<u>21,798</u>	<u>21,950</u>	
Investment earnings:			
Interest	<u>401</u>	<u>-</u>	
Total additions	<u>22,199</u>	<u>21,950</u>	
Deductions:			
Benefits	174,468	-	
Administrative and general	<u>-</u>	<u>31,220</u>	
Total deductions	<u>174,468</u>	<u>31,220</u>	
Deficiency of total additions over total deductions	(152,269)	(9,270)	
Cash and investment fund balance - beginning	<u>152,269</u>	<u>21,247</u>	
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 11,977</u>	<u>\$ 11,162</u>
Net assets:			
Cash and investments	<u>\$ -</u>	<u>\$ 11,977</u>	
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 11,977</u>	

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

NORTH SPENCER COUNTY 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 Spencer County 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 Greater Jasper Consolidated School Corporation, Pike County School Corporation, Southwest Dubois County School Corporation, and Northeast Dubois County School Corporation in a joint venture to operate Patoka Valley Vocational Cooperative, which was created to provide for the vocational education of students. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the Greater Jasper Consolidated School Corporation, 1520 St. Charles Street, Jasper, Indiana 47576.

The School Corporation is a participant with Cannelton City School Corporation, Greater Jasper Consolidated School Corporation, Northeast Dubois County School Corporation, Southeast Dubois County School Corporation, Southwest Dubois County School Corporation, South Spencer County School Corporation, Tell City-Troy Township School Corporation, and Perry Central Community School Corporation in a joint venture to operate the Dubois-Spencer-Perry Exceptional Children's Cooperative, which was created to provide programs and services for the exceptional children. The Cooperative's continued existence depends on the continued funding by the member school corporations. Complete financial statements for the Cooperative can be obtained from the Greater Jasper Consolidated Schools, 1520 St. Charles Street, Jasper, Indiana 47576.

The School Corporation is a participant in a joint venture to operate the Southern Indiana Education Center (SIEC). The SIEC was created to operate and maintain an educational service center in order to allow participating school corporations to cooperate and share certain programs and services. The School Corporation makes payments to the SIEC for purchases made. The SIEC's continued existence depends on continued funding by the member School Corporations. The member School Corporations are obligated for the debts of the SIEC. Complete financial statements for the Southern Indiana Education Center can be obtained from Mr. Scott Turney, 1102 Tree Lane Drive, Jasper, Indiana 47547.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

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

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

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

The school lunch fund accounts for receipts and disbursements concerning the lunch and breakfast programs for school children.

The textbook rental fund accounts for receipts and disbursements concerning textbooks used in the classrooms.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for self-insurance provided to other departments on a cost-reimbursement basis.

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Agency funds account for assets held by the School Corporation as an agent for other governments and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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.

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

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

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

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. 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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$3,214,034. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Other governmental funds	\$ 1,462	\$ 47,437
Transportation Operating	Other governmental funds	-	12,486
Debt Service	Textbook Rental	-	9,362
	Other governmental funds	-	19,735
Capital Projects	Other governmental funds	-	219,931
School Bus Replacement	Other governmental funds	-	1,601
Other governmental funds	General Fund	10,511	5,217
	Other governmental funds	-	4,216
		\$ 11,973	\$ 319,985
Totals		\$ 11,973	\$ 319,985

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

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

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with employee health claims. The risk financing fund is accounted for in the self-insurance fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund that accounts for employee payroll. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

B. Holding Corporations

The School Corporation has entered into capital leases with the North Spencer County Elementary School Building Corporation and the North Spencer County Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the year totaled \$1,830,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance and bridge-to-retirement benefits, as authorized by IC 5-10-8, to certified employees who retire from the School Corporation on or after attaining age fifty-five with at least fifteen years of service or ten years of service with a master's degree at top salary. Currently, twenty retirees meet these eligibility requirements. The School Corporation pays the amount the School Corporation was paying for a single health plan at the time of retirement. For the health insurance premium portion of the postretirement benefits, this is all the corporation will ever pay. The retiree pays any increase in the health insurance premium since the time of their retirement. As such, no specific employee or employer percentage could be provided. This health insurance premium portion of the postemployment benefits is paid out on a case-by-case basis. The bridge-to-retirement portion of the postemployment benefits is paid out to retirees from \$6,000 to \$7,100 per retiree, per year, until the retiree reaches full retirement age, or up to a maximum of ten years. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plan

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan(s)

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, 1992. 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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$291,281, \$257,672, and \$297,540, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

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

	Special Education Preschool	Education License Plates	Alternative Education Fund	School Safe Haven Fund	Gifted/Talented 2005/06	Vision Athena Grant Award
Receipts:						
Local sources	\$ 8,529	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	1,556	-	-	-	-
State sources	57,167	-	4,387	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	65,696	1,556	4,387	-	-	-
Disbursements:						
Current:						
Instruction	-	-	5,849	538	1,293	-
Support services	-	879	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	97,587	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	97,587	879	5,849	538	1,293	-
Excess (deficiency) of receipts over disbursements	(31,891)	677	(1,462)	(538)	(1,293)	-
Other financing sources (uses):						
Transfers in	-	-	1,462	-	-	-
Transfers out	(7,163)	-	-	-	-	-
Total other financing sources (uses)	(7,163)	-	1,462	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(39,054)	677	-	(538)	(1,293)	-
Cash and investments - beginning	46,657	485	-	538	1,293	9,509
Cash and investments - ending	<u>\$ 7,603</u>	<u>\$ 1,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,603	\$ 1,162	\$ -	\$ -	\$ -	\$ 9,509
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 7,603</u>	<u>\$ 1,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,603	1,162	-	-	-	9,509
Total cash and investment fund balance - ending	<u>\$ 7,603</u>	<u>\$ 1,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>

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

	Gifted/Talented 2006/07	Non English Speaking Grant 2007/08	Welborn Foundation (Chrisney)	Tobacco Grant 2006/07	Intelenet Commission	Title I 2005/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	14,450	1,466	-	4,000	-	-
Federal sources	-	-	-	-	-	15,400
Total receipts	14,450	1,466	-	4,000	-	15,400
Disbursements:						
Current:						
Instruction	12,062	41	-	-	-	735
Support services	-	-	32,406	-	-	6,447
Community services	-	-	-	4,000	-	2,630
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	12,062	41	32,406	4,000	-	9,812
Excess (deficiency) of receipts over disbursements	2,388	1,425	(32,406)	-	-	5,588
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	2,388	1,425	(32,406)	-	-	5,588
Cash and investments - beginning	-	564	32,406	-	1,995	(5,588)
Cash and investments - ending	<u>\$ 2,388</u>	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,995</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,388	\$ 1,989	\$ -	\$ -	\$ 1,995	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,388</u>	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,995</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>2,388</u>	<u>1,989</u>	<u>-</u>	<u>-</u>	<u>1,995</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 2,388</u>	<u>\$ 1,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,995</u>	<u>\$ -</u>

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

	Title I 2006/07	Title V Part A 2004/05	Title V Part A 2006/07	Serve America (HHHS)	PL 105-17 IDEA Part B 2006/07	English Literacy/Civics 2005/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	211,607	-	5,830	500	21,054	-
Total receipts	211,607	-	5,830	500	21,054	-
Disbursements:						
Current:						
Instruction	221,214	-	-	500	21,054	1,274
Support services	1,602	1,231	5,828	-	-	-
Community services	699	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	223,515	1,231	5,828	500	21,054	1,274
Excess (deficiency) of receipts over disbursements	(11,908)	(1,231)	2	-	-	(1,274)
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	(11,908)	(1,231)	2	-	-	(1,274)
Cash and investments - beginning	-	1,231	-	-	-	1,274
Cash and investments - ending	<u>\$ (11,908)</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (11,908)	\$ -	\$ 2	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (11,908)</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(11,908)	-	2	-	-	-
Total cash and investment fund balance - ending	<u>\$ (11,908)</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	ABE Workforce Literacy GT 2005	Spencer Industries DWF Grant	English Literacy/Civics 2006/07	Adult Education Comprehensive Grant 2006/07	Outreach FY 2007	Outreach FY 2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	28,634	33,000	132,889	28,000	-
Total receipts	-	28,634	33,000	132,889	28,000	-
Disbursements:						
Current:						
Instruction	67	21,514	30,194	100,477	26,169	102
Support services	-	-	-	28,317	494	-
Community services	-	-	2,806	3,749	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	67	21,514	33,000	132,543	26,663	102
Excess (deficiency) of receipts over disbursements	(67)	7,120	-	346	1,337	(102)
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	(67)	7,120	-	346	1,337	(102)
Cash and investments - beginning	67	(7,120)	-	-	-	102
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ 1,337</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 346	\$ 1,337	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ 1,337</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	346	1,337	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ 1,337</u>	<u>\$ -</u>

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

	Adult Education Comprehensive Grant FY 2006	Title IV-Part A Drug Free 2004/05	Title IV-Part A Drug Free 2005/06	High Schools That Work 2005/06	High Schools That Work 2006/07	Medicaid Reimbursement - Federal
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	2,500	2,000	-
Federal sources	-	-	-	-	-	11,368
Total receipts	-	-	-	2,500	2,000	11,368
Disbursements:						
Current:						
Instruction	4,265	442	7,532	944	1,981	-
Support services	-	-	-	-	-	3,293
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	4,265	442	7,532	944	1,981	3,293
Excess (deficiency) of receipts over disbursements	(4,265)	(442)	(7,532)	1,556	19	8,075
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(3,348)
Total other financing sources (uses)	-	-	-	-	-	(3,348)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,265)	(442)	(7,532)	1,556	19	4,727
Cash and investments - beginning	4,265	442	8,910	944	-	33,925
Cash and investments - ending	\$ -	\$ -	\$ 1,378	\$ 2,500	\$ 19	\$ 38,652
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 1,378	\$ 2,500	\$ 19	\$ 38,652
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 1,378	\$ 2,500	\$ 19	\$ 38,652
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	1,378	2,500	19	38,652
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 1,378	\$ 2,500	\$ 19	\$ 38,652

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

	Title II Part A 2005/06	Title II Part D 2004/05	Title III - English Proficiency 2006/07	Retirement/ Severance Bond Fund	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 208,861	\$ 217,390
Intermediate sources	-	-	-	-	1,556
State sources	-	-	-	-	85,970
Federal sources	91,996	4,057	23,697	-	608,032
Total receipts	91,996	4,057	23,697	208,861	912,948
Disbursements:					
Current:					
Instruction	27,227	-	-	-	485,474
Support services	59,158	4,202	26,573	-	170,430
Community services	-	-	-	-	13,884
Nonprogrammed charges	-	-	-	-	97,587
Debt services	-	-	-	207,373	207,373
Total disbursements	86,385	4,202	26,573	207,373	974,748
Excess (deficiency) of receipts over disbursements	5,611	(145)	(2,876)	1,488	(61,800)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,462
Transfers out	-	-	-	-	(10,511)
Total other financing sources (uses)	-	-	-	-	(9,049)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,611	(145)	(2,876)	1,488	(70,849)
Cash and investments - beginning	5,058	3,927	3,388	65,291	209,563
Cash and investments - ending	<u>\$ 10,669</u>	<u>\$ 3,782</u>	<u>\$ 512</u>	<u>\$ 66,779</u>	<u>\$ 138,714</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 10,669	\$ 3,782	\$ 512	\$ -	\$ 71,935
Restricted assets:					
Cash and investments	-	-	-	66,779	66,779
Total cash and investment assets - ending	<u>\$ 10,669</u>	<u>\$ 3,782</u>	<u>\$ 512</u>	<u>\$ 66,779</u>	<u>\$ 138,714</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 66,779	\$ 66,779
Unrestricted	10,669	3,782	512	-	71,935
Total cash and investment fund balance - ending	<u>\$ 10,669</u>	<u>\$ 3,782</u>	<u>\$ 512</u>	<u>\$ 66,779</u>	<u>\$ 138,714</u>

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

	Special Education Preschool	Local Rainy Day Fund	Levy Excess	Education License Plates	Alternative Education Fund	School Safe Haven Fund	Vision Athena Grant Award
Receipts:							
Local sources	\$ 15,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	863	-	-	-
State sources	50,812	-	-	-	3,850	3,793	-
Federal sources	-	-	-	-	-	-	-
Total receipts	<u>66,802</u>	<u>-</u>	<u>-</u>	<u>863</u>	<u>3,850</u>	<u>3,793</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	49,406	-	-	-	5,134	3,793	-
Support services	-	-	-	420	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	9,572	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>58,978</u>	<u>-</u>	<u>-</u>	<u>420</u>	<u>5,134</u>	<u>3,793</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>7,824</u>	<u>-</u>	<u>-</u>	<u>443</u>	<u>(1,284)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	200,000	104,122	-	1,284	-	-
Transfers out	(176)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(176)</u>	<u>200,000</u>	<u>104,122</u>	<u>-</u>	<u>1,284</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>7,648</u>	<u>200,000</u>	<u>104,122</u>	<u>443</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - beginning	<u>7,603</u>	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>-</u>	<u>-</u>	<u>9,509</u>
Cash and investments - ending	<u>\$ 15,251</u>	<u>\$ 200,000</u>	<u>\$ 104,122</u>	<u>\$ 1,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 15,251	\$ 200,000	\$ 104,122	\$ 1,605	\$ -	\$ -	\$ 9,509
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 15,251</u>	<u>\$ 200,000</u>	<u>\$ 104,122</u>	<u>\$ 1,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>15,251</u>	<u>200,000</u>	<u>104,122</u>	<u>1,605</u>	<u>-</u>	<u>-</u>	<u>9,509</u>
Total cash and investment fund balance - ending	<u>\$ 15,251</u>	<u>\$ 200,000</u>	<u>\$ 104,122</u>	<u>\$ 1,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,509</u>

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

	Gifted/Talented 2006/07	High Ability Grant 2007/08	Non English Speaking Grant 2007/08	Tobacco Grant 2007/09	Intelenet Commission	Title I 2006/07	Title I 08-0785
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	35,135	9,732	27,137	-	-	-
Federal sources	-	-	-	-	-	19,300	243,067
Total receipts	-	35,135	9,732	27,137	-	19,300	243,067
Disbursements:							
Current:							
Instruction	2,388	27,774	11,088	-	-	4,293	228,669
Support services	-	-	-	-	-	198	5,974
Community services	-	-	-	19,189	-	2,901	4,430
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	2,388	27,774	11,088	19,189	-	7,392	239,073
Excess (deficiency) of receipts over disbursements	(2,388)	7,361	(1,356)	7,948	-	11,908	3,994
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	(2,388)	7,361	(1,356)	7,948	-	11,908	3,994
Cash and investments - beginning	2,388	-	1,989	-	1,995	(11,908)	-
Cash and investments - ending	\$ -	\$ 7,361	\$ 633	\$ 7,948	\$ 1,995	\$ -	\$ 3,994
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 7,361	\$ 633	\$ 7,948	\$ 1,995	\$ -	\$ 3,994
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 7,361	\$ 633	\$ 7,948	\$ 1,995	\$ -	\$ 3,994
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	7,361	633	7,948	1,995	-	3,994
Total cash and investment fund balance - ending	\$ -	\$ 7,361	\$ 633	\$ 7,948	\$ 1,995	\$ -	\$ 3,994

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

	Title V Part A 2006/07	Title V Part A 2007/08	Adult Education Comprehensive Grant 2008/09	Adult Education Comprehensive Grant 2006/07	Outreach FY 2007	English Literacy/Civics 2006/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	3,229	-	-	-	33,000
Total receipts	-	3,229	-	-	-	33,000
Disbursements:						
Current:						
Instruction	-	-	-	185	1,337	29,869
Support services	2	3,229	466	161	-	-
Community services	-	-	-	-	-	2,695
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2	3,229	466	346	1,337	32,564
Excess (deficiency) of receipts over disbursements	(2)	-	(466)	(346)	(1,337)	436
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	(2)	-	(466)	(346)	(1,337)	436
Cash and investments - beginning	2	-	-	346	1,337	-
Cash and investments - ending	\$ -	\$ -	\$ (466)	\$ -	\$ -	\$ 436
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ (466)	\$ -	\$ -	\$ 436
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ (466)	\$ -	\$ -	\$ 436
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	(466)	-	-	436
Total cash and investment fund balance - ending	\$ -	\$ -	\$ (466)	\$ -	\$ -	\$ 436

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

	Outreach 2007/08	Adult Education Comprehensive Grant 2007/08	Title IV - Part A Drug Free 2005/06	Title IV - Part A Drug Free 2006/07	High Schools That Work 2005/06	High Schools That Work 2006/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	28,000	130,017	-	6,464	-	-
Total receipts	28,000	130,017	-	6,464	-	-
Disbursements:						
Current:						
Instruction	27,347	72,113	1,378	5,000	784	19
Support services	223	36,570	-	-	-	-
Community services	-	2,338	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	27,570	111,021	1,378	5,000	784	19
Excess (deficiency) of receipts over disbursements	430	18,996	(1,378)	1,464	(784)	(19)
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	430	18,996	(1,378)	1,464	(784)	(19)
Cash and investments - beginning	-	-	1,378	-	2,500	19
Cash and investments - ending	<u>\$ 430</u>	<u>\$ 18,996</u>	<u>\$ -</u>	<u>\$ 1,464</u>	<u>\$ 1,716</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 430	\$ 18,996	\$ -	\$ 1,464	\$ 1,716	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 430</u>	<u>\$ 18,996</u>	<u>\$ -</u>	<u>\$ 1,464</u>	<u>\$ 1,716</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	430	18,996	-	1,464	1,716	-
Total cash and investment fund balance - ending	<u>\$ 430</u>	<u>\$ 18,996</u>	<u>\$ -</u>	<u>\$ 1,464</u>	<u>\$ 1,716</u>	<u>\$ -</u>

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

	Medicaid Reimbursement - Federal	Title II Part A 2007/08	Title II Part D 2004/05	Title III - English Proficiency 2006/07	Retirement/ Severance Bond Fund	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 257,389	\$ 273,379
Intermediate sources	-	-	-	-	-	863
State sources	-	-	-	-	-	130,459
Federal sources	<u>11,467</u>	<u>75,619</u>	<u>-</u>	<u>12,525</u>	<u>-</u>	<u>562,688</u>
Total receipts	<u>11,467</u>	<u>75,619</u>	<u>-</u>	<u>12,525</u>	<u>257,389</u>	<u>967,389</u>
Disbursements:						
Current:						
Instruction	-	43,228	-	-	-	513,805
Support services	3,601	30,294	3,782	13,037	-	97,957
Community services	-	-	-	-	-	31,553
Nonprogrammed charges	-	-	-	-	-	9,572
Debt services	-	-	-	-	288,848	288,848
Total disbursements	<u>3,601</u>	<u>73,522</u>	<u>3,782</u>	<u>13,037</u>	<u>288,848</u>	<u>941,735</u>
Excess (deficiency) of receipts over disbursements	<u>7,866</u>	<u>2,097</u>	<u>(3,782)</u>	<u>(512)</u>	<u>(31,459)</u>	<u>25,654</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	305,406
Transfers out	<u>(5,217)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,040)</u>	<u>(9,433)</u>
Total other financing sources (uses)	<u>(5,217)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,040)</u>	<u>295,973</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,649</u>	<u>2,097</u>	<u>(3,782)</u>	<u>(512)</u>	<u>(35,499)</u>	<u>321,627</u>
Cash and investments - beginning	<u>38,652</u>	<u>10,669</u>	<u>3,782</u>	<u>512</u>	<u>66,779</u>	<u>138,714</u>
Cash and investments - ending	<u>\$ 41,301</u>	<u>\$ 12,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,280</u>	<u>\$ 460,341</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 41,301	\$ 12,766	\$ -	\$ -	\$ -	\$ 429,061
Restricted assets:						
Cash and investments	-	-	-	-	31,280	31,280
Total cash and investment assets - ending	<u>\$ 41,301</u>	<u>\$ 12,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,280</u>	<u>\$ 460,341</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 31,280	\$ 31,280
Unrestricted	<u>41,301</u>	<u>12,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,061</u>
Total cash and investment fund balance - ending	<u>\$ 41,301</u>	<u>\$ 12,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,280</u>	<u>\$ 460,341</u>

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

	Trust/ISTA Section 125	S.I.N.E. Model School Grant	S.I.N.E. LT Ruby Payne Grant	S.I.N.E. Adult Literacy	S.I.N.E. Project Excellence	S.I.N.E. Celebrate Literacy 2004	S.I.N.E. 4 Block Leadership	Totals
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ -	\$ 33,442	\$ 7,724	\$ -	\$ -	\$ 41,166
Deductions:								
Administrative and general	375	7,074	279	25,477	8,057	139	86	41,487
Excess (deficiency) of total additions over total deductions	(375)	(7,074)	(279)	7,965	(333)	(139)	(86)	(321)
Cash and investment fund balance - beginning	2,778	7,074	279	11,588	(376)	139	86	21,568
Cash and investments - June 30	<u>\$ 2,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,553</u>	<u>\$ (709)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,247</u>
Net assets:								
Cash and investments	\$ 2,403	\$ -	\$ -	\$ 19,553	\$ (709)	\$ -	\$ -	\$ 21,247
Total net assets - cash and investment basis held in trust	<u>\$ 2,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,553</u>	<u>\$ (709)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,247</u>

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

	Trust/ISTA Section 125	S.I.N.E. Adult Literacy	S.I.N.E. Project Excellence	Totals
Additions:				
Contributions:				
Other	\$ 349	\$ 20,378	\$ 1,223	\$ 21,950
Deductions:				
Administrative and general	-	30,706	514	31,220
Excess (deficiency) of total additions over total deductions	349	(10,328)	709	(9,270)
Cash and investment fund balance - beginning	2,403	19,553	(709)	21,247
Cash and Investments - June 30	<u>\$ 2,752</u>	<u>\$ 9,225</u>	<u>\$ -</u>	<u>\$ 11,977</u>
Net assets:				
Cash and investments	\$ 2,752	\$ 9,225	\$ -	\$ 11,977
Total net assets - cash and investment basis held in trust	<u>\$ 2,752</u>	<u>\$ 9,225</u>	<u>\$ -</u>	<u>\$ 11,977</u>

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

	Insurance	Extra-Curricular Activities	Generation II	School Lunch Program	Totals
Cash and investments fund balance - ending	\$ 12,048	\$ 575	\$ 52	\$ 22,550	\$ 35,225

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Insurance	Generation II	Integrated Preschool	Totals
Cash and investments fund balance - ending	<u>\$ 11,154</u>	<u>\$ 44</u>	<u>\$ (36)</u>	<u>\$ 11,162</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

North Spencer County School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Middle School Building	\$ 10,520,000	\$ 804,650
Elementary School Buildings	4,080,000	859,305
Energy Savings Contract	889,073	138,333
Common School loans payable	522,592	99,852
Bonds payable:		
General obligation bonds:		
457(b) Bridge to Retirement	<u>2,905,000</u>	<u>289,325</u>
Total governmental activities debt	<u>\$ 18,916,665</u>	<u>\$ 2,191,465</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION (Applies to Heritage Hills High School)

The following records were not presented for audit:

Textbook rental receipts for July 1, 2006 through June 30, 2007 for grades seven and eight.

Outstanding check lists for July 1, 2006 through December 31, 2006.

Monthly ledger reports for July 1, 2006 through June 30, 2007.

The condition existed primarily due to the rapid turnover of five separate Heritage Hills High School Treasurers during the audit period. The current Treasurer is working to correct the condition.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OPTICAL IMAGES OF CHECKS (Applies to Heritage Hills High School)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks, states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

NORTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

CONDITION OF RECORDS (Applies to Heritage Hills High School)

There were a considerable number of posting errors. These errors included voided checks, canceled old outstanding checks, and nonsufficient funds checks being incorrectly posted.

The condition existed primarily due to the rapid turnover of five separate Heritage Hills High School Treasurers during the audit period. The current Treasurer is working to correct the condition.

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)

CAPITAL ASSETS

Capital asset records were presented for audit: however, they were incomplete and not in compliance with the Corporation's capital asset policy adopted October 28, 2002. There were several machinery and equipment entries in the capital asset records that fall below the policy's stated threshold of \$500. The capital asset records did not list any land, and did not list all buildings or improvements other than buildings.

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

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 SPENCER COUNTY SCHOOL
CORPORATION, SPENCER COUNTY, INDIANA

Compliance

We have audited the compliance of the North Spencer County 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 its major federal program for the years ended June 30, 2007 and 2008. The School Corporation's major federal program is 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 its major federal program 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 its major federal program 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, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 18, 2009

NORTH SPENCER COUNTY 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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553		\$ 36,995	\$ -
		FY 06-07		
		FY 07-08	-	42,625
National School Lunch Program				
	10.555		262,811	-
		FY 06-07		
		FY 07-08	-	241,823
Total for federal grantor agency			<u>299,806</u>	<u>284,448</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Dubois-Spencer-Perry Exceptional Children's Cooperative				
Special Education Cluster				
Special Education - Grants to States				
	84.027		21,054	-
		FY 06-07		
Pass-Through Evansville Vanderburgh School Corporation				
Adult Education - Basic Grants to States				
	84.002		67	-
		Comprehensive Program - ABE Workforce		
		FY 05-06		
Pass-Through Indiana Department of Education				
Adult Education - Basic Grants to States				
	84.002			
Comprehensive Program				
		2006-8043	4,265	-
		2007-8043	132,544	345
		2008-8043	-	111,020
		2009-8043	-	466
Outreach Program				
		2006-8131	102	-
		2007-8131	26,663	1,337
		2008-8131	-	27,570
English Literacy/Civics Program				
		2006-8406	1,274	-
		2007-8406	33,000	-
		2008-8406	-	32,564
Total for program			<u>197,848</u>	<u>173,302</u>
Title I Grants to Local Educational Agencies				
	84.010			
		06-7385	9,812	-
		07-7385	223,514	7,393
		08-7385	-	239,073
Total for program			<u>233,326</u>	<u>246,466</u>
Career and Technical Education - Basic Grants to States				
	84.048			
High Schools That Work				
		05-1303-7385	944	-
		06-1303-7385	1,981	19
		07-1303-7385	-	784
Total for program			<u>2,925</u>	<u>803</u>

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008
(Continued)

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 EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
FY 04/05		04-069	442	-
FY 05/06		05-088	7,532	1,378
FY 06/07		7385-06	-	5,000
Total for program			<u>7,974</u>	<u>6,378</u>
State Grants for Innovative Programs	84.298			
FY 04/05		04-157	1,231	-
FY 06/07		05-162	5,828	2
FY 07/08		06-7385	-	3,229
Total for program			<u>7,059</u>	<u>3,231</u>
Education Technology State Grants	84.318			
FY 05/07		S318X040014	4,202	3,782
English Language Acquisition Grants	84.365			
FY 06/07		07-7385	10,086	16,486
Improving Teacher Quality State Grants	84.367			
FY 05/06		04-156	24,109	-
FY 06/07		05-182	17,724	44,552
Total for program			<u>41,833</u>	<u>44,552</u>
Total for federal grantor agency			<u>526,374</u>	<u>495,000</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs	94.004			
FY 06/07		07-7385	500	-
Total federal awards expended			<u>\$ 826,680</u>	<u>\$ 779,448</u>

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

NORTH SPENCER COUNTY 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 Spencer County 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	2007	2008
Child Nutrition Cluster	\$ 55,178	\$ 30,442

NORTH SPENCER COUNTY 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? none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster

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.

NORTH SPENCER COUNTY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable

NORTH SPENCER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 26, 2009, with Joan L. Keller, Superintendent of Schools; Virlee E. Huffman, Treasurer; Daniel R. Scherry, Assistant Superintendent of Schools, and Pam Thompson, President of the School Board. The officials concurred with our audit findings.