

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

AUDIT REPORT

OF

UNION-NORTH UNITED SCHOOL CORPORATION

ST. JOSEPH COUNTY, INDIANA

July 1, 2007 to June 30, 2009



**FILED**

02/09/2010



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SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>  | <u>Term</u>   |
|----------------------------------|--|---|
| Treasurer                        | Debra L. Rubesha   | 07-01-07 to 6-30-10   |
| Superintendent<br>of Schools     | Larry L. Phillips<br>John Arnett (Interim)<br>Terry Barker | 07-01-07 to 4-30-09<br>05-01-09 to 6-30-09<br>07-01-09 to 6-30-10 |
| President of the<br>School Board | Larry M. Ort   | 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 THE UNION-NORTH UNITED SCHOOL  
CORPORATION, ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Union-North United School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 December 29, 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

December 29, 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 UNION-NORTH UNITED SCHOOL  
CORPORATION, ST. JOSEPH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Union-North United School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 29, 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 of Trustees, 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

December 29, 2009

UNION-NORTH UNITED 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>Net<br/>(Disbursement)<br/>Receipts and<br/>Changes in<br/>Net Assets</u> |
|--|----------------------|---------------------------------|---|--|
|  |                      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Totals</u>  |
| Governmental activities:                                     |                      |                                 |   |  |
| Instruction  | \$ 5,273,993         | \$ -                            | \$ 159,855  | \$ (5,114,138)   |
| Support services   | 3,838,627            | 315,992                         | 265,078   | (3,257,557)  |
| Noninstructional services                                    | 695,045              | -                               | -   | (695,045)  |
| Facilities acquisition and construction                      | 1,522,078            | -                               | -   | (1,522,078)  |
| Debt service   | 5,254,798            | -                               | -   | (5,254,798)  |
| Nonprogrammed charges  | <u>846,432</u>       | <u>-</u>                        | <u>-</u>  | <u>(846,432)</u>   |
| Total governmental activities                                | <u>\$ 17,430,973</u> | <u>\$ 315,992</u>               | <u>\$ 424,933</u>                                 | <u>(16,690,048)</u>  |
|  |                      |                                 |   |  |
| General receipts:  |                      |                                 |   |  |
| Property taxes   |                      |                                 |   | 4,245,056  |
| Other local sources  |                      |                                 |   | 689,329  |
| State aid  |                      |                                 |   | 5,015,331  |
| Bonds and loans  |                      |                                 |   | 7,220,750  |
| Grants and contributions not restricted to specific programs |                      |                                 |   | 286,872  |
| Sale of property   |                      |                                 |   | 455  |
| Investment earnings  |                      |                                 |   | 26,583   |
| Other  |                      |                                 |   | <u>3,633</u>   |
| Total general receipts                                       |                      |                                 |   | <u>17,488,009</u>  |
|  |                      |                                 |   |  |
| Change in net assets   |                      |                                 |   | 797,961  |
|  |                      |                                 |   |  |
| Net assets - beginning                                       |                      |                                 |   | <u>106,223</u>   |
|  |                      |                                 |   |  |
| Net assets - ending  |                      |                                 |   | <u>\$ 904,184</u>  |
|  |                      |                                 |   |  |
| <u>Assets</u>  |                      |                                 |   |  |
|  |                      |                                 |   |  |
| Cash and investments   |                      |                                 |   | \$ 424,404   |
| Restricted assets:   |                      |                                 |   |  |
| Cash and investments   |                      |                                 |   | <u>479,780</u>   |
| Total assets   |                      |                                 |   | <u>\$ 904,184</u>  |
|  |                      |                                 |   |  |
| <u>Net Assets</u>  |                      |                                 |   |  |
|  |                      |                                 |   |  |
| Restricted for:  |                      |                                 |   |  |
| Debt service   |                      |                                 |   | \$ 479,780   |
| Unrestricted   |                      |                                 |   | <u>424,404</u>   |
| Total net assets   |                      |                                 |   | <u>\$ 904,184</u>  |

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

UNION-NORTH UNITED SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

| <u>Functions/Programs</u>                                    | <u>Disbursements</u>        | <u>Program Receipts</u>         |   | <u>Net<br/>(Disbursement)<br/>Receipts and<br/>Changes in<br/>Net Assets</u> |
|--|-----------------------------|---------------------------------|---|--|
|  |                             | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Totals</u>  |
| Governmental activities:                                     |                             |                                 |   |  |
| Instruction  | \$ 5,113,108                | \$ -                            | \$ 174,198  | \$ (4,938,910)   |
| Support services   | 4,242,466                   | 309,702                         | 268,182   | (3,664,582)  |
| Noninstructional services                                    | 715,401                     | -                               | -   | (715,401)  |
| Facilities acquisition and construction                      | 1,269,434                   | -                               | -   | (1,269,434)  |
| Debt service   | 7,732,853                   | -                               | -   | (7,732,853)  |
| Nonprogrammed charges  | 822,000                     | -                               | -   | (822,000)  |
| <b>Total governmental activities</b>                         | <b><u>\$ 19,895,262</u></b> | <b><u>\$ 309,702</u></b>        | <b><u>\$ 442,380</u></b>                          | <b><u>(19,143,180)</u></b>   |
|  |                             |                                 |   |  |
| General receipts:  |                             |                                 |   |  |
| Property taxes   |                             |                                 |   | 3,816,536  |
| Other local sources  |                             |                                 |   | 1,198,797  |
| State aid  |                             |                                 |   | 5,723,310  |
| Bonds and loans  |                             |                                 |   | 7,214,387  |
| Grants and contributions not restricted to specific programs |                             |                                 |   | 894,081  |
| Investment earnings  |                             |                                 |   | 6,769  |
| Other  |                             |                                 |   | 12,625   |
| <b>Total general receipts</b>                                |                             |                                 |   | <b><u>18,866,505</u></b>   |
|  |                             |                                 |   |  |
| Change in net assets   |                             |                                 |   | (276,675)  |
|  |                             |                                 |   |  |
| Net assets - beginning                                       |                             |                                 |   | <u>904,184</u>   |
|  |                             |                                 |   |  |
| Net assets - ending  |                             |                                 |   | <b><u>\$ 627,509</u></b>   |
|  |                             |                                 |   |  |
| <u>Assets</u>  |                             |                                 |   |  |
|  |                             |                                 |   |  |
| Cash and investments   |                             |                                 |   | \$ 562,773   |
| Restricted assets:   |                             |                                 |   |  |
| Cash and investments   |                             |                                 |   | <u>64,736</u>  |
| <b>Total assets</b>  |                             |                                 |   | <b><u>\$ 627,509</u></b>   |
|  |                             |                                 |   |  |
| <u>Net Assets</u>  |                             |                                 |   |  |
|  |                             |                                 |   |  |
| Restricted for:  |                             |                                 |   |  |
| Debt service   |                             |                                 |   | \$ 64,736  |
| Unrestricted   |                             |                                 |   | <u>562,773</u>   |
| <b>Total net assets</b>                                      |                             |                                 |   | <b><u>\$ 627,509</u></b>   |

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

UNION-NORTH UNITED 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             | School Lunch     | Debt Service      | Debt Service Severance Bond | Capital Projects  | School Bus Replacement | GOB 2007 Construction | Other            | Totals            |
|--|---------------------|------------------|-------------------|-----------------------------|-------------------|------------------------|-----------------------|------------------|-------------------|
| <b>Receipts:</b>   |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| Local sources  | \$ 2,248,234        | \$ 283,985       | \$ 910,989        | \$ 154,776                  | \$ 827,199        | \$ 77,860              | \$ -                  | \$ 773,511       | \$ 5,276,554      |
| Intermediate sources   | 144                 | -                | -                 | -                           | -                 | -                      | -                     | 263              | 407               |
| State sources  | 5,144,207           | 7,871            | -                 | -                           | -                 | -                      | -                     | 161,029          | 5,313,107         |
| Federal sources  | -                   | 217,705          | -                 | -                           | -                 | -                      | -                     | 196,323          | 414,028           |
| Temporary loans  | 3,044,000           | -                | 810,000           | 161,750                     | 958,000           | -                      | 831,000               | 456,000          | 6,260,750         |
| Other  | 3,218               | 357              | -                 | -                           | -                 | -                      | -                     | 58               | 3,633             |
| <b>Total receipts</b>  | <b>10,439,803</b>   | <b>509,918</b>   | <b>1,720,989</b>  | <b>316,526</b>              | <b>1,785,199</b>  | <b>77,860</b>          | <b>831,000</b>        | <b>1,587,184</b> | <b>17,268,479</b> |
| <b>Disbursements:</b>  |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| <b>Current:</b>  |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| Instruction  | 5,085,487           | -                | -                 | -                           | -                 | -                      | -                     | 188,506          | 5,273,993         |
| Support services   | 2,143,999           | 372              | 12,593            | -                           | 555,015           | 190,519                | 20,467                | 915,662          | 3,838,627         |
| Noninstructional services  | 158,960             | 535,926          | -                 | -                           | -                 | -                      | -                     | 159              | 695,045           |
| Facilities acquisition and construction  | 5,453               | -                | -                 | -                           | 480,741           | -                      | 159,908               | 875,976          | 1,522,078         |
| Debt services  | 2,434,247           | -                | 1,342,077         | 84,474                      | 275,000           | -                      | 831,000               | 288,000          | 5,254,798         |
| Nonprogrammed charges  | 846,432             | -                | -                 | -                           | -                 | -                      | -                     | -                | 846,432           |
| <b>Total disbursements</b>   | <b>10,674,578</b>   | <b>536,298</b>   | <b>1,354,670</b>  | <b>84,474</b>               | <b>1,310,756</b>  | <b>190,519</b>         | <b>1,011,375</b>      | <b>2,268,303</b> | <b>17,430,973</b> |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>(234,775)</b>    | <b>(26,380)</b>  | <b>366,319</b>    | <b>232,052</b>              | <b>474,443</b>    | <b>(112,659)</b>       | <b>(180,375)</b>      | <b>(681,119)</b> | <b>(162,494)</b>  |
| <b>Other financing sources (uses):</b>   |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| Proceeds of long-term debt   | -                   | -                | -                 | -                           | -                 | -                      | 960,000               | -                | 960,000           |
| Sale of capital assets   | -                   | -                | -                 | -                           | 455               | -                      | -                     | -                | 455               |
| Transfers in   | 43,495              | -                | -                 | -                           | -                 | -                      | -                     | 87,763           | 131,258           |
| Transfers out  | -                   | -                | (48,389)          | -                           | -                 | -                      | -                     | (82,869)         | (131,258)         |
| <b>Total other financing sources (uses)</b>  | <b>43,495</b>       | <b>-</b>         | <b>(48,389)</b>   | <b>-</b>                    | <b>455</b>        | <b>-</b>               | <b>960,000</b>        | <b>4,894</b>     | <b>960,455</b>    |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>(191,280)</b>    | <b>(26,380)</b>  | <b>317,930</b>    | <b>232,052</b>              | <b>474,898</b>    | <b>(112,659)</b>       | <b>779,625</b>        | <b>(676,225)</b> | <b>797,961</b>    |
| <b>Cash and investments - beginning</b>  | <b>(570,637)</b>    | <b>111,272</b>   | <b>-</b>          | <b>(70,202)</b>             | <b>(230,950)</b>  | <b>132,965</b>         | <b>-</b>              | <b>733,775</b>   | <b>106,223</b>    |
| <b>Cash and investments - ending</b>   | <b>\$ (761,917)</b> | <b>\$ 84,892</b> | <b>\$ 317,930</b> | <b>\$ 161,850</b>           | <b>\$ 243,948</b> | <b>\$ 20,306</b>       | <b>\$ 779,625</b>     | <b>\$ 57,550</b> | <b>\$ 904,184</b> |
| <b>Cash and Investment Assets - Ending</b>   |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| <b>Cash and investments</b>  | <b>\$ (761,917)</b> | <b>\$ 84,892</b> | <b>\$ -</b>       | <b>\$ -</b>                 | <b>\$ 243,948</b> | <b>\$ 20,306</b>       | <b>\$ 779,625</b>     | <b>\$ 57,550</b> | <b>\$ 424,404</b> |
| <b>Restricted assets:</b>  |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| <b>Cash and investments</b>  | <b>-</b>            | <b>-</b>         | <b>317,930</b>    | <b>161,850</b>              | <b>-</b>          | <b>-</b>               | <b>-</b>              | <b>-</b>         | <b>479,780</b>    |
| <b>Total cash and investment assets - ending</b>   | <b>\$ (761,917)</b> | <b>\$ 84,892</b> | <b>\$ 317,930</b> | <b>\$ 161,850</b>           | <b>\$ 243,948</b> | <b>\$ 20,306</b>       | <b>\$ 779,625</b>     | <b>\$ 57,550</b> | <b>\$ 904,184</b> |
| <b>Cash and Investment Fund Balance - Ending</b>   |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| <b>Restricted for:</b>   |                     |                  |                   |                             |                   |                        |                       |                  |                   |
| <b>Debt service</b>  | <b>\$ -</b>         | <b>\$ -</b>      | <b>\$ 317,930</b> | <b>\$ 161,850</b>           | <b>\$ -</b>       | <b>\$ -</b>            | <b>\$ -</b>           | <b>\$ -</b>      | <b>\$ 479,780</b> |
| <b>Unrestricted</b>  | <b>(761,917)</b>    | <b>84,892</b>    | <b>-</b>          | <b>-</b>                    | <b>243,948</b>    | <b>20,306</b>          | <b>779,625</b>        | <b>57,550</b>    | <b>424,404</b>    |
| <b>Total cash and investment fund balance - ending</b>   | <b>\$ (761,917)</b> | <b>\$ 84,892</b> | <b>\$ 317,930</b> | <b>\$ 161,850</b>           | <b>\$ 243,948</b> | <b>\$ 20,306</b>       | <b>\$ 779,625</b>     | <b>\$ 57,550</b> | <b>\$ 904,184</b> |

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

UNION-NORTH UNITED 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, 2009

|   | General                    | School Lunch            | Fiscal Stabilization     | Debt Service               | Debt Service Severance Bond | Capital Projects         |
|---|----------------------------|-------------------------|--------------------------|----------------------------|-----------------------------|--------------------------|
| Receipts:   |                            |                         |                          |                            |                             |                          |
| Local sources   | \$ 2,329,037               | \$ 271,488              | \$ -                     | \$ 515,699                 | \$ 151,668                  | \$ 1,032,050             |
| Intermediate sources  | 119                        | -                       | -                        | -                          | -                           | -                        |
| State sources   | 5,866,530                  | 8,227                   | -                        | -                          | -                           | -                        |
| Federal sources   | -                          | 238,524                 | 639,181                  | -                          | -                           | -                        |
| Temporary loans   | 3,569,000                  | -                       | -                        | 1,053,772                  | 88,843                      | 1,386,755                |
| Other   | 886                        | 350                     | -                        | -                          | -                           | 8,120                    |
| <b>Total receipts</b>   | <b>11,765,572</b>          | <b>518,589</b>          | <b>639,181</b>           | <b>1,569,471</b>           | <b>240,511</b>              | <b>2,426,925</b>         |
| Disbursements:  |                            |                         |                          |                            |                             |                          |
| Current:  |                            |                         |                          |                            |                             |                          |
| Instruction   | 4,748,031                  | -                       | 153,653                  | -                          | -                           | -                        |
| Support services  | 2,633,921                  | 350                     | 44,744                   | 19,504                     | -                           | 478,316                  |
| Noninstructional services   | 190,729                    | 524,132                 | -                        | -                          | -                           | -                        |
| Facilities acquisition and construction   | 11,784                     | -                       | -                        | -                          | -                           | 478,035                  |
| Debt services   | 2,854,000                  | -                       | -                        | 2,029,456                  | 337,625                     | 1,593,755                |
| Nonprogrammed charges   | 822,000                    | -                       | -                        | -                          | -                           | -                        |
| <b>Total disbursements</b>  | <b>11,260,465</b>          | <b>524,482</b>          | <b>198,397</b>           | <b>2,048,960</b>           | <b>337,625</b>              | <b>2,550,106</b>         |
| Excess (deficiency) of receipts over disbursements  | 505,107                    | (5,893)                 | 440,784                  | (479,489)                  | (97,114)                    | (123,181)                |
| Other financing sources (uses):   |                            |                         |                          |                            |                             |                          |
| Transfers in  | -                          | -                       | -                        | -                          | -                           | -                        |
| Transfers out   | -                          | -                       | -                        | -                          | -                           | -                        |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                   | <b>-</b>                | <b>-</b>                 | <b>-</b>                   | <b>-</b>                    | <b>-</b>                 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 505,107                    | (5,893)                 | 440,784                  | (479,489)                  | (97,114)                    | (123,181)                |
| Cash and investments - beginning  | (761,917)                  | 84,892                  | -                        | 317,930                    | 161,850                     | 243,948                  |
| Cash and investments - ending   | <u>\$ (256,810)</u>        | <u>\$ 78,999</u>        | <u>\$ 440,784</u>        | <u>\$ (161,559)</u>        | <u>\$ 64,736</u>            | <u>\$ 120,767</u>        |
| <b>Cash and Investment Assets - Ending</b>  |                            |                         |                          |                            |                             |                          |
| Cash and investments  | \$ (256,810)               | \$ 78,999               | \$ 440,784               | \$ (161,559)               | \$ -                        | \$ 120,767               |
| Restricted assets:  |                            |                         |                          |                            |                             |                          |
| Cash and investments  | -                          | -                       | -                        | -                          | 64,736                      | -                        |
| <b>Total cash and investment assets - ending</b>  | <b><u>\$ (256,810)</u></b> | <b><u>\$ 78,999</u></b> | <b><u>\$ 440,784</u></b> | <b><u>\$ (161,559)</u></b> | <b><u>\$ 64,736</u></b>     | <b><u>\$ 120,767</u></b> |
| <b>Cash and Investment Fund Balance - Ending</b>  |                            |                         |                          |                            |                             |                          |
| Restricted for:   |                            |                         |                          |                            |                             |                          |
| Debt service  | \$ -                       | \$ -                    | \$ -                     | \$ -                       | \$ 64,736                   | \$ -                     |
| Unrestricted  | (256,810)                  | 78,999                  | 440,784                  | (161,559)                  | -                           | 120,767                  |
| <b>Total cash and investment fund balance - ending</b>  | <b><u>\$ (256,810)</u></b> | <b><u>\$ 78,999</u></b> | <b><u>\$ 440,784</u></b> | <b><u>\$ (161,559)</u></b> | <b><u>\$ 64,736</u></b>     | <b><u>\$ 120,767</u></b> |

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

UNION-NORTH UNITED 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, 2009  
(Continued)

|  | School Bus<br>Replacement | GOB 2007<br>Construction | New Drive<br>Project | Other             | Totals            |
|--|---------------------------|--------------------------|----------------------|-------------------|-------------------|
| <b>Receipts:</b>   |                           |                          |                      |                   |                   |
| Local sources  | \$ 166,998                | \$ -                     | \$ 100,000           | \$ 764,314        | \$ 5,331,254      |
| Intermediate sources   | -                         | -                        | -                    | 431               | 550               |
| State sources  | -                         | -                        | -                    | 80,966            | 5,955,723         |
| Federal sources  | -                         | -                        | -                    | 226,343           | 1,104,048         |
| Temporary loans  | -                         | 178,017                  | -                    | 938,000           | 7,214,387         |
| Other  | -                         | -                        | -                    | 3,269             | 12,625            |
| <b>Total receipts</b>  | <u>166,998</u>            | <u>178,017</u>           | <u>100,000</u>       | <u>2,013,323</u>  | <u>19,618,587</u> |
| <b>Disbursements:</b>  |                           |                          |                      |                   |                   |
| <b>Current:</b>  |                           |                          |                      |                   |                   |
| Instruction  | -                         | -                        | -                    | 211,424           | 5,113,108         |
| Support services   | 55,398                    | -                        | -                    | 1,010,233         | 4,242,466         |
| Noninstructional services  | -                         | -                        | -                    | 540               | 715,401           |
| Facilities acquisition and construction  | -                         | 779,615                  | -                    | -                 | 1,269,434         |
| Debt services  | -                         | 178,017                  | -                    | 740,000           | 7,732,853         |
| Nonprogrammed charges  | -                         | -                        | -                    | -                 | 822,000           |
| <b>Total disbursements</b>   | <u>55,398</u>             | <u>957,632</u>           | <u>-</u>             | <u>1,962,197</u>  | <u>19,895,262</u> |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <u>111,600</u>            | <u>(779,615)</u>         | <u>100,000</u>       | <u>51,126</u>     | <u>(276,675)</u>  |
| <b>Other financing sources (uses):</b>   |                           |                          |                      |                   |                   |
| Transfers in   | -                         | -                        | -                    | 14,274            | 14,274            |
| Transfers out  | -                         | -                        | -                    | (14,274)          | (14,274)          |
| <b>Total other financing sources (uses)</b>  | <u>-</u>                  | <u>-</u>                 | <u>-</u>             | <u>-</u>          | <u>-</u>          |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <u>111,600</u>            | <u>(779,615)</u>         | <u>100,000</u>       | <u>51,126</u>     | <u>(276,675)</u>  |
| <b>Cash and investments - beginning</b>  | <u>20,306</u>             | <u>779,625</u>           | <u>-</u>             | <u>57,550</u>     | <u>904,184</u>    |
| <b>Cash and investments - ending</b>   | <u>\$ 131,906</u>         | <u>\$ 10</u>             | <u>\$ 100,000</u>    | <u>\$ 108,676</u> | <u>\$ 627,509</u> |
| <b><u>Cash and Investment Assets - Ending</u></b>  |                           |                          |                      |                   |                   |
| Cash and investments   | \$ 131,906                | \$ 10                    | \$ 100,000           | \$ 108,676        | \$ 562,773        |
| Restricted assets:   |                           |                          |                      |                   |                   |
| Cash and investments   | -                         | -                        | -                    | -                 | 64,736            |
| <b>Total cash and investment assets - ending</b>   | <u>\$ 131,906</u>         | <u>\$ 10</u>             | <u>\$ 100,000</u>    | <u>\$ 108,676</u> | <u>\$ 627,509</u> |
| <b><u>Cash and Investment Fund Balance - Ending</u></b>  |                           |                          |                      |                   |                   |
| Restricted for:  |                           |                          |                      |                   |                   |
| Debt service   | \$ -                      | \$ -                     | \$ -                 | \$ -              | \$ 64,736         |
| Unrestricted   | 131,906                   | 10                       | 100,000              | 108,676           | 562,773           |
| <b>Total cash and investment fund balance - ending</b>   | <u>\$ 131,906</u>         | <u>\$ 10</u>             | <u>\$ 100,000</u>    | <u>\$ 108,676</u> | <u>\$ 627,509</u> |

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

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

|  | Pension<br>Trust Fund | Private-Purpose<br>Trust Funds | Agency<br>Funds |
|--|-----------------------|--------------------------------|-----------------|
| Additions:   |                       |                                |                 |
| Contributions:   |                       |                                |                 |
| Employer   | \$ 63,250             | \$ -                           |                 |
| Deductions:  |                       |                                |                 |
| Benefits   | 72,223                | -                              |                 |
| Administrative and general                                 | 225,000               | 13,058                         |                 |
| Total deductions   | 297,223               | 13,058                         |                 |
| Deficiency of total additions<br>over total deductions     | (233,973)             | (13,058)                       |                 |
| Cash and investment fund balance - beginning               | 304,006               | 13,058                         |                 |
| Cash and investment fund balance - ending                  | \$ 70,033             | \$ -                           | \$ 34,977       |
| Net assets:  |                       |                                |                 |
| Cash and investments                                       | \$ 70,033             | \$ -                           |                 |
| Total net assets - cash and investment basis held in trust | \$ 70,033             | \$ -                           |                 |

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

UNION-NORTH UNITED SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

|  | Pension<br>Trust Fund | Agency<br>Funds |
|--|-----------------------|-----------------|
| Additions:   |                       |                 |
| Contributions:   |                       |                 |
| Other  | \$ 161,750            |                 |
| Deductions:  |                       |                 |
| Benefits   | 11,990                |                 |
| Administrative and general                                 | 88,843                |                 |
| Total deductions   | 100,833               |                 |
| Excess of total additions<br>over total deductions         | 60,917                |                 |
| Cash and investment fund balance - beginning               | 70,033                |                 |
| Cash and investment fund balance - ending                  | \$ 130,950            | \$ 55,930       |
| Net assets:  |                       |                 |
| Cash and investments                                       | \$ 130,950            |                 |
| Total net assets - cash and investment basis held in trust | \$ 130,950            |                 |

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

UNION-NORTH UNITED 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.

Joint Venture

The School Corporation is a participant with 9 other schools in a joint venture to operate the Joint Educational Services in Special Education Co-op (JESSE) which was created to provide education for handicapped children. The School Corporation is obligated by contract to remit a percentage of JESSE's budget, based on the enrollment (ADM) of all participating schools, annually to supplement JESSE's budget. JESSE's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of JESSE. Complete financial statements for JESSE can be obtained from its administrative office at P.O. Box 418, 324 North Kingston, Plymouth, IN 46563.

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

The School Corporation is a participant with 9 other schools in a joint venture to operate the North Central Area Vocational Co-op (Co-op) which was created to plan for future needs, programs or services for vocational education. The School Corporation is obligated by contract to remit a percentage of the Co-op's budget, based on vocational student counts, annually to supplement the Co-op. The Co-op's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the Co-op. Complete financial statements for the Co-op can be obtained from the administrative office at P.O. Box 231, 700 School Street, Culver, IN 46511.

The School Corporation is a participant with 20 other schools in a joint venture to operate the North Central Energy Cooperative which was created with the stated purpose to save money on the purchase of natural gas. The entry into the Cooperative is for a period of one year which can be renewed in the future. No significant financial assessments have been made by the cooperative to the School Corporation and no significant financial resources have been accumulated as of June 30, 2009, by the Cooperative. Elkhart Community Schools are the administrative agent for the Cooperative. For information regarding the cooperative contact Doug Hasler by telephone at 574-262-5563, or email at dhasler@elkhart.k12.in.us.

UNION-NORTH UNITED 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 nonexchange 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. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Fiscal stabilization-education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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 retirement/severance bond fund accounts for debt from funds borrowed to payoff accrued retirement/severance liabilities per the provisions of SEA 199, passed by the Indiana General Assembly in 2001.

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

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

The GOB 2007 construction fund accounts for remodeling and improvements of the school buildings with financial resources provided from general obligation bonds.

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

The new drive project fund accounts for financial resources for creating a driveway for the corporation's proposed new building project.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the driver education students.

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

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

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.

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.

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. The School Corporation receives property tax from Marshall County and St. Joseph County. At June 30, 2008 and June 30, 2009, not all property taxes collected were distributed to the School Corporation. Also, late billings for property taxes by the County Treasurers' reduced the amount of property taxes that were available for distribution at June 30, 2009.

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.

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

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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds 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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis 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.

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended June 30, 2008, disbursements exceeded budgeted appropriations in the following fund by the amount below:

| Fund    | 2009              |
|---------|-------------------|
| General | \$ <u>139,655</u> |

C. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

| Fund                                      | 2008       | 2009       |
|---|------------|------------|
| General                                   | \$ 761,917 | \$ 256,810 |
| Transportation Operating                  | 67,060     | 4,655      |
| Debt Service                              | 119,157    | 161,559    |
| LSTA Grant FY 08/09                       | -          | 271        |
| Vocational & Technical Education FY 06/07 | 4          | -          |
| Title II Part A                           | 2,264      | -          |

These deficits arose from late property tax distributions and are to be repaid from future receipts.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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. 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, 2008 and 2009, were as follows:

| Transfer From            | Transfer To              | 2008              | 2009             |
|--------------------------|--------------------------|-------------------|------------------|
| Debt Service             | Other governmental funds | \$ 48,389         | \$ -             |
| Other governmental funds | General Fund             | 43,495            | -                |
|                          | Other governmental funds | <u>39,374</u>     | <u>14,274</u>    |
| Totals                   |                          | <u>\$ 131,258</u> | <u>\$ 14,274</u> |

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

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt activity for the years ended June 30, 2008 and June 30, 2009, was as follows:

| Fiscal Year 2007-2008 | Beginning<br>Balance | Issued/<br>Draws | Redeemed<br>Repayments | Ending<br>Balance |
|-----------------------|----------------------|------------------|------------------------|-------------------|
| General               | \$ 295,247           | \$ 1,988,000     | \$ 1,378,247           | \$ 905,000        |
| Debt service          | 366,753              | 810,000          | 829,753                | 347,000           |
| Capital projects      | -                    | 958,000          | 275,000                | 683,000           |
| Other governmental    | -                    | <u>456,000</u>   | <u>288,000</u>         | <u>168,000</u>    |
| Totals                | <u>662,000</u>       | <u>4,212,000</u> | <u>2,771,000</u>       | <u>2,103,000</u>  |

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

| <u>Fiscal Year 2008-2009</u> | <u>Beginning<br/>Balance</u> | <u>Issued/<br/>Draws</u> | <u>Redeemed<br/>Repayments</u> | <u>Ending<br/>Balance</u> |
|------------------------------|------------------------------|--------------------------|--------------------------------|---------------------------|
| General                      | \$ 905,000                   | \$ 3,569,000             | \$ 2,854,000                   | \$ 1,620,000              |
| Debt service                 | 347,000                      | 648,000                  | 694,000                        | 301,000                   |
| Capital projects             | 683,000                      | 1,309,000                | 1,366,000                      | 626,000                   |
| Other governmental           | 168,000                      | 938,000                  | 740,000                        | 366,000                   |
| Totals                       | <u>\$ 2,103,000</u>          | <u>\$ 6,464,000</u>      | <u>\$ 5,654,000</u>            | <u>\$ 2,913,000</u>       |

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; 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

During 1992, the School Corporation joined the Midwest Area School Employees Insurance Trust (MASE), a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. This risk pool was formed in 1986. The purpose of the risk pool is to provide a medium for the funding and administration of employee health insurance and life insurance. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per employee. The risk pool obtains independent coverage for insured events in excess of the \$175,000 limit.

B. Subsequent Events

At June 30, 2009, the School Corporation had tax anticipation warrants outstanding in the amount of \$2,913,000. On July 29, 2009, and August 26, 2009, the School Corporation repaid tax anticipation warrants for a total amount of \$654,000. In December 2009, the School Corporation intends to refund the tax anticipation warrants still outstanding and to issue new warrants in early 2010, to be repaid by December 31, 2010.

The School Board of Trustees is planning for a new building project: a \$1,500,000 addition to the elementary school; a \$1,800,000 renovation program at the high school; and a \$16,000,000 project to construct a new intermediate school. The project is to be financed by bonds issued through a school building holding corporation in an amount not to exceed \$19,640,000 with maximum annual lease payments not to exceed \$1,478,000 over a lease term of 22 years. The project is expected to resume in 2010, after recently receiving a favorable ruling by Tax Court Judge Thomas Fisher regarding a lawsuit filed against the Indiana Department of Local Government Finance concerning their approval of the project.

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

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation with at least ten years of service. Currently, one retiree meets these eligibility requirements. The School Corporation and retiree provide 90.7% and 9.3%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2009, disbursements of \$5,107 were recognized for postemployment benefits.

In accordance with the provisions of SEA 199, passed by the Indiana State Legislature in 2001 and the agreement with the teachers labor union dated April 27, 2004, the School Corporation has established a Voluntary Employees' Beneficiary Association (VEBA). This plan is authorized by and described in section 501 c (9) of the IR code. Effective January 1, 2010, this VEBA is administered by Meritain Health. Following retirement and the satisfaction of the statutory requirements of the VEBA, the VEBA is designed to provide group health insurance benefits to plan members and beneficiaries. The Plan Administrator can provide information on this plan upon request. The information may be obtained by contacting:

Indiana VEBA HRA Third Party Administrator  
Meritain Health  
PO Box 27810  
Minneapolis, MN 55427-0810

Funding Policy and Annual Cost

The employees are not required to and do not make any ongoing contributions to their individual VEBA accounts while still employed. The accounts do earn interest income which is credited by the plan administrator to the individual accounts. The School Corporation, on a quarterly basis, contributes 1% of the employees' base salary to the employees' account. These requirements are established by the written agreement between the School Corporation and the Plan Administrator. The employer contributions, including the buyout amount per the provisions of the above mentioned 2001 state law and the agreement dated April 27, 2004, with the teacher's labor union, made to the plan for the fiscal year ending June 30, 2009, were \$29,363.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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               | \$ 79,049   |
| Interest on net pension obligation         | (4,035)   |
| Adjustment to annual required contribution | 4,598   |
| Annual pension cost                        | 79,612  |
| Contributions made                         | 79,206  |
| Increase in net pension obligation         | 406   |
| Net pension obligation, beginning of year  | (55,649)  |
| Net pension obligation, end of year        | \$ (55,243)   |
| Contribution rates:                        |   |
| School Corporation                         | 6.38%   |
| Plan members                               | 3%  |
| Actuarial valuation date                   | 07-01-08  |
| Actuarial cost method                      | Entry age   |
| Amortization method                        | Level percentage<br>of projected<br>payroll, closed               |
| Amortization period                        | 30 years  |
| Amortization period (from date)            | 07-01-97  |
| Asset valuation method                     | 75% of expected<br>actuarial value<br>plus 25% of<br>market value |

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

| 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<br>Ending | Annual<br>Pension Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF | 06-30-06       | \$ 57,338                       | 103%                                | \$ (46,594)                  |
|      | 06-30-07       | 67,252                          | 113%                                | (55,649)                     |
|      | 06-30-08       | 79,612                          | 99%                                 | (55,243)                     |

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding

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

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 7.00% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$126,424, \$118,812, and \$109,561, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

3. Defined Contribution Pension Plan

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

Plan Description

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

VALIC Financial Advisors, Inc.  
707 East 80<sup>th</sup> Place, Suite 302  
Merrillville, IN 46410  
Ph. 1-800-892-5558

Funding Policy and Annual Pension Cost

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

UNION-NORTH UNITED SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Unfunded<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
|--------------------------------|--|---|--------------------------|--------------------------|---------------------------|--|
| 07-01-06                       | \$ 1,017,380                           | \$ 1,048,061                                      | \$ (30,681)              | 97%                      | \$ 993,040                | (3%)   |
| 07-01-07                       | 1,180,658                              | 1,262,407   | (81,749)                 | 94%                      | 1,092,678                 | (7%)   |
| 07-01-08                       | 1,031,259                              | 1,223,966   | (192,707)                | 84%                      | 1,110,415                 | (17%)  |

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

|   | Transportation<br>Operating | Special<br>Education<br>Preschool | Rainy<br>Day | Textbook<br>Rental | Levy<br>Excess  | Full Day<br>Kindergarten | Educational<br>License<br>Plate Fee |
|---|-----------------------------|-----------------------------------|--------------|--------------------|-----------------|--------------------------|-------------------------------------|
| <b>Receipts:</b>  |                             |                                   |              |                    |                 |                          |                                     |
| Local sources   | \$ 626,844                  | \$ 6,007                          | \$ -         | \$ 140,660         | \$ -            | \$ -                     | \$ -                                |
| Intermediate sources  | -                           | -                                 | -            | -                  | -               | -                        | 263                                 |
| State sources   | -                           | 17,394                            | -            | 39,372             | -               | -                        | -                                   |
| Federal sources   | -                           | -                                 | -            | -                  | -               | -                        | -                                   |
| Temporary loans   | 456,000                     | -                                 | -            | -                  | -               | -                        | -                                   |
| Other   | -                           | -                                 | -            | 58                 | -               | -                        | -                                   |
| <b>Total receipts</b>   | <b>1,082,844</b>            | <b>23,401</b>                     | <b>-</b>     | <b>180,090</b>     | <b>-</b>        | <b>-</b>                 | <b>263</b>                          |
| <b>Disbursements:</b>   |                             |                                   |              |                    |                 |                          |                                     |
| <b>Current:</b>   |                             |                                   |              |                    |                 |                          |                                     |
| Instruction   | -                           | 26,348                            | -            | -                  | -               | 4,173                    | 525                                 |
| Support services  | 732,262                     | -                                 | -            | 148,646            | -               | -                        | -                                   |
| Noninstructional services   | -                           | -                                 | -            | -                  | -               | 159                      | -                                   |
| Facilities acquisition and construction   | -                           | -                                 | -            | -                  | -               | -                        | -                                   |
| Debt services   | 288,000                     | -                                 | -            | -                  | -               | -                        | -                                   |
| <b>Total disbursements</b>  | <b>1,020,262</b>            | <b>26,348</b>                     | <b>-</b>     | <b>148,646</b>     | <b>-</b>        | <b>4,332</b>             | <b>525</b>                          |
| Excess (deficiency) of receipts over disbursements  | 62,582                      | (2,947)                           | -            | 31,444             | -               | (4,332)                  | (262)                               |
| <b>Other financing sources (uses):</b>  |                             |                                   |              |                    |                 |                          |                                     |
| Transfers in  | 48,389                      | -                                 | -            | -                  | -               | -                        | -                                   |
| Transfers out   | -                           | -                                 | -            | -                  | (42,543)        | -                        | -                                   |
| <b>Total other financing sources (uses)</b>   | <b>48,389</b>               | <b>-</b>                          | <b>-</b>     | <b>-</b>           | <b>(42,543)</b> | <b>-</b>                 | <b>-</b>                            |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 110,971                     | (2,947)                           | -            | 31,444             | (42,543)        | (4,332)                  | (262)                               |
| Cash and investments - beginning  | (178,031)                   | 2,947                             | 3,600        | (27,384)           | 42,543          | 4,332                    | 375                                 |
| Cash and investments - ending   | \$ (67,060)                 | \$ -                              | \$ 3,600     | \$ 4,060           | \$ -            | \$ -                     | \$ 113                              |
| <b>Cash and Investment Assets - Ending</b>  |                             |                                   |              |                    |                 |                          |                                     |
| Cash and investment assets - unrestricted   | \$ (67,060)                 | \$ -                              | \$ 3,600     | \$ 4,060           | \$ -            | \$ -                     | \$ 113                              |
| <b>Cash and Investment Fund Balance - Ending</b>  |                             |                                   |              |                    |                 |                          |                                     |
| Cash and investment fund balance - unrestricted   | \$ (67,060)                 | \$ -                              | \$ 3,600     | \$ 4,060           | \$ -            | \$ -                     | \$ 113                              |

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

|  | Safe Haven<br>Grant | Teacher<br>Training and<br>Reading<br>Recovery | Gifted and<br>Talented<br>Grant 07/08 | Gifted and<br>Talented<br>Grant 06/07 | Non-English<br>Speaking<br>Programs | Technology<br>Grants 08/10 |
|--|---------------------|--|---------------------------------------|---------------------------------------|-------------------------------------|----------------------------|
| <b>Receipts:</b>   |                     |  |                                       |                                       |                                     |                            |
| Local sources  | \$ -                | \$ -   | \$ -                                  | \$ -                                  | \$ -                                | \$ -                       |
| Intermediate sources   | -                   | -  | -                                     | -                                     | -                                   | -                          |
| State sources  | 2,710               | 1,000  | 30,978                                | -                                     | -                                   | 69,575                     |
| Federal sources  | -                   | -  | -                                     | -                                     | -                                   | -                          |
| Temporary loans  | -                   | -  | -                                     | -                                     | -                                   | -                          |
| Other  | -                   | -  | -                                     | -                                     | -                                   | -                          |
| <b>Total receipts</b>  | <b>2,710</b>        | <b>1,000</b>                                   | <b>30,978</b>                         | <b>-</b>                              | <b>-</b>                            | <b>69,575</b>              |
| <b>Disbursements:</b>  |                     |  |                                       |                                       |                                     |                            |
| <b>Current:</b>  |                     |  |                                       |                                       |                                     |                            |
| Instruction  | -                   | -  | 10,124                                | 1,618                                 | -                                   | -                          |
| Support services   | -                   | 1,000  | 2,726                                 | 369                                   | -                                   | -                          |
| Noninstructional services  | -                   | -  | -                                     | -                                     | -                                   | -                          |
| Facilities acquisition and construction  | -                   | -  | -                                     | -                                     | -                                   | -                          |
| Debt services  | -                   | -  | -                                     | -                                     | -                                   | -                          |
| <b>Total disbursements</b>   | <b>-</b>            | <b>1,000</b>                                   | <b>12,850</b>                         | <b>1,987</b>                          | <b>-</b>                            | <b>-</b>                   |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>2,710</b>        | <b>-</b>                                       | <b>18,128</b>                         | <b>(1,987)</b>                        | <b>-</b>                            | <b>69,575</b>              |
| <b>Other financing sources (uses):</b>   |                     |  |                                       |                                       |                                     |                            |
| Transfers in   | -                   | -  | -                                     | -                                     | -                                   | -                          |
| Transfers out  | -                   | -  | -                                     | -                                     | (952)                               | -                          |
| <b>Total other financing sources (uses)</b>  | <b>-</b>            | <b>-</b>                                       | <b>-</b>                              | <b>-</b>                              | <b>(952)</b>                        | <b>-</b>                   |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>2,710</b>        | <b>-</b>                                       | <b>18,128</b>                         | <b>(1,987)</b>                        | <b>(952)</b>                        | <b>69,575</b>              |
| <b>Cash and investments - beginning</b>  | <b>-</b>            | <b>-</b>                                       | <b>-</b>                              | <b>1,987</b>                          | <b>952</b>                          | <b>-</b>                   |
| <b>Cash and investments - ending</b>   | <b>\$ 2,710</b>     | <b>\$ -</b>                                    | <b>\$ 18,128</b>                      | <b>\$ -</b>                           | <b>\$ -</b>                         | <b>\$ 69,575</b>           |
| <b>Cash and Investment Assets - Ending</b>   |                     |  |                                       |                                       |                                     |                            |
| <b>Cash and investment assets - unrestricted</b>   | <b>\$ 2,710</b>     | <b>\$ -</b>                                    | <b>\$ 18,128</b>                      | <b>\$ -</b>                           | <b>\$ -</b>                         | <b>\$ 69,575</b>           |
| <b>Cash and Investment Fund Balance - Ending</b>   |                     |  |                                       |                                       |                                     |                            |
| <b>Cash and investment fund balance - unrestricted</b>   | <b>\$ 2,710</b>     | <b>\$ -</b>                                    | <b>\$ 18,128</b>                      | <b>\$ -</b>                           | <b>\$ -</b>                         | <b>\$ 69,575</b>           |

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

|  | ECIA<br>Title I<br>FY 07/08 | ECIA<br>Title I<br>FY 05/06 | ESEA<br>Title V Part A<br>FY 07/08 | ESEA<br>Title V Part A<br>FY 06/07 | Drug Free<br>Schools<br>FY 05/06 | Drug Free<br>Schools<br>FY 07/08 |
|--|-----------------------------|-----------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| <b>Receipts:</b>   |                             |                             |                                    |                                    |                                  |                                  |
| Local sources  | \$ -                        | \$ -                        | \$ -                               | \$ -                               | \$ -                             | \$ -                             |
| Intermediate sources   | -                           | -                           | -                                  | -                                  | -                                | -                                |
| State sources  | -                           | -                           | -                                  | -                                  | -                                | -                                |
| Federal sources  | 61,382                      | 78,474                      | 1,244                              | 1,300                              | -                                | 3,935                            |
| Temporary loans  | -                           | -                           | -                                  | -                                  | -                                | -                                |
| Other  | -                           | -                           | -                                  | -                                  | -                                | -                                |
| <b>Total receipts</b>  | <b>61,382</b>               | <b>78,474</b>               | <b>1,244</b>                       | <b>1,300</b>                       | <b>-</b>                         | <b>3,935</b>                     |
| <b>Disbursements:</b>  |                             |                             |                                    |                                    |                                  |                                  |
| <b>Current:</b>  |                             |                             |                                    |                                    |                                  |                                  |
| Instruction  | 42,175                      | 65,481                      | -                                  | 5,351                              | 1,485                            | 588                              |
| Support services   | 2,976                       | 19,827                      | -                                  | -                                  | 1,398                            | 282                              |
| Noninstructional services  | -                           | -                           | -                                  | -                                  | -                                | -                                |
| Facilities acquisition and construction  | -                           | -                           | -                                  | -                                  | -                                | -                                |
| Debt services  | -                           | -                           | -                                  | -                                  | -                                | -                                |
| <b>Total disbursements</b>   | <b>45,151</b>               | <b>85,308</b>               | <b>-</b>                           | <b>5,351</b>                       | <b>2,883</b>                     | <b>870</b>                       |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>16,231</b>               | <b>(6,834)</b>              | <b>1,244</b>                       | <b>(4,051)</b>                     | <b>(2,883)</b>                   | <b>3,065</b>                     |
| <b>Other financing sources (uses):</b>   |                             |                             |                                    |                                    |                                  |                                  |
| Transfers in   | 3,228                       | 14,543                      | 7,044                              | 14,559                             | -                                | -                                |
| Transfers out  | (14,543)                    | (3,228)                     | -                                  | -                                  | -                                | -                                |
| <b>Total other financing sources (uses)</b>  | <b>(11,315)</b>             | <b>11,315</b>               | <b>7,044</b>                       | <b>14,559</b>                      | <b>-</b>                         | <b>-</b>                         |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>4,916</b>                | <b>4,481</b>                | <b>8,288</b>                       | <b>10,508</b>                      | <b>(2,883)</b>                   | <b>3,065</b>                     |
| <b>Cash and investments - beginning</b>  | <b>-</b>                    | <b>(4,481)</b>              | <b>-</b>                           | <b>865</b>                         | <b>2,883</b>                     | <b>-</b>                         |
| <b>Cash and investments - ending</b>   | <b>\$ 4,916</b>             | <b>\$ -</b>                 | <b>\$ 8,288</b>                    | <b>\$ 11,373</b>                   | <b>\$ -</b>                      | <b>\$ 3,065</b>                  |
| <b>Cash and Investment Assets - Ending</b>   |                             |                             |                                    |                                    |                                  |                                  |
| <b>Cash and investment assets - unrestricted</b>   | <b>\$ 4,916</b>             | <b>\$ -</b>                 | <b>\$ 8,288</b>                    | <b>\$ 11,373</b>                   | <b>\$ -</b>                      | <b>\$ 3,065</b>                  |
| <b>Cash and Investment Fund Balance - Ending</b>   |                             |                             |                                    |                                    |                                  |                                  |
| <b>Cash and investment fund balance - unrestricted</b>   | <b>\$ 4,916</b>             | <b>\$ -</b>                 | <b>\$ 8,288</b>                    | <b>\$ 11,373</b>                   | <b>\$ -</b>                      | <b>\$ 3,065</b>                  |

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

|  | Drug Free<br>Schools<br>FY 08/09 | Vocational<br>and Technical<br>Education<br>FY 06/07 | Federal<br>Medicaid<br>Reimbursement | Title II A<br>Improving<br>Teacher<br>Quality Grant | GOB 2006<br>Construction | Totals           |
|--|----------------------------------|--|--------------------------------------|---|--------------------------|------------------|
| <b>Receipts:</b>   |                                  |  |                                      |   |                          |                  |
| Local sources  | \$ -                             | \$ -   | \$ -                                 | \$ -  | \$ -                     | \$ 773,511       |
| Intermediate sources   | -                                | -  | -                                    | -   | -                        | 263              |
| State sources  | -                                | -  | -                                    | -   | -                        | 161,029          |
| Federal sources  | 1,050                            | 5,518  | 130                                  | 43,290  | -                        | 196,323          |
| Temporary loans  | -                                | -  | -                                    | -   | -                        | 456,000          |
| Other  | -                                | -  | -                                    | -   | -                        | 58               |
| <b>Total receipts</b>  | <b>1,050</b>                     | <b>5,518</b>   | <b>130</b>                           | <b>43,290</b>                                       | <b>-</b>                 | <b>1,587,184</b> |
| <b>Disbursements:</b>  |                                  |  |                                      |   |                          |                  |
| <b>Current:</b>  |                                  |  |                                      |   |                          |                  |
| Instruction  | -                                | 56   | -                                    | 30,582  | -                        | 188,506          |
| Support services   | -                                | 6,176  | -                                    | -   | -                        | 915,662          |
| Noninstructional services  | -                                | -  | -                                    | -   | -                        | 159              |
| Facilities acquisition and construction  | -                                | -  | -                                    | -   | 875,976                  | 875,976          |
| Debt services  | -                                | -  | -                                    | -   | -                        | 288,000          |
| <b>Total disbursements</b>   | <b>-</b>                         | <b>6,232</b>   | <b>-</b>                             | <b>30,582</b>                                       | <b>875,976</b>           | <b>2,268,303</b> |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>1,050</b>                     | <b>(714)</b>   | <b>130</b>                           | <b>12,708</b>                                       | <b>(875,976)</b>         | <b>(681,119)</b> |
| <b>Other financing sources (uses):</b>   |                                  |  |                                      |   |                          |                  |
| Transfers in   | -                                | -  | -                                    | -   | -                        | 87,763           |
| Transfers out  | -                                | -  | -                                    | (21,603)  | -                        | (82,869)         |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                         | <b>-</b>   | <b>-</b>                             | <b>(21,603)</b>                                     | <b>-</b>                 | <b>4,894</b>     |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>1,050</b>                     | <b>(714)</b>   | <b>130</b>                           | <b>(8,895)</b>                                      | <b>(875,976)</b>         | <b>(676,225)</b> |
| <b>Cash and investments - beginning</b>  | <b>-</b>                         | <b>710</b>   | <b>(130)</b>                         | <b>6,631</b>  | <b>875,976</b>           | <b>733,775</b>   |
| <b>Cash and investments - ending</b>   | <b>\$ 1,050</b>                  | <b>\$ (4)</b>  | <b>\$ -</b>                          | <b>\$ (2,264)</b>                                   | <b>\$ -</b>              | <b>\$ 57,550</b> |
| <b>Cash and Investment Assets - Ending</b>   |                                  |  |                                      |   |                          |                  |
| <b>Cash and investment assets - unrestricted</b>   | <b>\$ 1,050</b>                  | <b>\$ (4)</b>  | <b>\$ -</b>                          | <b>\$ (2,264)</b>                                   | <b>\$ -</b>              | <b>\$ 57,550</b> |
| <b>Cash and Investment Fund Balance - Ending</b>   |                                  |  |                                      |   |                          |                  |
| <b>Cash and investment fund balance - unrestricted</b>   | <b>\$ 1,050</b>                  | <b>\$ (4)</b>  | <b>\$ -</b>                          | <b>\$ (2,264)</b>                                   | <b>\$ -</b>              | <b>\$ 57,550</b> |

UNION-NORTH UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

|  | Transportation<br>Operating | Special<br>Education<br>Preschool | Rainy<br>Day | Textbook<br>Rental | Educational<br>License<br>Plate Fee | Safe Haven<br>Grant |
|--|-----------------------------|-----------------------------------|--------------|--------------------|-------------------------------------|---------------------|
| <b>Receipts:</b>   |                             |                                   |              |                    |                                     |                     |
| Local sources  | \$ 602,271                  | \$ 5,885                          | \$ -         | \$ 156,158         | \$ -                                | \$ -                |
| Intermediate sources   | -                           | -                                 | -            | -                  | 431                                 | -                   |
| State sources  | -                           | 21,838                            | -            | 21,431             | -                                   | -                   |
| Federal sources  | -                           | -                                 | -            | -                  | -                                   | -                   |
| Temporary loans  | 938,000                     | -                                 | -            | -                  | -                                   | -                   |
| Other  | 3,257                       | -                                 | -            | 12                 | -                                   | -                   |
| <b>Total receipts</b>  | <b>1,543,528</b>            | <b>27,723</b>                     | <b>-</b>     | <b>177,601</b>     | <b>431</b>                          | <b>-</b>            |
| <b>Disbursements:</b>  |                             |                                   |              |                    |                                     |                     |
| <b>Current:</b>  |                             |                                   |              |                    |                                     |                     |
| Instruction  | -                           | 12,095                            | -            | -                  | -                                   | -                   |
| Support services   | 741,123                     | -                                 | -            | 169,231            | -                                   | 2,710               |
| Noninstructional services  | -                           | -                                 | -            | -                  | -                                   | -                   |
| Debt services  | 740,000                     | -                                 | -            | -                  | -                                   | -                   |
| <b>Total disbursements</b>   | <b>1,481,123</b>            | <b>12,095</b>                     | <b>-</b>     | <b>169,231</b>     | <b>-</b>                            | <b>2,710</b>        |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>62,405</b>               | <b>15,628</b>                     | <b>-</b>     | <b>8,370</b>       | <b>431</b>                          | <b>(2,710)</b>      |
| <b>Other financing sources (uses):</b>   |                             |                                   |              |                    |                                     |                     |
| Transfers in   | -                           | -                                 | -            | -                  | -                                   | -                   |
| Transfers out  | -                           | -                                 | -            | -                  | -                                   | -                   |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                    | <b>-</b>                          | <b>-</b>     | <b>-</b>           | <b>-</b>                            | <b>-</b>            |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>62,405</b>               | <b>15,628</b>                     | <b>-</b>     | <b>8,370</b>       | <b>431</b>                          | <b>(2,710)</b>      |
| Cash and investments - beginning   | (67,060)                    | -                                 | 3,600        | 4,060              | 113                                 | 2,710               |
| Cash and investments - ending  | \$ (4,655)                  | \$ 15,628                         | \$ 3,600     | \$ 12,430          | \$ 544                              | \$ -                |
| <b>Cash and Investment Assets - Ending</b>   |                             |                                   |              |                    |                                     |                     |
| Cash and investment assets - unrestricted  | \$ (4,655)                  | \$ 15,628                         | \$ 3,600     | \$ 12,430          | \$ 544                              | \$ -                |
| <b>Cash and Investment Fund Balance - Ending</b>   |                             |                                   |              |                    |                                     |                     |
| Cash and investment fund balance - unrestricted  | \$ (4,655)                  | \$ 15,628                         | \$ 3,600     | \$ 12,430          | \$ 544                              | \$ -                |

UNION-NORTH UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

|  | Teacher<br>Training and<br>Reading<br>Recovery | Gifted and<br>Talented<br>Grant 07/08 | Gifted and<br>Talented<br>Grant 08/09 | Technology<br>Grants 08/10 | LSTA<br>Reimbursable<br>Grant 08/09 | ECIA<br>Title I<br>FY 07/08 |
|--|--|---------------------------------------|---------------------------------------|----------------------------|-------------------------------------|-----------------------------|
| <b>Receipts:</b>   |  |                                       |                                       |                            |                                     |                             |
| Local sources  | \$ -   | \$ -                                  | \$ -                                  | \$ -                       | \$ -                                | \$ -                        |
| Intermediate sources   | -  | -                                     | -                                     | -                          | -                                   | -                           |
| State sources  | 1,000  | -                                     | 30,978                                | -                          | 5,719                               | -                           |
| Federal sources  | -  | -                                     | -                                     | -                          | -                                   | 122,512                     |
| Temporary loans  | -  | -                                     | -                                     | -                          | -                                   | -                           |
| Other  | -  | -                                     | -                                     | -                          | -                                   | -                           |
| <b>Total receipts</b>  | <b>1,000</b>                                   | <b>-</b>                              | <b>30,978</b>                         | <b>-</b>                   | <b>5,719</b>                        | <b>122,512</b>              |
| <b>Disbursements:</b>  |  |                                       |                                       |                            |                                     |                             |
| <b>Current:</b>  |  |                                       |                                       |                            |                                     |                             |
| Instruction  | -  | 5,734                                 | 14,577                                | -                          | -                                   | 104,543                     |
| Support services   | 1,000  | 12,394                                | 14,000                                | 45,926                     | 5,990                               | 16,539                      |
| Noninstructional services  | -  | -                                     | -                                     | -                          | -                                   | 540                         |
| Debt services  | -  | -                                     | -                                     | -                          | -                                   | -                           |
| <b>Total disbursements</b>   | <b>1,000</b>                                   | <b>18,128</b>                         | <b>28,577</b>                         | <b>45,926</b>              | <b>5,990</b>                        | <b>121,622</b>              |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>-</b>                                       | <b>(18,128)</b>                       | <b>2,401</b>                          | <b>(45,926)</b>            | <b>(271)</b>                        | <b>890</b>                  |
| <b>Other financing sources (uses):</b>   |  |                                       |                                       |                            |                                     |                             |
| Transfers in   | -  | -                                     | -                                     | -                          | -                                   | -                           |
| Transfers out  | -  | -                                     | -                                     | -                          | -                                   | -                           |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                                       | <b>-</b>                              | <b>-</b>                              | <b>-</b>                   | <b>-</b>                            | <b>-</b>                    |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>-</b>                                       | <b>(18,128)</b>                       | <b>2,401</b>                          | <b>(45,926)</b>            | <b>(271)</b>                        | <b>890</b>                  |
| <b>Cash and investments - beginning</b>  | <b>-</b>                                       | <b>18,128</b>                         | <b>-</b>                              | <b>69,575</b>              | <b>-</b>                            | <b>4,916</b>                |
| <b>Cash and investments - ending</b>   | <b>\$ -</b>                                    | <b>\$ -</b>                           | <b>\$ 2,401</b>                       | <b>\$ 23,649</b>           | <b>\$ (271)</b>                     | <b>\$ 5,806</b>             |
| <b><u>Cash and Investment Assets - Ending</u></b>  |  |                                       |                                       |                            |                                     |                             |
| <b>Cash and investment assets - unrestricted</b>   | <b>\$ -</b>                                    | <b>\$ -</b>                           | <b>\$ 2,401</b>                       | <b>\$ 23,649</b>           | <b>\$ (271)</b>                     | <b>\$ 5,806</b>             |
| <b><u>Cash and Investment Fund Balance - Ending</u></b>  |  |                                       |                                       |                            |                                     |                             |
| <b>Cash and investment fund balance - unrestricted</b>   | <b>\$ -</b>                                    | <b>\$ -</b>                           | <b>\$ 2,401</b>                       | <b>\$ 23,649</b>           | <b>\$ (271)</b>                     | <b>\$ 5,806</b>             |

UNION-NORTH UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

|  | ESEA<br>Title V Part A<br>FY 08/09 | ESEA<br>Title V Part A<br>FY 07/08 | ESEA<br>Title V Part A<br>FY 06/07 | Drug Free<br>Schools<br>FY 09/10 | Drug Free<br>Schools<br>FY 07/08 | Drug Free<br>Schools<br>FY 08/09 |
|--|------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Receipts:</b>   |                                    |                                    |                                    |                                  |                                  |                                  |
| Local sources  | \$ -                               | \$ -                               | \$ -                               | \$ -                             | \$ -                             | \$ -                             |
| Intermediate sources   | -                                  | -                                  | -                                  | -                                | -                                | -                                |
| State sources  | -                                  | -                                  | -                                  | -                                | -                                | -                                |
| Federal sources  | -                                  | 808                                | -                                  | 3,087                            | -                                | 2,841                            |
| Temporary loans  | -                                  | -                                  | -                                  | -                                | -                                | -                                |
| Other  | -                                  | -                                  | -                                  | -                                | -                                | -                                |
| <b>Total receipts</b>  | <b>-</b>                           | <b>808</b>                         | <b>-</b>                           | <b>3,087</b>                     | <b>-</b>                         | <b>2,841</b>                     |
| <b>Disbursements:</b>  |                                    |                                    |                                    |                                  |                                  |                                  |
| <b>Current:</b>  |                                    |                                    |                                    |                                  |                                  |                                  |
| Instruction  | 5,193                              | 11,308                             | 11,373                             | -                                | 2,825                            | 1,268                            |
| Support services   | -                                  | -                                  | -                                  | 120                              | 240                              | 960                              |
| Noninstructional services  | -                                  | -                                  | -                                  | -                                | -                                | -                                |
| Debt services  | -                                  | -                                  | -                                  | -                                | -                                | -                                |
| <b>Total disbursements</b>   | <b>5,193</b>                       | <b>11,308</b>                      | <b>11,373</b>                      | <b>120</b>                       | <b>3,065</b>                     | <b>2,228</b>                     |
| <b>Excess (deficiency) of receipts over disbursements</b>  | <b>(5,193)</b>                     | <b>(10,500)</b>                    | <b>(11,373)</b>                    | <b>2,967</b>                     | <b>(3,065)</b>                   | <b>613</b>                       |
| <b>Other financing sources (uses):</b>   |                                    |                                    |                                    |                                  |                                  |                                  |
| Transfers in   | 9,850                              | 2,212                              | 2,212                              | -                                | -                                | -                                |
| Transfers out  | -                                  | -                                  | (2,212)                            | -                                | -                                | -                                |
| <b>Total other financing sources (uses)</b>  | <b>9,850</b>                       | <b>2,212</b>                       | <b>-</b>                           | <b>-</b>                         | <b>-</b>                         | <b>-</b>                         |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b> | <b>4,657</b>                       | <b>(8,288)</b>                     | <b>(11,373)</b>                    | <b>2,967</b>                     | <b>(3,065)</b>                   | <b>613</b>                       |
| <b>Cash and investments - beginning</b>  | <b>-</b>                           | <b>8,288</b>                       | <b>11,373</b>                      | <b>-</b>                         | <b>3,065</b>                     | <b>1,050</b>                     |
| <b>Cash and investments - ending</b>   | <b>\$ 4,657</b>                    | <b>\$ -</b>                        | <b>\$ -</b>                        | <b>\$ 2,967</b>                  | <b>\$ -</b>                      | <b>\$ 1,663</b>                  |
| <b><u>Cash and Investment Assets - Ending</u></b>  |                                    |                                    |                                    |                                  |                                  |                                  |
| <b>Cash and investment assets - unrestricted</b>   | <b>\$ 4,657</b>                    | <b>\$ -</b>                        | <b>\$ -</b>                        | <b>\$ 2,967</b>                  | <b>\$ -</b>                      | <b>\$ 1,663</b>                  |
| <b><u>Cash and Investment Fund Balance - Ending</u></b>  |                                    |                                    |                                    |                                  |                                  |                                  |
| <b>Cash and investment fund balance - unrestricted</b>   | <b>\$ 4,657</b>                    | <b>\$ -</b>                        | <b>\$ -</b>                        | <b>\$ 2,967</b>                  | <b>\$ -</b>                      | <b>\$ 1,663</b>                  |

UNION-NORTH UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

|   | Earthwalk<br>Grant 08/09 | Vocational<br>and Technical<br>Education<br>FY 06/07 | Title II A<br>Improving<br>Teacher<br>Quality Grant | Title I<br>Stimulus | Totals            |
|---|--------------------------|--|---|---------------------|-------------------|
| <b>Receipts:</b>  |                          |  |   |                     |                   |
| Local sources   | \$ -                     | \$ -   | \$ -  | \$ -                | \$ 764,314        |
| Intermediate sources  | -                        | -  | -   | -                   | 431               |
| State sources   | -                        | -  | -   | -                   | 80,966            |
| Federal sources   | 800                      | 5,518  | 50,520  | 40,257              | 226,343           |
| Temporary loans   | -                        | -  | -   | -                   | 938,000           |
| Other   | -                        | -  | -   | -                   | 3,269             |
| <b>Total receipts</b>   | <b>800</b>               | <b>5,518</b>   | <b>50,520</b>                                       | <b>40,257</b>       | <b>2,013,323</b>  |
| <b>Disbursements:</b>   |                          |  |   |                     |                   |
| <b>Current:</b>   |                          |  |   |                     |                   |
| Instruction   | 800                      | 5,514  | 36,194  | -                   | 211,424           |
| Support services  | -                        | -  | -   | -                   | 1,010,233         |
| Noninstructional services   | -                        | -  | -   | -                   | 540               |
| Debt services   | -                        | -  | -   | -                   | 740,000           |
| <b>Total disbursements</b>  | <b>800</b>               | <b>5,514</b>   | <b>36,194</b>                                       | <b>-</b>            | <b>1,962,197</b>  |
| Excess (deficiency) of receipts over disbursements  | -                        | 4  | 14,326  | 40,257              | 51,126            |
| <b>Other financing sources (uses):</b>  |                          |  |   |                     |                   |
| Transfers in  | -                        | -  | -   | -                   | 14,274            |
| Transfers out   | -                        | -  | (12,062)  | -                   | (14,274)          |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                 | <b>-</b>   | <b>(12,062)</b>                                     | <b>-</b>            | <b>-</b>          |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                        | 4  | 2,264   | 40,257              | 51,126            |
| Cash and investments - beginning  | -                        | (4)  | (2,264)   | -                   | 57,550            |
| Cash and investments - ending   | <u>\$ -</u>              | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ 40,257</u>    | <u>\$ 108,676</u> |
| <b><u>Cash and Investment Assets - Ending</u></b>   |                          |  |   |                     |                   |
| Cash and investment assets - unrestricted   | <u>\$ -</u>              | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ 40,257</u>    | <u>\$ 108,676</u> |
| <b><u>Cash and Investment Fund Balance - Ending</u></b>   |                          |  |   |                     |                   |
| Cash and investment fund balance - unrestricted   | <u>\$ -</u>              | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ 40,257</u>    | <u>\$ 108,676</u> |

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

|   | Driver<br>Education | Instructional<br>Support | Totals    |
|---|---------------------|--------------------------|-----------|
| Deductions:   |                     |                          |           |
| Administrative and general                                  | \$ 9,064            | \$ 3,994                 | \$ 13,058 |
| Deficiency of total additions<br>over total deductions      | (9,064)             | (3,994)                  | (13,058)  |
| Cash and investment fund balance - beginning                | 9,064               | 3,994                    | 13,058    |
| Cash and Investments - June 30                              | \$ -                | \$ -                     | \$ -      |
| Total net assets - cash and investments basis held in trust | \$ -                | \$ -                     | \$ -      |

UNION-NORTH UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2008

|  | <u>Prepaid<br/>Student Meals</u> | <u>Payroll<br/>Withholding</u> | <u>Totals</u>    |
|--|----------------------------------|--------------------------------|------------------|
| Additions:   |                                  |                                |                  |
| Agency fund additions                              | \$ 275,544                       | \$ 2,026,331                   | \$ 2,301,875     |
| Deductions:  |                                  |                                |                  |
| Agency fund deductions                             | <u>274,894</u>                   | <u>2,021,844</u>               | <u>2,296,738</u> |
| Excess of total additions<br>over total deductions | 650                              | 4,487                          | 5,137            |
| Cash and investment fund balance - beginning       | <u>3,727</u>                     | <u>26,113</u>                  | <u>29,840</u>    |
| Cash and investment fund balance - ending          | <u>\$ 4,377</u>                  | <u>\$ 30,600</u>               | <u>\$ 34,977</u> |

UNION-NORTH UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2009

|  | <u>Prepaid<br/>Student Meals</u> | <u>Payroll<br/>Withholding</u> | <u>Totals</u>    |
|--|----------------------------------|--------------------------------|------------------|
| Additions:   |                                  |                                |                  |
| Agency fund additions                              | \$ 266,888                       | \$ 1,963,867                   | \$ 2,230,755     |
| Deductions:  |                                  |                                |                  |
| Agency fund deductions                             | <u>266,739</u>                   | <u>1,943,063</u>               | <u>2,209,802</u> |
| Excess of total additions<br>over total deductions | 149                              | 20,804                         | 20,953           |
| Cash and investment fund balance - beginning       | <u>4,377</u>                     | <u>30,600</u>                  | <u>34,977</u>    |
| Cash and investment fund balance - ending          | <u>\$ 4,526</u>                  | <u>\$ 51,404</u>               | <u>\$ 55,930</u> |

UNION-NORTH UNITED SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2009

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

| <u>Primary Government</u>   | <u>Ending<br/>Balance</u>       |
|---|---------------------------------|
| Governmental activities:  |                                 |
| Capital assets, not being depreciated:                                  |                                 |
| Land  | \$ 189,166                      |
| Buildings   | 9,062,968                       |
| Improvements other than buildings                                       | 632,043                         |
| Machinery and equipment   | <u>3,729,081</u>                |
| <br>Total governmental activities, capital assets not being depreciated | <br><u><u>\$ 13,613,258</u></u> |

UNION-NORTH UNITED SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

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

| Description of Debt                      | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--|--------------------------------|---|
| Governmental activities:                 |                                |   |
| General obligation bonds:                |                                |   |
| Finance retirement/severance liabilities | \$ 770,000                     | \$ 171,160  |

UNION-NORTH UNITED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The General Fund, Transportation Operating Fund, and Debt Service Fund were overdrawn at June 30, 2008, and June 30, 2009, as disclosed in the financial statements.

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

APPROPRIATIONS

The records presented for audit indicate the General Fund expenditures were in excess of budgeted appropriations by \$139,655, for the year 2008.

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

Compliance

We have audited the compliance of the Union-North United School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. 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 non-compliance 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, 2008 and 2009.

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

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)

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.

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 of Trustees, 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

December 29, 2009

UNION NORTH UNITED SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended<br>06-30-08 | Total<br>Federal Awards<br>Expended<br>06-30-09 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u>   |                           |  |   |   |
| Pass-Through Indiana Department of Education  |                           |  |   |   |
| Child Nutrition Cluster   |                           |  |   |   |
| School Breakfast Program  | 10.553                    |  | \$ 41,074                                       | \$ 40,278                                       |
| National School Lunch Program   | 10.555                    |  | <u>190,763</u>                                  | <u>232,148</u>                                  |
| Total for federal grantor agency  |                           |  | <u>231,837</u>                                  | <u>272,426</u>                                  |
| <u>U.S. DEPARTMENT OF EDUCATION</u>   |                           |  |   |   |
| Pass-Through Indiana Department of Education  |                           |  |   |   |
| Title 1 Grants to Local Educational Agencies  |                           |  |   |   |
| 71-7215   | 84.010                    |  | 132,033   | -   |
| 09-7215   |                           |  | <u>-</u>  | <u>122,282</u>                                  |
| Total for program   |                           |  | <u>132,033</u>                                  | <u>122,282</u>                                  |
| Safe and Drug Free Schools and Communities - State Grants                               |                           |  |   |   |
| 05-168  | 84.186                    |  | 2,883   | -   |
| 06-7215   |                           |  | 870   | 3,066   |
| 7215-07   |                           |  | <u>-</u>  | <u>2,228</u>                                    |
| Total for program   |                           |  | <u>3,753</u>                                    | <u>5,294</u>                                    |
| State Grants for Innovative Programs  |                           |  |   |   |
| 06-7215   | 84.298                    |  | 5,350   | 11,373  |
| 07-7215   |                           |  | -   | 11,308  |
| 08-7215   |                           |  | <u>-</u>  | <u>5,193</u>                                    |
| Total for program   |                           |  | <u>5,350</u>                                    | <u>27,874</u>                                   |
| Improving Teacher Quality State Grants  |                           |  |   |   |
| 06-7215   | 84.367                    |  | 10,015  | -   |
| 07-7215   |                           |  | 20,566  | 8,200   |
| 08-7215   |                           |  | <u>-</u>  | <u>27,995</u>                                   |
| Total for program   |                           |  | <u>30,581</u>                                   | <u>36,195</u>                                   |
| ARRA - State Fiscal Stabilization Fund (SFSF)   |                           |  |   |   |
| - Education State Grants  |                           |  |   |   |
| 7215  | 84.394                    |  | <u>-</u>  | <u>198,397</u>                                  |
| Pass-Through Culver Community School Corporation  |                           |  |   |   |
| Vocational Education Basis Grants to States   |                           |  |   |   |
| Period 2007-2008  | 84.048                    |  | 5,518   | -   |
| Period 2008-2009  |                           |  | <u>-</u>  | <u>5,514</u>                                    |
| Total for program   |                           |  | <u>5,518</u>                                    | <u>5,514</u>                                    |
| Total for federal grantor agency  |                           |  | <u>177,235</u>                                  | <u>395,556</u>                                  |
| Total federal awards expended   |                           |  | <u>\$ 409,072</u>                               | <u>\$ 667,982</u>                               |

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

UNION-NORTH UNITED 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 Union-North United 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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title           | Federal<br>CFDA<br>Number | 2007-2008 | 2008-2009 |
|-------------------------|---------------------------|-----------|-----------|
| Child Nutrition Cluster | 10.555                    | \$ 14,382 | \$ 34,390 |

UNION-NORTH UNITED 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:

| CFDA<br>Number | Name of Federal Program or Cluster   |
|----------------|--|
| 84.394         | Child Nutrition Cluster<br>ARRA - State Fiscal Stabilization Fund (SFSF)<br>- Education State Grants |

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

UNION-NORTH UNITED SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

UNION-NORTH UNITED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 29, 2009, with Terry Barker, Superintendent of Schools; Larry M. Ort, President of the School Board; and Debra L. Rubesha, Treasurer. The officials concurred with our audit findings.