

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

AUDIT REPORT
OF

NORTH HARRISON COMMUNITY
SCHOOL CORPORATION
HARRISON COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

03/05/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon J. Hanen	07-01-07 to 06-30-10
Superintendent of Schools	Dr. Phil Partenheimer	07-01-07 to 12-31-08
	Dr. Thomas J. Fihe (Interim)	01-01-09 to 02-24-09
	Dr. Randy C. Barret (Interim)	02-25-09 to 12-31-09
	John G. Roeder	01-01-10 to 12-31-13
President of the School Board	Ronald E. Coleman	07-01-07 to 06-30-08
	Robert A. Chinn	07-01-08 to 06-30-09
	Gary Bryne	07-01-09 to 06-30-10



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

TO: THE OFFICIALS OF THE NORTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Harrison Community 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 February 9, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 9, 2010



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

TO: THE OFFICIALS OF THE NORTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Harrison Community 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 February 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the School Corporation's management, the Board of School 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

February 9, 2010

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				Net (Disbursements) Receipts and Changes in Net Assets
Instruction	\$ 10,075,234	\$ -	\$ 226,152	\$ (9,849,082)
Support services	5,493,921	618,658	519,179	(4,356,084)
Noninstructional services	1,023,954	-	-	(1,023,954)
Facilities acquisition and construction	1,182,310	-	-	(1,182,310)
Debt service	7,612,234	-	-	(7,612,234)
Nonprogrammed charges	<u>1,600,546</u>	<u>-</u>	<u>-</u>	<u>(1,600,546)</u>
Total governmental activities	<u>\$ 26,988,199</u>	<u>\$ 618,658</u>	<u>\$ 745,331</u>	<u>(25,624,210)</u>
General receipts:				
Property taxes				6,292,784
Other local sources				2,307,312
State aid				9,911,672
Bonds and loans				5,000,000
Grants and contributions not restricted to specific programs				428,610
Sale of property				301,252
Investment earnings				290,785
Other				<u>689,306</u>
Total general receipts				<u>25,221,721</u>
Change in net assets				(402,489)
Net assets - beginning				<u>7,801,307</u>
Net assets - ending				<u>\$ 7,398,818</u>
<u>Assets</u>				
Cash and investments				\$ 6,661,913
Restricted assets:				
Cash and investments				<u>736,905</u>
Total assets				<u>\$ 7,398,818</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 736,905
Unrestricted				<u>6,661,913</u>
Total net assets				<u>\$ 7,398,818</u>

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

NORTH HARRISON COMMUNITY 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 10,171,420	\$ -	\$ 300,885	\$ (9,870,535)
Support services	6,143,305	625,831	536,823	(4,980,651)
Noninstructional services	1,129,287	-	-	(1,129,287)
Facilities acquisition and construction	1,675,721	-	-	(1,675,721)
Debt service	<u>7,839,471</u>	<u>-</u>	<u>-</u>	<u>(7,839,471)</u>
Total governmental activities	<u>\$ 26,959,204</u>	<u>\$ 625,831</u>	<u>\$ 837,708</u>	<u>(25,495,665)</u>
General receipts:				
Property taxes				6,598,977
Other local sources				2,026,390
State aid				10,870,851
Bonds and loans				4,300,000
Grants and contributions not restricted to specific programs				1,622,057
Sale of property				4,550
Investment earnings				106,075
Other				<u>451,588</u>
Total general receipts				<u>25,980,488</u>
Change in net assets				484,823
Net assets - beginning				<u>7,398,818</u>
Net assets - ending				<u>\$ 7,883,641</u>
<u>Assets</u>				
Cash and investments				<u>\$ 7,883,641</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 7,883,641</u>

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

NORTH HARRISON COMMUNITY 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

	<u>General</u>	<u>Rainy Day</u>	<u>Other</u>	<u>Totals</u>
Receipts:				
Local sources	\$ 3,462,009	\$ -	\$ 6,046,740	\$ 9,508,749
Intermediate sources	-	-	788	788
State sources	10,101,921	-	185,834	10,287,755
Federal sources	-	-	797,858	797,858
Temporary loans	5,000,000	-	-	5,000,000
Other	<u>8,948</u>	<u>-</u>	<u>680,360</u>	<u>689,308</u>
Total receipts	<u>18,572,878</u>	<u>-</u>	<u>7,711,580</u>	<u>26,284,458</u>
Disbursements:				
Current:				
Instruction	9,478,300	-	596,934	10,075,234
Support services	3,397,269	-	2,096,652	5,493,921
Noninstructional services	102,207	-	921,747	1,023,954
Facilities acquisition and construction	9,558	-	1,172,752	1,182,310
Debt services	4,250,000	-	3,362,234	7,612,234
Nonprogrammed charges	<u>1,600,546</u>	<u>-</u>	<u>-</u>	<u>1,600,546</u>
Total disbursements	<u>18,837,880</u>	<u>-</u>	<u>8,150,319</u>	<u>26,988,199</u>
Deficiency of receipts over disbursements	<u>(265,002)</u>	<u>-</u>	<u>(438,739)</u>	<u>(703,741)</u>
Other financing sources (uses):				
Sale of capital assets	1,252	-	300,000	301,252
Transfers in	187,943	1,957,264	31,971	2,177,178
Transfers out	<u>-</u>	<u>-</u>	<u>(2,177,178)</u>	<u>(2,177,178)</u>
Total other financing sources (uses)	<u>189,195</u>	<u>1,957,264</u>	<u>(1,845,207)</u>	<u>301,252</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75,807)	1,957,264	(2,283,946)	(402,489)
Cash and investments - beginning	<u>4,158,497</u>	<u>500,000</u>	<u>3,142,810</u>	<u>7,801,307</u>
Cash and investments - ending	<u>\$ 4,082,690</u>	<u>\$ 2,457,264</u>	<u>\$ 858,864</u>	<u>\$ 7,398,818</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 4,082,690	\$ 2,457,264	\$ 121,959	\$ 6,661,913
Restricted assets:				
Cash and investments	<u>-</u>	<u>-</u>	<u>736,905</u>	<u>736,905</u>
Total cash and investment assets - ending	<u>\$ 4,082,690</u>	<u>\$ 2,457,264</u>	<u>\$ 858,864</u>	<u>\$ 7,398,818</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Debt service	\$ -	\$ -	\$ 736,905	\$ 736,905
Unrestricted	<u>4,082,690</u>	<u>2,457,264</u>	<u>121,959</u>	<u>6,661,913</u>
Total cash and investment fund balance - ending	<u>\$ 4,082,690</u>	<u>\$ 2,457,264</u>	<u>\$ 858,864</u>	<u>\$ 7,398,818</u>

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

NORTH HARRISON COMMUNITY 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

	<u>General</u>	<u>Rainy Day</u>	<u>Other</u>	<u>Totals</u>
Receipts:				
Local sources	\$ 3,456,921	\$ 70,895	\$ 5,827,811	\$ 9,355,627
Intermediate sources	726	-	917	1,643
State sources	11,136,035	-	192,398	11,328,433
Federal sources	-	-	2,002,186	2,002,186
Temporary loans	4,300,000	-	-	4,300,000
Other	<u>59,250</u>	<u>-</u>	<u>392,338</u>	<u>451,588</u>
Total receipts	<u>18,952,932</u>	<u>70,895</u>	<u>8,415,650</u>	<u>27,439,477</u>
Disbursements:				
Current:				
Instruction	9,174,579	-	996,841	10,171,420
Support services	3,612,587	-	2,530,718	6,143,305
Noninstructional services	123,835	-	1,005,452	1,129,287
Facilities acquisition and construction	56,835	-	1,618,886	1,675,721
Debt services	<u>5,000,000</u>	<u>-</u>	<u>2,839,471</u>	<u>7,839,471</u>
Total disbursements	<u>17,967,836</u>	<u>-</u>	<u>8,991,368</u>	<u>26,959,204</u>
Excess (deficiency) of receipts over disbursements	<u>985,096</u>	<u>70,895</u>	<u>(575,718)</u>	<u>480,273</u>
Other financing sources (uses):				
Sale of capital assets	4,550	-	-	4,550
Transfers in	-	1,500,000	57,401	1,557,401
Transfers out	<u>(1,000,000)</u>	<u>-</u>	<u>(557,401)</u>	<u>(1,557,401)</u>
Total other financing sources (uses)	<u>(995,450)</u>	<u>1,500,000</u>	<u>(500,000)</u>	<u>4,550</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,354)</u>	<u>1,570,895</u>	<u>(1,075,718)</u>	<u>484,823</u>
Cash and investments - beginning	<u>4,082,690</u>	<u>2,457,264</u>	<u>858,864</u>	<u>7,398,818</u>
Cash and investments - ending	<u>\$ 4,072,336</u>	<u>\$ 4,028,159</u>	<u>\$ (216,854)</u>	<u>\$ 7,883,641</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 4,072,336</u>	<u>\$ 4,028,159</u>	<u>\$ (216,854)</u>	<u>\$ 7,883,641</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 4,072,336</u>	<u>\$ 4,028,159</u>	<u>\$ (216,854)</u>	<u>\$ 7,883,641</u>

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

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

	Pension Trust Funds	Private-Purpose Funds
Additions:		
Contributions:		
Employer	\$ 1,600,000	\$ -
Other	15,683	1,184,861
Total contributions	1,615,683	1,184,861
Investment earnings:		
Interest	86,915	-
Total additions	1,702,598	1,184,861
Deductions:		
Benefits	280,794	-
Administrative and general	-	1,630,957
Total deductions	280,794	1,630,957
Excess (deficiency) of total additions over total deductions	1,421,804	(446,096)
Cash and investment fund balance - beginning	2,858,737	1,373,796
Cash and investment fund balance - ending	\$ 4,280,541	\$ 927,700
Net assets:		
Cash and investments	\$ 4,280,541	\$ 927,700
Total net assets - cash and investment basis held in trust	\$ 4,280,541	\$ 927,700

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Funds</u>
Additions:		
Contributions:		
Other	\$ 40,515	\$ 900,177
Investment earnings:		
Interest	<u>45,619</u>	<u>-</u>
Total additions	<u>86,134</u>	<u>900,177</u>
Deductions:		
Benefits	363,703	-
Administrative and general	<u>-</u>	<u>925,879</u>
Total deductions	<u>363,703</u>	<u>925,879</u>
Deficiency of total additions over total deductions	(277,569)	(25,702)
Cash and investment fund balance - beginning	<u>4,280,541</u>	<u>927,700</u>
Cash and investment fund balance - ending	<u>\$ 4,002,972</u>	<u>\$ 901,998</u>
Net assets:		
Cash and investments	<u>\$ 4,002,972</u>	<u>\$ 901,998</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,002,972</u>	<u>\$ 901,998</u>

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: North Harrison Community School Corporation

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

Joint Ventures

The School Corporation participates in the Harrison County Special Education Cooperative (Co-op), a joint school services program established to provide instruction for handicapped children. The Co-op's governing board consists of a member selected by each participating school corporation. Funding is provided by a federal grant and each school corporation within the County based on total operating costs (less federal funding) divided by total Average Daily Membership (ADM). Complete financial statements for the Co-op can be obtained from South Harrison Community Schools, 315 South Harrison Drive, Corydon, Indiana, 47112.

The School Corporation participates in the William E. Wilson Service Center (Co-op), a joint school services program established to provide programs and services which they collectively may implement. The Co-op's governing board consists of a member selected by each participating school corporation. Funding is provided by each participating school corporation based on a per student charge assessed on the ADM certified to the Department of Education. Complete financial statements for the Co-op can be obtained from the William E. Wilson Education Service Center, 2101 Grace Avenue, Charlestown, Indiana, 47111.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust funds report trust arrangements under which principal and income benefit the teachers and students.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

NORTH HARRISON COMMUNITY 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.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
2. 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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Disbursements in Excess of Appropriations

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

Fund	2008
Debt Service	<u>\$ 87,922</u>

These disbursements were funded by unappropriated available cash balances.

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
Capital Projects	\$ 437,421	\$ 560,573
Transportation Operating	258,539	176,497
School Bus Replacement	88,932	32,404
Harrison County Community Foundation Spring 2008	37,892	3,467
Debt Service	-	562,057
Retirement/Severance Bond Debt Service	-	53,667

Cash and investment deficits arose primarily from disbursements exceeding receipts because the property tax settlements were not completed before June 30, 2008 or June 30, 2009, for the property tax funds, and from delay in reimbursements for the other fund; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$13,118,162. 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.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

As of June 30, 2009, the School Corporation had the following investments:

<u>Investment Type</u>	<u>Market Value</u>
Municipal bonds	<u>\$ 1,870,000</u>

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The following investments held by the School Corporation were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Investment Type	2009 In the Government's Name
Municipal bonds	\$ <u>1,870,000</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Investment Type	Investment Maturities (in Years) More Than 2
Municipal bonds	\$ <u>1,870,000</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The School Corporation does not have a formal investment policy for credit risk for investments.

Standard and Poor's Rating	Moody's Rating	Municipal Funds
AAA	Aaa	\$ 470,000
AA	Aa	1,000,000
BBB	Baa	<u>400,000</u>
Total		<u>\$ 1,870,000</u>

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The School Corporation held the following investments that were exposed to concentration of credit risk:

Primary Government:

Issuer	2009
Coffee County Tennessee Public Building Authority	\$ 1,000,000
Knox County Tennessee Health Education & Housing Facilities Board	170,000
Sevierville Tennessee Public Building Authority	300,000
Louisiana Local Government Environmental Facilities	400,000
 Total	 \$ 1,870,000

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Rainy Day Fund	\$ -	\$ 1,000,000
Other governmental funds	General Fund	187,943	-
	Rainy Day Fund	1,957,264	500,000
	Other governmental funds	31,971	57,401
 Totals		 \$ 2,177,178	 \$ 1,557,401

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. The change in major funds represents the net effect of major funds reported in the prior report and the major funds reported in the current report.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	Change in Major Funds	Balance as Restated July 1, 2007
Governmental activities	\$ 7,795,412	\$ 5,895	\$ -	\$ 7,801,307
Fiduciary - Private-purpose trust	1,379,691	(5,895)	-	1,373,796
Other governmental	1,680,336	5,895	1,456,579	3,142,810

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and 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.

B. Holding Corporations

The School Corporation has entered into a capital lease with North Harrison High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments for the years ended June 30, 2008 and 2009, totaled \$2,568,423.

The School Corporation has entered into a capital lease with North Harrison Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments for the years ended June 30, 2008 and 2009, totaled \$1,042,500.

C. Morgan Elementary School Remodel Project – Holding Corporation Lease

On January 15, 2009, the School Corporation entered into a capital lease with North Harrison School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and construction costs associated with the Morgan Elementary School remodel project for lease to the School Corporation. As of February 2010, financing terms have not been finalized; however, approved lease terms call for annual installments not to exceed a maximum of \$970,000 for a term of twenty-one years, commencing on the day the project is completed and ready for occupancy or June 30, 2011, whichever is later. Financing terms are to be finalized following the issuance of \$10,000,000 in Qualified School Construction Bonds (QSCB) awarded to the School Corporation on November 30, 2009, from the Indiana's QSCB Authority. As of June 30, 2009, contracts totaling \$11,637,421 have been awarded for the project. The total cost for the project is estimated at \$14,945,000.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Termination Benefits

During the current year, the School Corporation offered early retirement severance benefits to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. The benefits consist of \$6,000 annually until full eligibility of Social Security/Medicare has been reached by the retiree. Currently 24 retirees meet these eligibility requirements. During the year ended, June 30, 2009, disbursements for these benefits totaled \$123,223.

E. Other Postemployment Benefits

Plan Description

The North Harrison Community School Corporation Healthcare Plan is a single-employer defined benefit healthcare plan administered by the School Board. The plan provides medical benefits to eligible retirees and their spouses. IC 5-10-08 assigns the authority to establish and amend benefit provisions to the School Corporation. The financial activity of this plan is included in these financial statements.

Funding Policy

The contribution requirements of plan members for the North Harrison Community School Corporation Healthcare Plan are established by the North Harrison Community School Corporation's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements. During the year ending June 30, 2008, the School Corporation contributed \$1,600,000 to the plan to assist in prefunding these benefits. For the year ended June 30, 2009, actual premiums cost to the School Corporation were \$236,479. Plan members receiving benefits contributed \$122,969, through their required contributions of \$91 to \$227 per month for retiree-only coverage and \$383.25 to \$668.93 for retiree and spouse coverage.

F. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined 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.

NORTH HARRISON COMMUNITY 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	\$ 155,932
Interest on net pension obligation	(2,175)
Adjustment to annual required contribution	2,478
Annual pension cost	156,235
Contributions made	134,775
Increase in net pension obligation	21,460
Net pension obligation, beginning of year	(29,995)
Net pension obligation, end of year	\$ (8,535)

	PERF
Contribution rates:	
School Corporation	7.13%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

NORTH HARRISON COMMUNITY 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 Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 148,282	83%	\$ (65,420)
	06-30-07	161,537	78%	(29,995)
	06-30-08	156,235	86%	(8,535)

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

NORTH HARRISON COMMUNITY 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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$215,058, \$200,663, and \$197,790, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

3. Defined Contribution Pension Plan

North Harrison Community School Corporation 401(a) Plan

Plan Description

The School Corporation has a defined contribution pension plan administered by MetLife, Inc. as authorized by Section 401(a) of the Internal Revenue Code of 1986. The plan provides retirement benefits to plan members and beneficiaries. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

MetLife, Inc.
200 Park Avenue
New York, NY 10166

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. The School Corporation is required to contribute at an actuarially determined rate. The current rate is 2.50% of annual covered payroll for each administrator's and each bargaining unit member's base salary. For the year ended June 30, 2009, the employer contributions to the plan were \$96,931.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 2,133,232	\$ 2,486,948	\$ (353,716)	86%	\$ 2,063,652	(17%)
07-01-07	2,450,812	2,710,024	(259,212)	90%	2,050,403	(13%)
07-01-08	2,768,240	3,185,563	(417,323)	87%	2,126,302	(20%)

NORTH HARRISON COMMUNITY 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 Operating	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Gifted and Talented FY 2006-07
Receipts:							
Local sources	\$ 880,120	\$ 9,691	\$ 506,179	\$ 191,915	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	788	-
State sources	-	61,733	12,992	75,206	-	-	-
Federal sources	-	-	430,981	-	-	-	-
Other	8,608	-	-	-	-	-	-
Total receipts	888,728	71,424	950,152	267,121	-	788	-
Disbursements:							
Current:							
Instruction	-	121,156	-	-	-	-	5,017
Support services	706,574	-	-	234,873	-	-	-
Noninstructional services	-	-	921,747	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	750,000	-	-	-	-	-	-
Total disbursements	1,456,574	121,156	921,747	234,873	-	-	5,017
Excess (deficiency) of receipts over disbursements	(567,846)	(49,732)	28,405	32,248	-	788	(5,017)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	20,060	-	-	-
Transfers out	-	-	-	-	(187,943)	-	-
Total other financing sources (uses)	-	-	-	20,060	(187,943)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(567,846)	(49,732)	28,405	52,308	(187,943)	788	(5,017)
Cash and investments - beginning	309,307	68,480	341,757	108,282	187,943	3,245	5,017
Cash and investments - ending	(258,539)	18,748	370,162	160,590	-	4,033	-
Cash and Investment Assets - Ending							
Cash and investments	\$ (258,539)	\$ 18,748	\$ 370,162	\$ 160,590	\$ -	\$ 4,033	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	(258,539)	18,748	370,162	160,590	-	4,033	-
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(258,539)	18,748	370,162	160,590	-	4,033	-
Total cash and investment fund balance - ending	(258,539)	18,748	370,162	160,590	-	4,033	-

NORTH HARRISON COMMUNITY 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)

	High Ability Education Grant 07-08	Non-English Speaking Program	Technology E-Rate	School Incentive Awards	Fruit/Vegetable Program	Title I FY 2007-08	Title I FY 2006-07
Receipts:							
Local sources	\$ -	\$ -	\$ 4,947	\$ -	\$ 11,248	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	35,254	649	-	-	-	-	-
Federal sources	-	-	-	-	-	366,877	-
Other	-	-	-	-	-	-	-
Total receipts	35,254	649	4,947	-	11,248	366,877	-
Disbursements:							
Current:							
Instruction	35,031	-	-	161	11,238	250,167	56,977
Support services	-	-	-	-	-	109	34
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	35,031	-	-	161	11,238	250,276	57,011
Excess (deficiency) of receipts over disbursements	223	649	4,947	(161)	10	116,601	(57,011)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	11,911	-
Transfers out	-	-	-	-	-	-	(11,911)
Total other financing sources (uses)	-	-	-	-	-	11,911	(11,911)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	223	649	4,947	(161)	10	128,512	(68,922)
Cash and investments - beginning	-	1,763	-	161	-	-	68,922
Cash and investments - ending	\$ 223	\$ 2,412	\$ 4,947	\$ -	\$ 10	\$ 128,512	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 223	\$ 2,412	\$ 4,947	\$ -	\$ 10	\$ 128,512	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 223	\$ 2,412	\$ 4,947	\$ -	\$ 10	\$ 128,512	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	223	2,412	4,947	-	10	128,512	-
Total cash and investment fund balance - ending	\$ 223	\$ 2,412	\$ 4,947	\$ -	\$ 10	\$ 128,512	\$ -

NORTH HARRISON COMMUNITY 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)

	State Grants For Innovative Programs FY 2005-06 & FY 2006-07	Safe and Drug Free Schools FY 2006-07	Safe and Drug Free Schools FY 2005-06	Improving Teacher Quality	Debt Service	Retirement/ Severance Bond Debt Service
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,077,310	\$ 385,041
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	2,077,310	385,041
Disbursements:						
Current:						
Instruction	7,101	-	-	110,086	-	-
Support services	-	5,911	8,191	-	20,781	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	2,165,692	445,789
Total disbursements	7,101	5,911	8,191	110,086	2,186,473	445,789
Excess (deficiency) of receipts over disbursements	(7,101)	(5,911)	(8,191)	(110,086)	(109,163)	(60,748)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(20,060)	-
Total other financing sources (uses)	-	-	-	-	(20,060)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,101)	(5,911)	(8,191)	(110,086)	(129,223)	(60,748)
Cash and investments - beginning	7,101	8,264	8,191	110,086	686,163	240,713
Cash and investments - ending	\$ -	\$ 2,353	\$ -	\$ -	\$ 556,940	\$ 179,965
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 2,353	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	556,940	179,965
Total cash and investment assets - ending	\$ -	\$ 2,353	\$ -	\$ -	\$ 556,940	\$ 179,965
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 556,940	\$ 179,965
Unrestricted	-	2,353	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ 2,353	\$ -	\$ -	\$ 556,940	\$ 179,965

NORTH HARRISON COMMUNITY 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)

	Capital Projects	School Bus Replacement	Construction	Construction Elementary	Construction Baseball Facility	Totals
Receipts:						
Local sources	\$ 1,821,289	\$ 159,000	\$ -	\$ -	\$ -	\$ 6,046,740
Intermediate sources	-	-	-	-	-	788
State sources	-	-	-	-	-	185,834
Federal sources	-	-	-	-	-	797,858
Other	15,545	-	429,054	202,153	25,000	680,360
Total receipts	1,836,834	159,000	429,054	202,153	25,000	7,711,580
Disbursements:						
Current:						
Instruction	-	-	-	-	-	596,934
Support services	742,074	372,948	-	5,157	-	2,096,652
Noninstructional services	-	-	-	-	-	921,747
Facilities acquisition and construction	410,257	-	440,981	304,879	16,635	1,172,752
Debt services	753	-	-	-	-	3,362,234
Total disbursements	1,153,084	372,948	440,981	310,036	16,635	8,150,319
Excess (deficiency) of receipts over disbursements	683,750	(213,948)	(11,927)	(107,883)	8,365	(438,739)
Other financing sources (uses):						
Sale of capital assets	-	-	-	300,000	-	300,000
Transfers in	-	-	-	-	-	31,971
Transfers out	(1,957,264)	-	-	-	-	(2,177,178)
Total other financing sources (uses)	(1,957,264)	-	-	300,000	-	(1,845,207)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,273,514)	(213,948)	(11,927)	192,117	8,365	(2,283,946)
Cash and investments - beginning	836,093	125,016	26,306	-	-	3,142,810
Cash and investments - ending	\$ (437,421)	\$ (88,932)	\$ 14,379	\$ 192,117	\$ 8,365	\$ 858,864
Cash and Investment Assets - Ending						
Cash and investments	\$ (437,421)	\$ (88,932)	\$ 14,379	\$ 192,117	\$ 8,365	\$ 121,959
Restricted assets:						
Cash and investments	-	-	-	-	-	736,905
Total cash and investment assets - ending	\$ (437,421)	\$ (88,932)	\$ 14,379	\$ 192,117	\$ 8,365	\$ 858,864
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 736,905
Unrestricted	(437,421)	(88,932)	14,379	192,117	8,365	121,959
Total cash and investment fund balance - ending	\$ (437,421)	\$ (88,932)	\$ 14,379	\$ 192,117	\$ 8,365	\$ 858,864

NORTH HARRISON COMMUNITY 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 Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plates	High Ability Education Grant 07-08	High Ability Education Grant 08-09
Receipts:							
Local sources	\$ 919,230	\$ 10,221	\$ 529,358	\$ 210,886	\$ -	\$ -	\$ 150
Intermediate sources	-	-	-	-	917	-	-
State sources	-	73,071	12,214	71,409	-	-	35,254
Federal sources	-	-	453,200	-	-	-	-
Other	168	-	-	-	-	-	-
Total receipts	<u>919,398</u>	<u>83,292</u>	<u>994,772</u>	<u>282,295</u>	<u>917</u>	<u>-</u>	<u>35,404</u>
Disbursements:							
Current:							
Instruction	-	21,739	-	-	-	223	4,498
Support services	837,356	-	-	359,271	-	-	-
Noninstructional services	-	-	1,004,203	-	-	-	-
Facilities acquisition and construction	-	-	5,785	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>837,356</u>	<u>21,739</u>	<u>1,009,988</u>	<u>359,271</u>	<u>-</u>	<u>223</u>	<u>4,498</u>
Excess (deficiency) of receipts over disbursements	<u>82,042</u>	<u>61,553</u>	<u>(15,216)</u>	<u>(76,976)</u>	<u>917</u>	<u>(223)</u>	<u>30,906</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>82,042</u>	<u>61,553</u>	<u>(15,216)</u>	<u>(76,976)</u>	<u>917</u>	<u>(223)</u>	<u>30,906</u>
Cash and investments - beginning	<u>(258,539)</u>	<u>18,748</u>	<u>370,162</u>	<u>160,590</u>	<u>4,033</u>	<u>223</u>	<u>-</u>
Cash and investments - ending	<u>\$ (176,497)</u>	<u>\$ 80,301</u>	<u>\$ 354,946</u>	<u>\$ 83,614</u>	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ 30,906</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ (176,497)</u>	<u>\$ 80,301</u>	<u>\$ 354,946</u>	<u>\$ 83,614</u>	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ 30,906</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ (176,497)</u>	<u>\$ 80,301</u>	<u>\$ 354,946</u>	<u>\$ 83,614</u>	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ 30,906</u>

NORTH HARRISON COMMUNITY 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)

	Non-English Speaking Program	Technology E-Rate	Fruit/Vegetable Program	Title I FY 2007-08	Title I FY 2008-09	State Grants For Innovative Programs FY 2007-08	Safe and Drug Free Schools FY 2006-07
Receipts:							
Local sources	\$ -	\$ 10,599	\$ 10,551	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	450	-	-	-	-	-	-
Federal sources	-	-	-	-	267,942	4,905	-
Other	-	-	-	-	-	-	-
Total receipts	450	10,599	10,551	-	267,942	4,905	-
Disbursements:							
Current:							
Instruction	335	-	10,561	71,111	253,865	3,462	-
Support services	-	8,032	-	-	149	-	2,353
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	335	8,032	10,561	71,111	254,014	3,462	2,353
Excess (deficiency) of receipts over disbursements	115	2,567	(10)	(71,111)	13,928	1,443	(2,353)
Other financing sources (uses):							
Transfers in	-	-	-	-	57,401	-	-
Transfers out	-	-	-	(57,401)	-	-	-
Total other financing sources (uses)	-	-	-	(57,401)	57,401	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	115	2,567	(10)	(128,512)	71,329	1,443	(2,353)
Cash and investments - beginning	2,412	4,947	10	128,512	-	-	2,353
Cash and investments - ending	\$ 2,527	\$ 7,514	\$ -	\$ -	\$ 71,329	\$ 1,443	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,527	\$ 7,514	\$ -	\$ -	\$ 71,329	\$ 1,443	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,527	\$ 7,514	\$ -	\$ -	\$ 71,329	\$ 1,443	\$ -

NORTH HARRISON COMMUNITY 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)

	Safe and Drug Free Schools FY 07-08	Title II Class Size Reduction	Fiscal Stabilization	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 1,427,282	\$ 59,560	\$ 1,894,623
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	8,148	112,063	1,155,928	-	-	-
Other	-	-	-	-	-	-
Total receipts	8,148	112,063	1,155,928	1,427,282	59,560	1,894,623
Disbursements:						
Current:						
Instruction	-	112,063	518,984	-	-	-
Support services	6,640	-	127,384	-	-	983,607
Noninstructional services	-	-	1,249	-	-	-
Facilities acquisition and construction	-	-	346	-	-	1,034,168
Debt services	-	-	-	2,546,279	293,192	-
Total disbursements	6,640	112,063	647,963	2,546,279	293,192	2,017,775
Excess (deficiency) of receipts over disbursements	1,508	-	507,965	(1,118,997)	(233,632)	(123,152)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,508	-	507,965	(1,118,997)	(233,632)	(123,152)
Cash and investments - beginning	-	-	-	556,940	179,965	(437,421)
Cash and investments - ending	\$ 1,508	\$ -	\$ 507,965	\$ (562,057)	\$ (53,667)	\$ (560,573)
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,508	\$ -	\$ 507,965	\$ (562,057)	\$ (53,667)	\$ (560,573)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 1,508	\$ -	\$ 507,965	\$ (562,057)	\$ (53,667)	\$ (560,573)

NORTH HARRISON COMMUNITY 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)

	School Bus Replacement	Construction	Construction Elementary	Construction Baseball Facility	Wind Damage Repair	Totals
Receipts:						
Local sources	\$ 755,351	\$ -	\$ -	\$ -	\$ -	\$ 5,827,811
Intermediate sources	-	-	-	-	-	917
State sources	-	-	-	-	-	192,398
Federal sources	-	-	-	-	-	2,002,186
Other	-	284,694	77,470	-	30,006	392,338
Total receipts	755,351	284,694	77,470	-	30,006	8,415,650
Disbursements:						
Current:						
Instruction	-	-	-	-	-	996,841
Support services	198,823	-	7,103	-	-	2,530,718
Noninstructional services	-	-	-	-	-	1,005,452
Facilities acquisition and construction	-	284,694	255,522	8,365	30,006	1,618,886
Debt services	-	-	-	-	-	2,839,471
Total disbursements	198,823	284,694	262,625	8,365	30,006	8,991,368
Excess (deficiency) of receipts over disbursements	556,528	-	(185,155)	(8,365)	-	(575,718)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	57,401
Transfers out	(500,000)	-	-	-	-	(557,401)
Total other financing sources (uses)	(500,000)	-	-	-	-	(500,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56,528	-	(185,155)	(8,365)	-	(1,075,718)
Cash and investments - beginning	(88,932)	14,379	192,117	8,365	-	858,864
Cash and investments - ending	\$ (32,404)	\$ 14,379	\$ 6,962	\$ -	\$ -	\$ (216,854)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (32,404)	\$ 14,379	\$ 6,962	\$ -	\$ -	\$ (216,854)
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ (32,404)	\$ 14,379	\$ 6,962	\$ -	\$ -	\$ (216,854)

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 1,600,000	\$ 1,600,000
Other	8,195	7,488	15,683
Total contributions	8,195	1,607,488	1,615,683
Investment earnings:			
Interest	86,915	-	86,915
Total additions	95,110	1,607,488	1,702,598
Deductions:			
Benefits	201,967	78,827	280,794
Excess (deficiency) of total additions over total deductions	(106,857)	1,528,661	1,421,804
Cash and investment fund balance - beginning	2,858,737	-	2,858,737
Cash and investment fund balance - ending	\$ 2,751,880	\$ 1,528,661	\$ 4,280,541
Net assets:			
Cash and investments	\$ 2,751,880	\$ 1,528,661	\$ 4,280,541
Total net assets - cash and investment basis held in trust	\$ 2,751,880	\$ 1,528,661	\$ 4,280,541

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Other	\$ 28,981	\$ 11,534	\$ 40,515
Investment earnings:			
Interest	14,412	31,207	45,619
Total additions	43,393	42,741	86,134
Deductions:			
Benefits	123,223	240,480	363,703
Deficiency of total additions over total deductions	(79,830)	(197,739)	(277,569)
Cash and investment fund balance - beginning	2,751,880	1,528,661	4,280,541
Cash and investment fund balance - ending	\$ 2,672,050	\$ 1,330,922	\$ 4,002,972
Net assets:			
Cash and investments	\$ 2,672,050	\$ 1,330,922	\$ 4,002,972
Total net assets - cash and investment basis held in trust	\$ 2,672,050	\$ 1,330,922	\$ 4,002,972

NORTH HARRISON COMMUNITY 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

	Harrison County Drug Grant	ECA Clearing	Endowment Fund	Harrison County Community Foundation	Harrison Community Foundation Spring 2008	Full day Kindergarten Riverboat
Additions:						
Contributions:						
Other	\$ -	\$ 31,612	\$ 4,167	\$ 78,733	\$ 11,989	\$ 310,000
Deductions:						
Administrative and general	128	31,307	16,091	47,838	49,881	321,075
Excess (deficiency) of total additions over total deductions	(128)	305	(11,924)	30,895	(37,892)	(11,075)
Cash and investment fund balance - beginning	128	-	12,925	(5,895)	-	171,706
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ 1,001</u>	<u>\$ 25,000</u>	<u>\$ (37,892)</u>	<u>\$ 160,631</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ 1,001</u>	<u>\$ 25,000</u>	<u>\$ (37,892)</u>	<u>\$ 160,631</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ 1,001</u>	<u>\$ 25,000</u>	<u>\$ (37,892)</u>	<u>\$ 160,631</u>

NORTH HARRISON COMMUNITY 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
 (Continued)

	Riverboat FY 2004-05	Riverboat FY 2005-06	Riverboat FY 2006-07	Riverboat FY 2007-08	Riverboat FY 2008-09	Totals
Additions:						
Contributions:						
Other	\$ 1,822	\$ -	\$ -	\$ -	\$ 746,538	\$ 1,184,861
Deductions:						
Administrative and general	65,591	150,374	159,017	327,661	461,994	1,630,957
Excess (deficiency) of total additions over total deductions	(63,769)	(150,374)	(159,017)	(327,661)	284,544	(446,096)
Cash and investment fund balance - beginning	118,904	286,719	301,629	487,680	-	1,373,796
Cash and investments - June 30	<u>\$ 55,135</u>	<u>\$ 136,345</u>	<u>\$ 142,612</u>	<u>\$ 160,019</u>	<u>\$ 284,544</u>	<u>\$ 927,700</u>
Net assets:						
Cash and investments	<u>\$ 55,135</u>	<u>\$ 136,345</u>	<u>\$ 142,612</u>	<u>\$ 160,019</u>	<u>\$ 284,544</u>	<u>\$ 927,700</u>
Total net assets - cash and investment basis held in trust	<u>\$ 55,135</u>	<u>\$ 136,345</u>	<u>\$ 142,612</u>	<u>\$ 160,019</u>	<u>\$ 284,544</u>	<u>\$ 927,700</u>

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	ECA Clearing	Endowment Fund	Arts Council	Harrison County Community Foundation	Harrison Community Foundation Spring 2008	Full day Kindergarten Riverboat	Riverboat FY 2004-05
Additions:							
Contributions:							
Other	\$ 27,866	\$ 1,999	\$ 900	\$ -	\$ 112,160	\$ -	\$ -
Deductions:							
Administrative and general	28,171	-	-	25,000	77,735	160,631	45,535
Excess (deficiency) of total additions over total deductions	(305)	1,999	900	(25,000)	34,425	(160,631)	(45,535)
Cash and investment fund balance - beginning	305	1,001	-	25,000	(37,892)	160,631	55,135
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ (3,467)</u>	<u>\$ -</u>	<u>\$ 9,600</u>
Net assets:							
Cash and investments	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ (3,467)</u>	<u>\$ -</u>	<u>\$ 9,600</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ (3,467)</u>	<u>\$ -</u>	<u>\$ 9,600</u>

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Riverboat FY 2005-06	Riverboat FY 2006-07	Riverboat FY 2007-08	Riverboat FY 2008-09	Full day Riverboat FY 2009-10	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ -	\$ 757,252	\$ 900,177
Deductions:						
Administrative and general	123,808	9,716	59,874	229,271	166,138	925,879
Excess (deficiency) of total additions over total deductions	(123,808)	(9,716)	(59,874)	(229,271)	591,114	(25,702)
Cash and investment fund balance - beginning	136,345	142,612	160,019	284,544	-	927,700
Cash and investments - June 30	<u>\$ 12,537</u>	<u>\$ 132,896</u>	<u>\$ 100,145</u>	<u>\$ 55,273</u>	<u>\$ 591,114</u>	<u>\$ 901,998</u>
Net assets:						
Cash and investments	<u>\$ 12,537</u>	<u>\$ 132,896</u>	<u>\$ 100,145</u>	<u>\$ 55,273</u>	<u>\$ 591,114</u>	<u>\$ 901,998</u>
Total net assets - cash and investment basis held in trust	<u>\$ 12,537</u>	<u>\$ 132,896</u>	<u>\$ 100,145</u>	<u>\$ 55,273</u>	<u>\$ 591,114</u>	<u>\$ 901,998</u>

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended 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 Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 539,096
Buildings	37,118,000
Improvements other than buildings	460,732
Machinery and equipment	<u>2,851,165</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 40,968,993</u>

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
High school building	\$ 4,125,000	\$ 1,286,000
Elementary school building	12,815,000	1,035,000
Notes and loans payable	300,000	89,063
Bonds payable:		
General obligation bonds:		
Pension bonds - retirement and severance payments	<u>4,000,000</u>	<u>294,793</u>
Total governmental activities debt	<u>\$ 21,240,000</u>	<u>\$ 2,704,856</u>

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The Debt Service Fund for the year ending December 31, 2007, exceeded budget appropriations in the amount of \$87,922.

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 that year as finally determined under this article."

INVESTMENTS NOT AUTHORIZED BY STATUTE

The School Corporation during the audit period invested in municipal bonds having stated final maturity in excess of two years from the date of purchase.

The School Corporation no longer held any investments in municipal bonds as of December 31, 2009. The School Corporation did not incur any losses related to these investments.

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

IC 5-13-9-5.6 states in part: ". . . investments made under this chapter must have a stated final maturity of not more than . . . two (2) years . . . after the date of purchase . . ."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE NORTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Compliance

We have audited the compliance of the North Harrison Community 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

Internal Control Over Compliance

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

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

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management, the Board of School 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

February 9, 2010

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 65,026	\$ 63,827
National School Lunch Program	10.555		<u>392,705</u>	<u>416,661</u>
Total for Cluster			<u>457,731</u>	<u>480,488</u>
Fresh Fruit and Vegetable Program				
FY 07-08	10.582	07-3180	62,458	5,660
FY 08-09		08-3180	<u>-</u>	<u>47,222</u>
Total for program			<u>62,458</u>	<u>52,882</u>
Total for federal grantor agency			<u>520,189</u>	<u>533,370</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
FY 06-07	84.010	07-3180	57,011	-
FY 07-08		08-3180	250,276	71,111
FY 08-09		09-3180	<u>-</u>	<u>254,014</u>
Total for Cluster			<u>307,287</u>	<u>325,125</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants				
	84.394	3180	<u>-</u>	<u>647,963</u>
Safe and Drug-Free Schools and Communities - State Grants				
FY 05-06	84.186	05-284	8,191	-
FY 06-07		06-3180	5,911	2,353
FY 07-08		07-3180	<u>-</u>	<u>6,640</u>
Total for program			<u>14,102</u>	<u>8,993</u>
State Grants for Innovative Programs				
FY 05-06	84.298	05-178	-	-
FY 06-07		06-3180	3,397	-
FY 07-08		07-3180	<u>3,704</u>	<u>-</u>
Total for program			<u>7,101</u>	<u>4,905</u>
Improving Teacher Quality State Grants				
FY 06-07	84.367	06-3180	110,086	-
FY 07-08		07-3180	<u>-</u>	<u>112,063</u>
Total for program			<u>110,086</u>	<u>112,063</u>
Total for federal grantor agency			<u>438,576</u>	<u>1,099,049</u>
Total federal awards expended			<u>\$ 958,765</u>	<u>\$ 1,632,419</u>

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

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Harrison Community 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 CFDA Number	2008	2009
Child Nutrition Cluster			
Food commodities:			
School Breakfast Program	10.553	\$ 9,201	\$ 9,527
National School Lunch Program	10.555	71,959	69,987

III. Subsequent Events

The School Corporation has received approval for the following grants/programs funded through the American Recovery and Investment ACT (ARRA):

Title I Grants to Local Educational Agencies, \$208,135
Qualified School Construction Bonds, \$10,000,000

NORTH HARRISON COMMUNITY 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? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 07-3150, 08-3150, 09-3150
Pass-Through Entity: Indiana Department of Education

The School Corporation maintained cash balances in excess of current needs for 21 months during the period audited for the Title I Grants to Local Educational Agencies. Cash drawdown requests were not revised to ensure there would not be excess cash on hand at the end of subsequent months.

EDGAR 80.20(b)(7) states in part:

"Cash Management Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and subgrantees must be followed whenever advance payment procedures are used. . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

The Cash Request Form states:

"As pursuant to the Cash Management Improvement Act of 1990, we hereby certify that procedures have been put into place, which minimize the time elapsing between receipt of funds requested above and their subsequent disbursement."

Failure to adhere to this requirement could cause the School Corporation to be deemed ineligible to receive federal awards in the future.

We recommended that the School Corporation design and properly monitor procedures that would ensure that federal funds be disbursed in a timely manner.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH HARRISON COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT
P.O. BOX 8
RAMSEY, INDIANA 47166
812-347-2407
FAX: 812-347-2870

January 21, 2010

Indiana State Board of Accounts
302 West Washington Street
Room E418, 4th Floor
Indianapolis, IN 46204-2765

Dear Sir:

We are in receipt of one federal finding for the audit period July 1, 2007 to June 30, 2009. The following are our proposed corrective action plans:

Finding No. 2009-1, Cash Management

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 07-3150, 08-3150, 09-3150
Pass-Through Entity: Indiana Department of Education
Title of Contact Person: Corporation Treasurer and/or Title I Program Administrator
Phone Number: 812-347-2407
Expected Completion Date: 7/1/2010

Corrective Action Planned:

Whereas the State pass-through agency only required cash flow reporting on a quarterly basis. To the extent possible, we will request draw downs for those amounts that will meet the current needs of federally funded projects on a monthly basis.

Sincerely,



Sharon J Hanen
Corporation Treasurer



Dr. Ken Opper
Title I Program Administrator

NORTH HARRISON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2010, with John G. Roeder, Superintendent of Schools; Sharon J. Hanen, Treasurer; Dr. Ken Oppel, Assistant Superintendent of Schools; and Gary Bryne, President of the School Board. The officials concurred with our audit findings.