

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

AUDIT REPORT
OF
SOUTH SPENCER COUNTY SCHOOL CORPORATION
SPENCER COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED

03/11/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diane Parsley	07-01-07 to 06-30-10
Superintendent of Schools	H. Mike Robinson	07-01-07 to 06-30-10
President of the School Board	David Hemmer Jim Boyer Jeff Roberts Chris Brown	01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10



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 FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTH SPENCER COUNTY
SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Spencer County 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, the business-type 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 3, 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.

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

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

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 3, 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 SOUTH SPENCER COUNTY
SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Spencer County 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 3, 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 Official Response. 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, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 3, 2010

SOUTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,599,508	\$ -	\$ 76,077	\$ (6,523,431)
Support services	3,600,626	439,933	304,788	(2,855,905)
Noninstructional services	744,343	-	-	(744,343)
Facilities acquisition and construction	6,066,264	-	-	(6,066,264)
Debt service	2,275,604	-	-	(2,275,604)
Nonprogrammed charges	187,975	-	-	(187,975)
	<u>\$ 19,474,320</u>	<u>\$ 439,933</u>	<u>\$ 380,865</u>	<u>(18,653,522)</u>
General receipts:				
Property taxes				7,152,768
Other local sources				859,882
State aid				3,143,978
Bonds and loans				1,142
Grants and contributions not restricted to specific programs				235,100
Sale of property				47
Investment earnings				459,539
Other				2,020
				<u>11,854,476</u>
Total general receipts				<u>11,854,476</u>
Change in net assets				(6,799,046)
Net assets - beginning				<u>16,263,035</u>
Net assets - ending				<u>\$ 9,463,989</u>
<u>Assets</u>				
Cash and investments				\$ 8,474,296
Restricted assets:				
Cash and investments				<u>989,693</u>
Total assets				<u>\$ 9,463,989</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (6,970)
Other purposes				996,663
Unrestricted				<u>8,474,296</u>
Total net assets				<u>\$ 9,463,989</u>

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

SOUTH SPENCER COUNTY 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>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,715,518	\$ -	\$ 141,461	\$ (6,574,057)
Support services	4,059,892	395,272	351,170	(3,313,450)
Noninstructional services	759,100	-	-	(759,100)
Facilities acquisition and construction	1,766,860	-	-	(1,766,860)
Debt service	2,315,018	-	-	(2,315,018)
Nonprogrammed charges	144,840	-	-	(144,840)
Total governmental activities	<u>\$ 15,761,228</u>	<u>\$ 395,272</u>	<u>\$ 492,631</u>	<u>(14,873,325)</u>
General receipts:				
Property taxes				9,534,261
Other local sources				818,835
State aid				5,204,410
Grants and contributions not restricted to specific programs				978,074
Sale of property				25,684
Investment earnings				236,108
Other				239,979
Total general receipts				<u>17,037,351</u>
Change in net assets				2,164,026
Net assets - beginning				<u>9,463,989</u>
Net assets - ending				<u>\$ 11,628,015</u>
<u>Assets</u>				
Cash and investments				\$ 10,837,150
Restricted assets:				
Cash and investments				<u>790,865</u>
Total assets				<u>\$ 11,628,015</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (131,052)
Other purposes				921,917
Unrestricted				<u>10,837,150</u>
Total net assets				<u>\$ 11,628,015</u>

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

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

	General	Transportation Operating	Capital Projects	Luce Elementary Construction	Other	Totals
Receipts:						
Local sources	\$ 4,272,552	\$ 721,766	\$ 1,564,580	\$ 20,972	\$ 2,290,294	\$ 8,870,164
Intermediate sources	677	-	-	-	375	1,052
State sources	3,128,083	-	-	-	173,423	3,301,506
Federal sources	-	-	-	-	462,116	462,116
Other	-	-	89	-	1,931	2,020
Total receipts	7,401,312	721,766	1,564,669	20,972	2,928,139	12,636,858
Disbursements:						
Current:						
Instruction	6,223,088	-	-	-	376,421	6,599,509
Support services	2,127,585	699,966	531,101	-	241,974	3,600,626
Noninstructional services	84,650	-	-	-	659,693	744,343
Facilities acquisition and construction	-	-	2,678,387	3,387,877	-	6,066,264
Debt services	-	-	-	-	2,275,604	2,275,604
Nonprogrammed charges	40,111	-	-	-	16,500	56,611
Total disbursements	8,475,434	699,966	3,209,488	3,387,877	3,570,192	19,342,957
Excess (deficiency) of receipts over disbursements	(1,074,122)	21,800	(1,644,819)	(3,366,905)	(642,053)	(6,706,099)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	1,142	1,142
Sale of capital assets	-	47	-	-	-	47
Transfers in	377	30,391	-	-	40,256	71,024
Transfers out	(153)	-	-	-	(70,871)	(71,024)
Total other financing sources (uses)	224	30,438	-	-	(29,473)	1,189
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,073,898)	52,238	(1,644,819)	(3,366,905)	(671,526)	(6,704,910)
Cash and investments - beginning	2,846,924	1,750,761	6,116,395	3,366,905	1,091,251	15,172,236
Cash and investments - ending	<u>\$ 1,773,026</u>	<u>\$ 1,802,999</u>	<u>\$ 4,471,576</u>	<u>\$ -</u>	<u>\$ 419,725</u>	<u>8,467,326</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:						
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
						<u>996,663</u>
Net assets of governmental activities						<u>\$ 9,463,989</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,773,026	\$ 1,802,999	\$ 4,471,576	\$ -	\$ 426,695	\$ 8,474,296
Restricted assets:						
Cash and investments	-	-	-	-	(6,970)	(6,970)
Total cash and investment assets - ending	\$ 1,773,026	\$ 1,802,999	\$ 4,471,576	\$ -	\$ 419,725	\$ 8,467,326
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	(6,970)	(6,970)
Unrestricted	1,773,026	1,802,999	4,471,576	-	426,695	8,474,296
Total cash and investment fund balance - ending	\$ 1,773,026	\$ 1,802,999	\$ 4,471,576	\$ -	\$ 419,725	\$ 8,467,326

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Transportation Operating	Capital Projects	Other	Totals
Receipts:					
Local sources	\$ 5,051,066	\$ 931,292	\$ 2,039,480	\$ 2,942,048	\$ 10,963,886
Intermediate sources	451	-	-	393	844
State sources	5,259,785	-	-	180,910	5,440,695
Federal sources	-	-	-	1,236,265	1,236,265
Other	-	1,284	233,441	5,255	239,980
	<u>10,311,302</u>	<u>932,576</u>	<u>2,272,921</u>	<u>4,364,871</u>	<u>17,881,670</u>
Total receipts					
Disbursements:					
Current:					
Instruction	6,328,375	-	-	387,146	6,715,521
Support services	2,568,308	613,533	503,411	374,642	4,059,894
Noninstructional services	90,298	-	-	668,802	759,100
Facilities acquisition and construction	-	34,656	1,732,205	-	1,766,861
Debt services	-	-	-	2,315,016	2,315,016
Nonprogrammed charges	52,190	-	-	-	52,190
	<u>9,039,171</u>	<u>648,189</u>	<u>2,235,616</u>	<u>3,745,606</u>	<u>15,668,582</u>
Total disbursements					
Excess of receipts over disbursements	<u>1,272,131</u>	<u>284,387</u>	<u>37,305</u>	<u>619,265</u>	<u>2,213,088</u>
Other financing sources (uses):					
Sale of capital assets	-	3,150	22,534	-	25,684
Transfers in	65	-	-	541,815	541,880
Transfers out	(218,349)	(50,000)	(200,000)	(73,531)	(541,880)
	<u>(218,284)</u>	<u>(46,850)</u>	<u>(177,466)</u>	<u>468,284</u>	<u>25,684</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,053,847	237,537	(140,161)	1,087,549	2,238,772
Cash and investments - beginning	<u>1,773,026</u>	<u>1,802,999</u>	<u>4,471,576</u>	<u>419,725</u>	<u>8,467,326</u>
Cash and investments - ending	<u>\$ 2,826,873</u>	<u>\$ 2,040,536</u>	<u>\$ 4,331,415</u>	<u>\$ 1,507,274</u>	10,706,098
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:					
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>921,917</u>
Net assets of governmental activities					<u>\$ 11,628,015</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 2,826,873	\$ 2,040,536	\$ 4,331,415	\$ 1,638,326	\$ 10,837,150
Restricted assets:					
Cash and investments	-	-	-	(131,052)	(131,052)
Total cash and investment assets - ending	<u>\$ 2,826,873</u>	<u>\$ 2,040,536</u>	<u>\$ 4,331,415</u>	<u>\$ 1,507,274</u>	<u>\$ 10,706,098</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (131,052)	\$ (131,052)
Unrestricted	<u>2,826,873</u>	<u>2,040,536</u>	<u>4,331,415</u>	<u>1,638,326</u>	<u>10,837,150</u>
Total cash and investment fund balance - ending	<u>\$ 2,826,873</u>	<u>\$ 2,040,536</u>	<u>\$ 4,331,415</u>	<u>\$ 1,507,274</u>	<u>\$ 10,706,098</u>

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

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

	Internal Service Fund
Operating receipts:	
Miscellaneous	\$ 37,227
Operating disbursements:	
Insurance claims and expense	131,363
Change in net assets	(94,136)
Cash and investment fund balance - beginning	1,090,799
Cash and investment fund balance - ending	\$ 996,663
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 996,663
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 996,663

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Miscellaneous	\$ 17,900
Operating disbursements:	
Insurance claims and expense	92,646
Change in net assets	(74,746)
Cash and investment fund balance - beginning	996,663
Cash and investment fund balance - ending	\$ 921,917
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 921,917
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 921,917

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 17,305	
Investment earnings:			
Interest	<u>61,994</u>	<u>591</u>	
Total additions	<u>61,994</u>	<u>17,896</u>	
Deductions:			
Benefits	230,245	-	
Administrative and general	<u>-</u>	<u>36,000</u>	
Total deductions	<u>230,245</u>	<u>36,000</u>	
Deficiency of total additions over total deductions	(168,251)	(18,104)	
Cash and investment fund balance - beginning	<u>1,865,858</u>	<u>79,821</u>	
Cash and investment fund balance - ending	<u>\$ 1,697,607</u>	<u>\$ 61,717</u>	<u>\$ 23,145</u>
Net assets:			
Cash and investments	<u>\$ 1,697,607</u>	<u>\$ 61,717</u>	

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 39,226	
Investment earnings:			
Interest	<u>31,329</u>	<u>44</u>	
Total additions	<u>31,329</u>	<u>39,270</u>	
Deductions:			
Benefits	200,957	-	
Administrative and general	<u>-</u>	<u>45,806</u>	
Total deductions	<u>200,957</u>	<u>45,806</u>	
Deficiency of total additions over total deductions	(169,628)	(6,536)	
Cash and investment fund balance - beginning	<u>1,697,607</u>	<u>61,717</u>	
Cash and investment fund balance - ending	<u>\$ 1,527,979</u>	<u>\$ 55,181</u>	<u>\$ 650</u>
Net assets:			
Cash and investments	<u>\$ 1,527,979</u>	<u>\$ 55,181</u>	

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: South Spencer County School Corporation

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

Joint Venture

The School Corporation is a participant with Dubois, Spencer, and Perry County Schools in a joint venture to operate Exceptional Children's Cooperative which was created to provide joint employment and purchase of supplies and equipment for an exceptional children's program. The School Corporation is obligated by contract to remit a proportionate share monthly to supplement the Dubois, Spencer, and Perry Counties Exceptional Children's Cooperative. Complete financial statements for the service can be obtained from Greater Jasper Consolidated Schools, Attn: Leah Jesse (812-482-6661), 1520 St. Charles Street, Suite 2, Jasper, IN 47546.

The School Corporation is a participant in the Southern Indiana Education Center created to allow the participating school corporations to cooperate and share certain programs and services which they collectively may implement. The School Corporation is obligated by contract to remit a proportionate share semiannually to supplement the Southern Indiana Education Center. Complete financial statements can be obtained from the Southern Indiana Education Center, Attn: J. Scott Turney (812-482-6641), 1102 Tree Lane Drive, Jasper, IN 47546.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

The luce elementary construction fund is used to account for receipts and disbursements concerning the renovation of luce elementary school.

Additionally, the School Corporation reports the following fund types:

The internal service fund exists to supplement health insurance benefits for School Corporation employees.

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 post-retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the School Corporation.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Capital Assets

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

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

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

Government-Wide Financial Statements

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

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

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.

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

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

B. 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	June 30 2008	June 30 2009
Retirement/Severance Bond	\$ 280,905	\$ 385,521
Spencer County Community Foundation	35	-
Adult and Continuing Education	2,369	6,296
Concessions	-	41

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; 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 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.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2009, the School Corporation had no investments.

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

B. Interfund Transfers

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

Transfer From	Transfer To	2007-2008	2008-2009
General Fund	Other governmental funds	\$ 153	\$ 218,349
Transportation Operating	Other governmental funds	-	50,000
Capital Projects	Other governmental funds	-	200,000
Other governmental funds	General Fund	377	65
	Transportation Operating	30,391	-
	Other governmental funds	40,103	73,466
		<u>71,024</u>	<u>541,880</u>
Totals		<u>\$ 71,024</u>	<u>\$ 541,880</u>

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.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	Balance as Restated July 1, 2007
Other governmental funds	\$ 202,544	\$ (2,983)	\$ 199,561
Private-purpose funds	76,838	2,983	79,821

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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. Risk financing is not utilized for the other risks of loss.

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

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation currently does not have the number of participants to qualify for a self fund medical plan and have reverted to a purchased medical plan. The prior accumulated balance in this account is being used to offset a portion of employee insurance premiums. When the required number of participants are interested in the School Corporation's group insurance plan, they will reinstate a self funded plan.

B. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently eleven retirees meet these eligibility requirements. The School Corporation will contribute at least \$4,074 for the single plan and at least \$9,651 for the family plan. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2009, disbursements of \$67,946 were recognized for postemployment benefits.

C. Holding Corporation

The School Corporation has entered into a capital lease with South Spencer County Elementary 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 during the year totaled \$1,417,500.

D. 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.

SOUTH SPENCER COUNTY 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	\$ 123,048
Interest on net pension obligation	(8,128)
Adjustment to annual required contribution	9,262
Annual pension cost	124,182
Contributions made	106,347
Increase in net pension obligation	17,835
Net pension obligation, beginning of year	(112,108)
Net pension obligation, end of year	\$ (94,273)
	PERF
Contribution rates:	
School Corporation	6.25%
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

SOUTH SPENCER COUNTY 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	\$ 85,155	105%	\$ (137,634)
	06-30-07	121,286	79%	(112,108)
	06-30-08	124,182	86%	(94,273)

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$347,279, \$329,082, and \$314,600, respectively. The School Corporation actually contributed 100%, of the required contribution for each of the fiscal years.

SOUTH SPENCER COUNTY 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	\$ 1,559,529	\$ 1,640,078	\$ (80,549)	95%	\$ 1,787,269	(5%)
07-01-07	1,785,033	1,846,249	(61,216)	97%	1,815,376	(3%)
07-01-08	1,977,731	2,033,992	(56,261)	97%	1,851,231	(3%)

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

	Special Education Preschool	School Lunch	Textbook Rental	Pre-School Child Care Program	Education License	Alternative Education
Receipts:						
Local sources	\$ 51,963	\$ 377,064	\$ 91,844	\$ 42,500	\$ -	\$ 560
Intermediate sources	-	-	-	-	375	-
State sources	12,090	7,689	52,050	-	-	460
Federal sources	-	247,767	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	64,053	632,520	143,894	42,500	375	1,020
Disbursements:						
Current:						
Instruction	38,586	-	-	42,235	-	1,525
Support services	-	-	90,062	-	-	-
Noninstructional services	-	659,527	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	16,500	-	-	-	-	-
Total disbursements	55,086	659,527	90,062	42,235	-	1,525
Excess (deficiency) of receipts over disbursements	8,967	(27,007)	53,832	265	375	(505)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	12,874	-	-	153
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	12,874	-	-	153
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,967	(27,007)	66,706	265	375	(352)
Cash and investments - beginning	46,852	30,895	92,860	4,521	1,532	676
Cash and investments - ending	\$ 55,819	\$ 3,888	\$ 159,566	\$ 4,786	\$ 1,907	\$ 324
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 55,819	\$ 3,888	\$ 159,566	\$ 4,786	\$ 1,907	\$ 324
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 55,819	\$ 3,888	\$ 159,566	\$ 4,786	\$ 1,907	\$ 324
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	55,819	3,888	159,566	4,786	1,907	324
Total cash and investment fund balance - ending	\$ 55,819	\$ 3,888	\$ 159,566	\$ 4,786	\$ 1,907	\$ 324

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

	Early Intervention Grant	Gifted/Talented 2007-2008	Gifted/Talented 2006-2007	Economic Education Grant 2005-2006	Adult and Continuing Education	Non-English Speaking Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,000	31,612	-	-	59,062	1,298
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	2,000	31,612	-	-	59,062	1,298
Disbursements:						
Current:						
Instruction	2,000	31,612	2,120	635	66,491	297
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,000	31,612	2,120	635	66,491	297
Excess (deficiency) of receipts over disbursements	-	-	(2,120)	(635)	(7,429)	1,001
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,120)	(635)	(7,429)	1,001
Cash and investments - beginning	-	-	2,120	635	5,060	987
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,369)</u>	<u>\$ 1,988</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (2,369)	\$ 1,988
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,369)</u>	<u>\$ 1,988</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	(2,369)	1,988
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,369)</u>	<u>\$ 1,988</u>

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

	School Technology	Safe Haven 06/07	Waste Tire Recycling	Title I 2006-2007	Title I 2007-2008	Title V 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,902	-	4,260	-	-	-
Federal sources	-	-	-	15,000	120,002	2,424
Other	1,931	-	-	-	-	-
Total receipts	4,833	-	4,260	15,000	120,002	2,424
Disbursements:						
Current:						
Instruction	-	56	-	3,584	120,098	14,606
Support services	2,576	-	37	-	2,918	4,702
Noninstructional services	-	-	-	166	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,576	56	37	3,750	123,016	19,308
Excess (deficiency) of receipts over disbursements	2,257	(56)	4,223	11,250	(3,014)	(16,884)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	8,298	18,931
Transfers out	-	-	-	(8,298)	-	-
Total other financing sources (uses)	-	-	-	(8,298)	8,298	18,931
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,257	(56)	4,223	2,952	5,284	2,047
Cash and investments - beginning	24,280	56	(4,223)	(2,952)	-	-
Cash and investments - ending	\$ 26,537	\$ -	\$ -	\$ -	\$ 5,284	\$ 2,047
Cash and Investment Assets - Ending						
Cash and investments	\$ 26,537	\$ -	\$ -	\$ -	\$ 5,284	\$ 2,047
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 26,537	\$ -	\$ -	\$ -	\$ 5,284	\$ 2,047
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	26,537	-	-	-	5,284	2,047
Total cash and investment fund balance - ending	\$ 26,537	\$ -	\$ -	\$ -	\$ 5,284	\$ 2,047

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

	Title V 2006-2007	Special Education Flow Thru 2007-2008	Drug Free Schools 2006-2007	Drug Free Schools 2007-2008	Federal Medicaid Reimbursement	Improving Teacher Quality Title II 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	4,945	-	4,773	961	66,244
Other	-	-	-	-	-	-
Total receipts	-	4,945	-	4,773	961	66,244
Disbursements:						
Current:						
Instruction	3,162	2,781	-	-	-	46,633
Support services	-	-	1,117	4,339	60	990
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,162	2,781	1,117	4,339	60	47,623
Excess (deficiency) of receipts over disbursements	(3,162)	2,164	(1,117)	434	901	18,621
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(377)	(18,931)
Total other financing sources (uses)	-	-	-	-	(377)	(18,931)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,162)	2,164	(1,117)	434	524	(310)
Cash and investments - beginning	3,162	-	1,117	-	26,695	7,576
Cash and investments - ending	\$ -	\$ 2,164	\$ -	\$ 434	\$ 27,219	\$ 7,266
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,164	\$ -	\$ 434	\$ 27,219	\$ 7,266
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,164	\$ -	\$ 434	\$ 27,219	\$ 7,266
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,164	-	434	27,219	7,266
Total cash and investment fund balance - ending	\$ -	\$ 2,164	\$ -	\$ 434	\$ 27,219	\$ 7,266

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

	Improving Teacher Quality Enhanced Education	Debt Service	Retirement/ Severance Bond	Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 954,869	\$ 659,985	\$ 111,509	\$ 2,290,294
Intermediate sources	-	-	-	-	375
State sources	-	-	-	-	173,423
Federal sources	-	-	-	-	462,116
Other	-	-	-	-	1,931
Total receipts	-	954,869	659,985	111,509	2,928,139
Disbursements:					
Current:					
Instruction	-	-	-	-	376,421
Support services	1,072	-	-	134,101	241,974
Noninstructional services	-	-	-	-	659,693
Debt services	-	1,378,074	897,530	-	2,275,604
Nonprogrammed charges	-	-	-	-	16,500
Total disbursements	1,072	1,378,074	897,530	134,101	3,570,192
Excess (deficiency) of receipts over disbursements	(1,072)	(423,205)	(237,545)	(22,592)	(642,053)
Other financing sources (uses):					
Proceeds of long-term debt	-	1,142	-	-	1,142
Transfers in	-	-	-	-	40,256
Transfers out	-	(43,265)	-	-	(70,871)
Total other financing sources (uses)	-	(42,123)	-	-	(29,473)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,072)	(465,328)	(237,545)	(22,592)	(671,526)
Cash and investments - beginning	1,072	739,263	(43,360)	152,427	1,091,251
Cash and investments - ending	\$ -	\$ 273,935	\$ (280,905)	\$ 129,835	\$ 419,725
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ 129,835	\$ 426,695
Restricted assets:					
Cash and investments	-	273,935	(280,905)	-	(6,970)
Total cash and investment assets - ending	\$ -	\$ 273,935	\$ (280,905)	\$ 129,835	\$ 419,725
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ 273,935	\$ (280,905)	\$ -	\$ (6,970)
Unrestricted	-	-	-	129,835	426,695
Total cash and investment fund balance - ending	\$ -	\$ 273,935	\$ (280,905)	\$ 129,835	\$ 419,725

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

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Pre-School Child Care Program	Education License	Alternative Education
Receipts:							
Local sources	\$ 20,778	\$ -	\$ 363,626	\$ 91,678	\$ 17,500	\$ -	\$ 60
Intermediate sources	-	-	-	-	-	393	-
State sources	37,199	-	7,322	48,714	-	-	589
Federal sources	-	-	296,782	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	57,977	-	667,730	140,392	17,500	393	649
Disbursements:							
Current:							
Instruction	58,865	-	-	-	21,612	-	993
Support services	-	-	-	125,869	-	-	-
Noninstructional services	-	-	667,099	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	58,865	-	667,099	125,869	21,612	-	993
Excess (deficiency) of receipts over disbursements	(888)	-	631	14,523	(4,112)	393	(344)
Other financing sources (uses):							
Transfers in	-	500,000	-	17,122	679	-	196
Transfers out	-	-	-	-	(679)	-	-
Total other financing sources (uses)	-	500,000	-	17,122	-	-	196
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(888)	500,000	631	31,645	(4,112)	393	(148)
Cash and investments - beginning	55,819	-	3,888	159,566	4,786	1,907	324
Cash and investments - ending	\$ 54,931	\$ 500,000	\$ 4,519	\$ 191,211	\$ 674	\$ 2,300	\$ 176
Cash and Investment Assets - Ending							
Cash and investments	\$ 54,931	\$ 500,000	\$ 4,519	\$ 191,211	\$ 674	\$ 2,300	\$ 176
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 54,931	\$ 500,000	\$ 4,519	\$ 191,211	\$ 674	\$ 2,300	\$ 176
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	54,931	500,000	4,519	191,211	674	2,300	176
Total cash and investment fund balance - ending	\$ 54,931	\$ 500,000	\$ 4,519	\$ 191,211	\$ 674	\$ 2,300	\$ 176

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

	Early Intervention Grant	Gifted/Talented 2008-2009	Adult and Continuing Education	Non-English Speaking Program	School Technology	Title I 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,000	31,612	54,474	-	-	-
Federal sources	-	-	-	-	-	148,373
Other	-	-	-	-	5,255	-
Total receipts	1,000	31,612	54,474	-	5,255	148,373
Disbursements:						
Current:						
Instruction	1,000	28,774	76,554	1,277	-	123,905
Support services	-	-	-	-	10,302	13,654
Noninstructional services	-	-	-	-	-	1,703
Debt services	-	-	-	-	-	-
Total disbursements	1,000	28,774	76,554	1,277	10,302	139,262
Excess (deficiency) of receipts over disbursements	-	2,838	(22,080)	(1,277)	(5,047)	9,111
Other financing sources (uses):						
Transfers in	-	-	18,153	-	-	5,665
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	18,153	-	-	5,665
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,838	(3,927)	(1,277)	(5,047)	14,776
Cash and investments - beginning	-	-	(2,369)	1,988	26,537	-
Cash and investments - ending	\$ -	\$ 2,838	\$ (6,296)	\$ 711	\$ 21,490	\$ 14,776
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,838	\$ (6,296)	\$ 711	\$ 21,490	\$ 14,776
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,838	\$ (6,296)	\$ 711	\$ 21,490	\$ 14,776
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,838	(6,296)	711	21,490	14,776
Total cash and investment fund balance - ending	\$ -	\$ 2,838	\$ (6,296)	\$ 711	\$ 21,490	\$ 14,776

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

	Title I 2007-2008	Title V 2007-2008	Special Education Flow Thru 2007-2008	Drug Free Schools 2008-2009	Drug Free Schools 2007-2008	Federal Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	11,000	946	-	3,361	-	197
Other	-	-	-	-	-	-
Total receipts	11,000	946	-	3,361	-	197
Disbursements:						
Current:						
Instruction	7,592	30	2,164	-	-	-
Support services	3,027	2,018	-	3,361	434	5,470
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	10,619	2,048	2,164	3,361	434	5,470
Excess (deficiency) of receipts over disbursements	381	(1,102)	(2,164)	-	(434)	(5,273)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(5,665)	-	-	-	-	(65)
Total other financing sources (uses)	(5,665)	-	-	-	-	(65)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,284)	(1,102)	(2,164)	-	(434)	(5,338)
Cash and investments - beginning	5,284	2,047	2,164	-	434	27,219
Cash and investments - ending	<u>\$ -</u>	<u>\$ 945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,881</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 945	\$ -	\$ -	\$ -	\$ 21,881
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,881</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	945	-	-	-	21,881
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,881</u>

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

	Title II Part A 2008-2009	Fiscal Stabilization Education	Debt Service	Retirement/ Severance Bond	Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 1,465,156	\$ 792,900	\$ 190,350	\$ 2,942,048
Intermediate sources	-	-	-	-	-	393
State sources	-	-	-	-	-	180,910
Federal sources	63,832	711,774	-	-	-	1,236,265
Other	-	-	-	-	-	5,255
Total receipts	63,832	711,774	1,465,156	792,900	190,350	4,364,871
Disbursements:						
Current:						
Instruction	64,380	-	-	-	-	387,146
Support services	628	-	-	-	209,879	374,642
Noninstructional services	-	-	-	-	-	668,802
Debt services	-	-	1,417,500	897,516	-	2,315,016
Total disbursements	65,008	-	1,417,500	897,516	209,879	3,745,606
Excess (deficiency) of receipts over disbursements	(1,176)	711,774	47,656	(104,616)	(19,529)	619,265
Other financing sources (uses):						
Transfers in	-	-	-	-	-	541,815
Transfers out	-	-	(67,122)	-	-	(73,531)
Total other financing sources (uses)	-	-	(67,122)	-	-	468,284
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,176)	711,774	(19,466)	(104,616)	(19,529)	1,087,549
Cash and investments - beginning	7,266	-	273,935	(280,905)	129,835	419,725
Cash and investments - ending	\$ 6,090	\$ 711,774	\$ 254,469	\$ (385,521)	\$ 110,306	\$ 1,507,274
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,090	\$ 711,774	\$ -	\$ -	\$ 110,306	\$ 1,638,326
Restricted assets:						
Cash and investments	-	-	254,469	(385,521)	-	(131,052)
Total cash and investment assets - ending	\$ 6,090	\$ 711,774	\$ 254,469	\$ (385,521)	\$ 110,306	\$ 1,507,274
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 254,469	\$ (385,521)	\$ -	\$ (131,052)
Unrestricted	6,090	711,774	-	-	110,306	1,638,326
Total cash and investment fund balance - ending	\$ 6,090	\$ 711,774	\$ 254,469	\$ (385,521)	\$ 110,306	\$ 1,507,274

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

	Women of Spencer County	Spencer County Community Foundation	Community Foundation Marsh	Toyota Grant Alternative School	Teacher Internship	SINE Alternative Education Grant 2004-2005	Adult Education
Additions:							
Contributions:							
Other	\$ 500	\$ -	\$ 4,000	\$ 1,300	\$ -	\$ -	\$ 311
Investment earnings:							
Interest	-	-	-	-	-	-	-
Total additions	<u>500</u>	<u>-</u>	<u>4,000</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>311</u>
Deductions:							
Administrative and general	<u>223</u>	<u>2,117</u>	<u>4,665</u>	<u>1,434</u>	<u>1,320</u>	<u>11,953</u>	<u>117</u>
Excess (deficiency) of total additions over total deductions	277	(2,117)	(665)	(134)	(1,320)	(11,953)	194
Cash and investment fund balance - beginning	<u>-</u>	<u>2,082</u>	<u>767</u>	<u>134</u>	<u>1,320</u>	<u>15,203</u>	<u>-</u>
Cash and investments - June 30	<u>\$ 277</u>	<u>\$ (35)</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,250</u>	<u>\$ 194</u>
Net assets:							
Cash and investments	<u>\$ 277</u>	<u>\$ (35)</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,250</u>	<u>\$ 194</u>
Total net assets - cash and investment basis held in trust	<u>\$ 277</u>	<u>\$ (35)</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,250</u>	<u>\$ 194</u>

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

	Adult and Continuing Education	Concessions	Flouride	Samatovage Trust	SINE Model School 2005-2006	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 10,688	\$ 506	\$ -	\$ -	\$ 17,305
Investment earnings:						
Interest	-	-	-	591	-	591
Total additions	-	10,688	506	591	-	17,896
Deductions:						
Administrative and general	150	10,688	540	-	2,793	36,000
Excess (deficiency) of total additions over total deductions	(150)	-	(34)	591	(2,793)	(18,104)
Cash and investment fund balance - beginning	150	-	82	56,992	3,091	79,821
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 57,583</u>	<u>\$ 298</u>	<u>\$ 61,717</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 57,583</u>	<u>\$ 298</u>	<u>\$ 61,717</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 57,583</u>	<u>\$ 298</u>	<u>\$ 61,717</u>

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

	Women of Spencer County	Spencer County Community Foundation	Community Foundation Marsh	Toyota Grant Alternative School	SINE Alternative Education Grant 2004-2005	Adult Education
Additions:						
Contributions:						
Other	\$ -	\$ 1,402	\$ 5,000	\$ 1,400	\$ -	\$ 1,019
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	-	1,402	5,000	1,400	-	1,019
Deductions:						
Administrative and general	277	156	3,137	-	2,135	1,187
Excess (deficiency) of total additions over total deductions	(277)	1,246	1,863	1,400	(2,135)	(168)
Cash and investment fund balance - beginning	277	(35)	102	-	3,250	194
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 1,211</u>	<u>\$ 1,965</u>	<u>\$ 1,400</u>	<u>\$ 1,115</u>	<u>\$ 26</u>
Net assets:						
Cash and investments	\$ -	\$ 1,211	\$ 1,965	\$ 1,400	\$ 1,115	\$ 26
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,211</u>	<u>\$ 1,965</u>	<u>\$ 1,400</u>	<u>\$ 1,115</u>	<u>\$ 26</u>

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

	Concessions	Fluoride	Samatovage Trust	Alcoa Grant Supermileage Team	SINE Model School 2005-2006	Totals
Additions:						
Contributions:						
Other	\$ 9,909	\$ 663	\$ 13,333	\$ 6,500	\$ -	\$ 39,226
Investment earnings:						
Interest	-	-	44	-	-	44
Total additions	<u>9,909</u>	<u>663</u>	<u>13,377</u>	<u>6,500</u>	<u>-</u>	<u>39,270</u>
Deductions:						
Administrative and general	<u>9,950</u>	<u>-</u>	<u>26,667</u>	<u>1,999</u>	<u>298</u>	<u>45,806</u>
Excess (deficiency) of total additions over total deductions	(41)	663	(13,290)	4,501	(298)	(6,536)
Cash and investment fund balance - beginning	<u>-</u>	<u>48</u>	<u>57,583</u>	<u>-</u>	<u>298</u>	<u>61,717</u>
Cash and investments - June 30	<u><u>(41)</u></u>	<u><u>711</u></u>	<u><u>44,293</u></u>	<u><u>4,501</u></u>	<u><u>-</u></u>	<u><u>55,181</u></u>
Net assets:						
Cash and investments	<u><u>(41)</u></u>	<u><u>711</u></u>	<u><u>44,293</u></u>	<u><u>4,501</u></u>	<u><u>-</u></u>	<u><u>55,181</u></u>
Total net assets - cash and investment basis held in trust	<u><u>(41)</u></u>	<u><u>711</u></u>	<u><u>44,293</u></u>	<u><u>4,501</u></u>	<u><u>-</u></u>	<u><u>55,181</u></u>

SOUTH SPENCER COUNTY 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	\$ 85,299
Buildings	30,467,790
Improvements other than buildings	400,111
Machinery and equipment	1,460,391
Transportation equipment	<u>1,823,606</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 34,237,197</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended 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:		
South Spencer County Elementary School	\$ 10,615,000	\$ 1,418,000
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bonds	<u>4,880,000</u>	<u>891,158</u>
Total governmental activities debt	<u>\$ 15,495,000</u>	<u>\$ 2,309,158</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Retirement/Severance Bond, Spencer County Community Foundation, and Adult and Continuing Education Funds were overdrawn at June 30, 2008. Also the Retirement/Severance Bond, Adult and Continuing Education, and Concessions Funds were overdrawn at June 30, 2009.

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

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 SOUTH SPENCER COUNTY
SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

Compliance

We have audited the compliance of the South Spencer County School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended June 30, 2008 and 2009. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal 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 its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of 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 findings identified in our audit is described in the accompanying Official Response. 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 School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 3, 2010

SOUTH SPENCER COUNTY 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			
FY 07-08		FY 07-08	\$ 58,703	\$ -
FY 08-09		FY 08-09	-	75,887
National School Lunch Program	10.555			
FY 07-08		FY 07-08	213,288	-
FY 08-09		FY 08-09	-	249,738
Total for federal grantor agency			<u>271,991</u>	<u>325,625</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title 1, Part A Cluster				
Title 1 Grants to Local Educational Agencies	84.010			
FY 06-07		07-7445	3,751	-
FY 07-08		08-7445	123,016	10,619
FY 08-09		09-7445	-	139,262
Total for program and cluster			<u>126,767</u>	<u>149,881</u>
Pass-Through Dubois-Spencer-Perry Exceptional Children's Coop				
Special Education Custer				
Special Education - Grants to States	84.027			
FY 07-08		FY 07-08	2,780	-
FY 08-09		FY 08-09	-	2,164
Total for program			<u>2,780</u>	<u>2,164</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
FY 06-07	84.186	06-7445	1,117	-
FY 07-08		07-7445	4,339	434
FY 08-09		08-7445	-	3,361
Total for program			<u>5,456</u>	<u>3,795</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs				
FY 06-07	84.298	07-7445	3,162	-
FY 07-08		08-7445	19,308	2,047
Total for program			<u>22,470</u>	<u>2,047</u>
Education Technology State Grants				
FY 05-06	84.318	S318X050014	1,072	-
Improving Teacher Quality State Grants				
FY 06-07	84.367	07-7445	47,623	-
FY 07-08		08-7445	-	65,008
Total for program			<u>47,623</u>	<u>65,008</u>
Total for federal grantor agency			<u>206,168</u>	<u>222,895</u>
Total federal awards expended			<u>\$ 478,159</u>	<u>\$ 548,520</u>

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

SOUTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 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 National School Lunch Program	10.555	\$ <u>27,903</u>	\$ <u>31,104</u>

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Program:

Name of Federal Program or Cluster

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2010, with Diane Parsley, Treasurer; and H. Mike Robinson, Superintendent of Schools. The official response has been made a part of this report and may be found on page 51.

Separate telephone exit conferences were held with Chris Brown, President of the School Board; and Jim Boyer, Jeff Roberts, David Hemmer and Jane Whitney, School Board members.

*South Spencer County School Corporation
321 South 5th St. - P.O. Box 26
Rockport, IN 47635
Ph. 812/649-2591
Fax 812/649-4249*

*H. Mike Robinson
Superintendent
mrobinso@sspencer.k12.in.us*

*Dr. A. Lee Gold
Asst. Superintendent/Business Manager
lgold@sspencer.k12.in.us*

DATE: February 2, 2010
TO: State Board of Accounts
FROM: Diane Parsley, Treasurer
RE: Audit Response

Reference to Cash and Investment Balance Deficits:

The Retirement/Severance Bond Fund concluded fiscal year (June 30, 2008 and June 30, 2009) with a deficit due the non receipt of uncollected and distributed tax revenues. The deficit funds had not been received by the county and not distributed to the school corporation until after the conclusion of the fiscal year. The cash balance at calendar year end 2009 was \$3,987.24.

The Adult and Continuing Education Fund deficit exists because the State grant is a reimbursable grant and funding is not received prior to expenditures. Expenditures must be made and documented before funds are released by the State. It so happens that at the end of the fiscal year the amount of the deficit had not been received for expenditures made.

The Concessions Fund deficit is likewise a reimbursable account for concession/athletic workers from South Spencer High School and South Spencer Middle School who are current employees paid through the payroll system. The deficit occurred because a payroll had not been reimbursed prior to the end of the fiscal year.

The Spencer County Community Foundation Fund deficit existed due to revenue not posted until July 3, 2008.