

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

AUDIT REPORT
OF
NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
PUTNAM COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
03/26/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tanya J. Pearson	07-01-07 to 06-30-10
Superintendent of Schools	Murray F. Pride Dr. Mary Sugg Lovejoy	07-01-07 to 06-30-09 07-01-09 to 06-30-12
President of the School Board	Dale A. McGaughey Debra K. Sillery Andrew Beck	07-01-07 to 12-31-07 01-01-08 to 12-31-09 01-01-10 to 12-31-10



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 PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM 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 Putnam 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, 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 25, 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 School Corporation has not presented Management's Discussion and Analysis, Budgetary Comparison Schedules, or the Schedule of Funding Progress that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

February 25, 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 PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Putnam 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 25, 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.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 25, 2010

NORTH PUTNAM 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>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 8,143,656	\$ -	\$ 187,703	\$ (7,955,953)
Support services	5,378,770	562,371	381,252	(4,435,147)
Noninstructional services	1,015,484	-	-	(1,015,484)
Facilities acquisition and construction	930,607	-	-	(930,607)
Debt service	6,098,239	-	-	(6,098,239)
Nonprogrammed charges	1,115,376	-	-	(1,115,376)
Total governmental activities	<u>\$ 22,682,132</u>	<u>\$ 562,371</u>	<u>\$ 568,955</u>	<u>(21,550,806)</u>
General receipts:				
Property taxes				6,513,805
Other local sources				1,666,425
State aid				7,195,425
Bonds and loans				3,450,000
Grants and contributions not restricted to specific programs				556,554
Sale of property				597
Investment earnings				15,267
Other				9,427
Total general receipts				<u>19,407,500</u>
Change in net assets				(2,143,306)
Net assets - beginning				<u>1,543,893</u>
Net assets - ending				<u>\$ (599,413)</u>
<u>Assets</u>				
Cash and investments				\$ (374,556)
Restricted assets:				
Cash and investments				(224,857)
Total assets				<u>\$ (599,413)</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (224,857)
Unrestricted				<u>(374,556)</u>
Total net assets				<u>\$ (599,413)</u>

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

NORTH PUTNAM 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>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,680,862	\$ -	\$ 221,346	\$ (7,459,516)
Support services	5,804,150	563,277	411,319	(4,829,554)
Noninstructional services	1,050,611	-	-	(1,050,611)
Facilities acquisition and construction	999,808	-	-	(999,808)
Debt service	9,859,483	-	-	(9,859,483)
Nonprogrammed charges	744,081	-	-	(744,081)
	<u>\$ 26,138,995</u>	<u>\$ 563,277</u>	<u>\$ 632,665</u>	<u>(24,943,053)</u>
Total governmental activities				
General receipts:				
Property taxes				7,015,892
Other local sources				1,787,941
State aid				7,815,463
Bonds and loans				7,700,000
Grants and contributions not restricted to specific programs				1,398,508
Investment earnings				13,965
Other				15,160
				<u>25,746,929</u>
Total general receipts				
Change in net assets				
Net assets - beginning				
Net assets - ending				
<u>Assets</u>				
Cash and investments				\$ 681,306
Restricted assets:				
Cash and investments				(476,843)
Total assets				
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (476,843)
Unrestricted				
Total net assets				
<u>\$ 204,463</u>				

NORTH PUTNAM 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

	General	Pre-School Special Education	School Lunch	Medicaid Reimbursement (ONT)	Other	Totals
Receipts:						
Local sources	\$ 3,718,166	\$ 23,426	\$ 524,383	\$ 56	\$ 4,496,591	\$ 8,762,622
Intermediate sources	569	-	-	-	-	569
State sources	7,349,459	75,653	11,002	84	82,833	7,519,031
Federal sources	-	-	323,253	-	473,327	796,580
Temporary loans	3,450,000	-	-	-	-	3,450,000
Other	1,589	-	-	-	7,838	9,427
Total receipts	14,519,783	99,079	858,638	140	5,060,589	20,538,229
Disbursements:						
Current:						
Instruction	7,297,380	139,897	-	-	706,379	8,143,656
Support services	3,468,677	-	-	-	1,910,093	5,378,770
Noninstructional services	188,402	-	825,374	-	1,708	1,015,484
Facilities acquisition and construction	-	-	-	-	930,607	930,607
Debt services	4,000,000	-	-	-	2,098,239	6,098,239
Nonprogrammed charges	538,678	-	-	-	576,698	1,115,376
Total disbursements	15,493,137	139,897	825,374	-	6,223,724	22,682,132
Excess (deficiency) of receipts over disbursements	(973,354)	(40,818)	33,264	140	(1,163,135)	(2,143,903)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	597	597
Transfers in	-	-	-	-	152,631	152,631
Transfers out	-	-	-	-	(152,631)	(152,631)
Total other financing sources (uses)	-	-	-	-	597	597
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(973,354)	(40,818)	33,264	140	(1,162,538)	(2,143,306)
Cash and investments - beginning	1,317,066	90,608	48,350	40,955	46,914	1,543,893
Cash and investments - ending	\$ 343,712	\$ 49,790	\$ 81,614	\$ 41,095	\$ (1,115,624)	\$ (599,413)
Cash and Investment Assets - Ending						
Cash and investments	\$ 343,712	\$ 49,790	\$ 81,614	\$ 41,095	\$ (890,767)	\$ (374,556)
Restricted assets:						
Cash and investments	-	-	-	-	(224,857)	(224,857)
Total cash and investment assets - ending	\$ 343,712	\$ 49,790	\$ 81,614	\$ 41,095	\$ (1,115,624)	\$ (599,413)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (224,857)	\$ (224,857)
Unrestricted	343,712	49,790	81,614	41,095	(890,767)	(374,556)
Total cash and investment fund balance - ending	\$ 343,712	\$ 49,790	\$ 81,614	\$ 41,095	\$ (1,115,624)	\$ (599,413)

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

NORTH PUTNAM 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

	General	Pre-School Special Education	School Lunch	Medicaid Reimbursement (ONT)	2008/09 Title I	Fiscal Stabilization (Stimulus)	Other	Totals
Receipts:								
Local sources	\$ 4,018,136	\$ 22,796	\$ 509,739	\$ -	\$ -	\$ -	\$ 4,830,405	\$ 9,381,076
State sources	8,003,138	87,584	10,682	70	-	-	76,630	8,178,104
Federal sources	-	-	358,007	-	281,887	919,088	109,549	1,668,531
Temporary loans	7,700,000	-	-	-	-	-	-	7,700,000
Other	-	-	-	-	-	-	15,160	15,160
Total receipts	19,721,274	110,380	878,428	70	281,887	919,088	5,031,744	26,942,871
Disbursements:								
Current:								
Instruction	6,291,536	112,166	-	-	261,813	434,904	580,443	7,680,862
Support services	3,846,439	-	-	-	5,672	13,366	1,938,673	5,804,150
Noninstructional services	199,781	-	848,399	-	1,329	1,067	35	1,050,611
Facilities acquisition and construction	-	-	-	-	-	-	999,808	999,808
Debt services	7,900,000	-	-	-	-	-	1,959,483	9,859,483
Nonprogrammed charges	740,206	-	-	-	-	-	3,875	744,081
Total disbursements	18,977,962	112,166	848,399	-	268,814	449,337	5,482,317	26,138,995
Excess (deficiency) of receipts over disbursements	743,312	(1,786)	30,029	70	13,073	469,751	(450,573)	803,876
Other financing sources (uses):								
Transfers in	-	-	-	-	88,740	-	10,049	98,789
Transfers out	(10,049)	-	-	-	-	-	(88,740)	(98,789)
Total other financing sources (uses)	(10,049)	-	-	-	88,740	-	(78,691)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	733,263	(1,786)	30,029	70	101,813	469,751	(529,264)	803,876
Cash and investments - beginning	343,712	49,790	81,614	41,095	-	-	(1,115,624)	(599,413)
Cash and investments - ending	\$ 1,076,975	\$ 48,004	\$ 111,643	\$ 41,165	\$ 101,813	\$ 469,751	\$ (1,644,888)	\$ 204,463
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,076,975	\$ 48,004	\$ 111,643	\$ 41,165	\$ 101,813	\$ 469,751	\$ (1,168,045)	\$ 681,306
Restricted assets:								
Cash and investments	-	-	-	-	-	-	(476,843)	(476,843)
Total cash and investment assets - ending	\$ 1,076,975	\$ 48,004	\$ 111,643	\$ 41,165	\$ 101,813	\$ 469,751	\$ (1,644,888)	\$ 204,463
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (476,843)	\$ (476,843)
Unrestricted	1,076,975	48,004	111,643	41,165	101,813	469,751	(1,168,045)	681,306
Total cash and investment fund balance - ending	\$ 1,076,975	\$ 48,004	\$ 111,643	\$ 41,165	\$ 101,813	\$ 469,751	\$ (1,644,888)	\$ 204,463

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

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

	Retirement Severance Bond	Payroll
Additions:		
Investment earnings:		
Interest	\$ 9,182	
Deductions:		
Benefits	48,298	
Other	11,555	
Total deductions	59,853	
Deficiency of total additions under total deductions	(50,671)	
Cash and investment fund balance - beginning	1,257,963	
Cash and investment fund balance - ending	\$ 1,207,292	\$ 122,856
Net assets:		
Cash and investments	\$ 1,207,292	
Total net assets - cash and investment basis held in trust	\$ 1,207,292	

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

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

	Retirement Severance Bond	Payroll
Additions:		
Investment earnings:		
Interest	\$ 1,466	
Deductions:		
Benefits	<u>74,977</u>	
Deficiency of total additions under total deductions	(73,511)	
Cash and investment fund balance - beginning	<u>1,207,292</u>	
Cash and investment fund balance - ending	<u>\$ 1,133,781</u>	<u>\$ 126,165</u>
Net assets:		
Cash and investments	<u>\$ 1,133,781</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 1,133,781</u>	

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

NORTH PUTNAM 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 Putnam 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 Venture

The School Corporation is a participant in a joint venture to operate Old National Trail Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit \$414,888 annually to supplement the Old National Trail Special Education Cooperative. Complete financial statements for the Old National Trail Special Education Cooperative can be obtained from the administrative office at 1 Calbert Way, Suite B, Greencastle, Indiana.

The School Corporation is a participant in a joint venture to operate Area 30 Career Center which was created to provide vocational education to students. The School Corporation is obligated by contract to remit \$500,285 annually to supplement the Area 30 Career Center. Complete financial statements for the Area 30 Career Center can be obtained from the administrative office at 1 Calbert Way, Suite A, Greencastle, Indiana.

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.

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 PUTNAM 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 pre-school special education fund accounts for receipts and disbursements related to the education of pre-school special education students.

The school lunch fund accounts for receipts and disbursements related to the food service program.

The 2008/09 title I fund accounts for federal funds that are used to improve the teaching and learning of students.

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

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts 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.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings 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.

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.

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

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.

2. Property Taxes

Normally, 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 may 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 December 31 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.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability 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."

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

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.

F. Internal and Interfund 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 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, if any, is eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2008, disbursements exceeded budgeted appropriations in the following fund by the amount below:

Fund	2008
General	\$ 436,932
Debt Service	60,216
Capital Projects	81,824
Transportation	128,560
Total	\$ 707,532

These disbursements were funded by available fund 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:

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

Fund	2007-08	2008-09
Transportation Operating	\$ 451,277	\$ 591,405
Debt Service	226,104	371,777
Capital Projects	482,815	558,135
School Bus Replacement	223,081	92,245
Retirement Severance Bond Debt Service	-	105,666

Cash and investment deficits arose primarily from disbursement 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. IC 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 \$1,464,409.

The remaining 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

As of December 31, 2009, the School Corporation had no investments.

B. Interfund Transfers

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

Transfer From	Transfer To	2007-08	2008-09
General Fund	Other governmental funds	\$ -	\$ 10,049
Other governmental funds	2008/09 Title I	-	88,740
	Other governmental funds	<u>152,631</u>	<u>-</u>
Totals		<u>\$ 152,631</u>	<u>\$ 98,789</u>

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

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents

During 1992, the School Corporation joined with other governmental entities to form the Wabash Valley/West Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and beneficiaries. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, retirees and beneficiaries. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with North Putnam Middle 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 2007-2008 and 2008-2009 school years totaled \$1,552,565 and \$1,553,000, respectively.

C. Subsequent Events

The School Corporation entered into a loan agreement with Tri-County Bank & Trust on January 5, 2010, for \$2,500,000. The loan is a tax anticipation note and is due to be repaid by June 30, 2010.

The School Corporation entered into an equipment lease purchase agreement with Capital One Public Funding, LLC on November 24, 2009, for \$186,670. The equipment lease purchase agreement is to purchase technology equipment with semi-annual payments to be made until August 1, 2012.

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

D. Other Postemployment Benefits

Defined Contribution Healthcare Plan

Plan Description

Wabash Valley/West Central Indiana School Trust Healthcare Plan is a defined contribution healthcare plan administered by Anthem Blue Cross Blue Shield. The plan provides medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the North Putnam Community School Corporation healthcare plan are established by the School Corporation's School Board. The required contribution is based on projected pay-as-you-go financing requirements. For the two-year period ending June 30, 2009, the School Corporation contributed \$32,780 to the plan for current premiums (approximately 50% of total premiums). Plan members receiving benefits contributed \$32,809, or approximately 50% of the total premiums, through their required monthly contribution for coverage.

E. 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.

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$381,462.

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

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 contribution requirements of plan members and the School Corporation are established by the Board of Trustees of PERF. The School Corporation's contributions to the plan during the period were \$830,341.

NORTH PUTNAM 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	Textbook Rental	Old National Trail Special Education CO-OP 2006-2007	Old National Trail Special Education CO-OP 2007-2008	Old National Trail Special Outreach Speech	Old National Trail Summer School	Education License Plate
Receipts:							
Local sources	\$ 974,844	\$ 156,962	\$ -	\$ 322,188	\$ -	\$ -	\$ -
State sources	-	46,913	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	2,408	-	-	-	-	-	-
Total receipts	977,252	203,875	-	322,188	-	-	-
Disbursements:							
Current:							
Instruction	-	-	1,251	403,668	-	-	-
Support services	1,013,424	170,791	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	268,677	-	48,794	1	94
Total disbursements	1,013,424	170,791	269,928	403,668	48,794	1	94
Excess (deficiency) of receipts over disbursements	(36,172)	33,084	(269,928)	(81,480)	(48,794)	(1)	(94)
Other financing sources (uses):							
Sale of capital assets	-	597	-	-	-	-	-
Transfers in	-	-	-	151,797	-	-	-
Transfers out	-	-	(151,797)	-	-	-	-
Total other financing sources (uses)	-	597	(151,797)	151,797	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,172)	33,681	(421,725)	70,317	(48,794)	(1)	(94)
Cash and investments - beginning	(415,105)	5,624	421,725	-	48,794	1	94
Cash and investments - ending	\$ (451,277)	\$ 39,305	\$ -	\$ 70,317	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ (451,277)	\$ 39,305	\$ -	\$ 70,317	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (451,277)	\$ 39,305	\$ -	\$ 70,317	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(451,277)	39,305	-	70,317	-	-	-
Total cash and investment fund balance - ending	\$ (451,277)	\$ 39,305	\$ -	\$ 70,317	\$ -	\$ -	\$ -

NORTH PUTNAM 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)

	Early Intervention	2007-2008 High Ability	2006-2007 Gifted and Talented	Drug Free/PIE Coalition 2006-2007	Language Migrant Program	Intellenet Technology Fund	USAC Grant/TDS
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,084
State sources	-	33,670	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	33,670	-	-	-	-	5,084
Disbursements:							
Current:							
Instruction	-	10,460	3,723	-	-	-	-
Support services	3,867	-	-	-	-	-	13,186
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	195	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	3,867	10,460	3,723	-	-	195	13,186
Excess (deficiency) of receipts over disbursements	(3,867)	23,210	(3,723)	-	-	(195)	(8,102)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,867)	23,210	(3,723)	-	-	(195)	(8,102)
Cash and investments - beginning	3,867	-	3,723	419	42	639	8,102
Cash and investments - ending	\$ -	\$ 23,210	\$ -	\$ 419	\$ 42	\$ 444	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 23,210	\$ -	\$ 419	\$ 42	\$ 444	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 23,210	\$ -	\$ 419	\$ 42	\$ 444	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	23,210	-	419	42	444	-
Total cash and investment fund balance - ending	\$ -	\$ 23,210	\$ -	\$ 419	\$ 42	\$ 444	\$ -

NORTH PUTNAM 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)

	WCHSC - Zerkel	2006-2007 Title I	2007-2008 Title I	2007-2008 Title V	Serve America	Old National Trail Special Education CO-OP Federal 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -
State sources	1,500	-	-	-	-	-
Federal sources	-	31,500	347,767	5,971	-	-
Other	-	-	-	-	-	-
Total receipts	1,500	31,500	347,767	5,971	10,000	-
Disbursements:						
Current:						
Instruction	-	54,610	162,626	-	-	-
Support services	896	44,200	81,845	3,082	7,594	-
Noninstructional services	-	-	1,708	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	167,266
Total disbursements	896	98,810	246,179	3,082	7,594	167,266
Excess (deficiency) of receipts over disbursements	604	(67,310)	101,588	2,889	2,406	(167,266)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	834	-	-	-
Transfers out	-	(834)	-	-	-	-
Total other financing sources (uses)	-	(834)	834	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	604	(68,144)	102,422	2,889	2,406	(167,266)
Cash and investments - beginning	-	68,144	-	-	1,085	167,266
Cash and investments - ending	\$ 604	\$ -	\$ 102,422	\$ 2,889	\$ 3,491	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 604	\$ -	\$ 102,422	\$ 2,889	\$ 3,491	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 604	\$ -	\$ 102,422	\$ 2,889	\$ 3,491	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	604	-	102,422	2,889	3,491	-
Total cash and investment fund balance - ending	\$ 604	\$ -	\$ 102,422	\$ 2,889	\$ 3,491	\$ -

NORTH PUTNAM 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)

	2006-2007 Old National Trail Pre-School	Roachdale Drug Free Grant	2006-2007 Drug Free Grant	2005-2006 Drug Free Grant	Middle School 2006-2007 Drug Free Grant	Drug Free Schools 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	10,803	-	6,853	-	-	6,759
Other	-	-	-	-	-	-
Total receipts	10,803	-	6,853	-	-	6,759
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	56	-	5,296	197	111
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	74,860	-	-	-	-	-
Total disbursements	74,860	56	-	5,296	197	111
Excess (deficiency) of receipts over disbursements	(64,057)	(56)	6,853	(5,296)	(197)	6,648
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(64,057)	(56)	6,853	(5,296)	(197)	6,648
Cash and investments - beginning	64,057	56	-	5,296	200	-
Cash and investments - ending	\$ -	\$ -	\$ 6,853	\$ -	\$ 3	\$ 6,648
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 6,853	\$ -	\$ 3	\$ 6,648
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 6,853	\$ -	\$ 3	\$ 6,648
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	6,853	-	3	6,648
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 6,853	\$ -	\$ 3	\$ 6,648

NORTH PUTNAM 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)

	Drug Free Schools 2004-2005	Project - Lead Way	High Schools That Work	Improving Teacher Quality	Title II Enhancing/ Tech 2005-2006	Debt Service
Receipts:						
Local sources	\$ -	\$ 9,330	\$ -	\$ -	\$ -	\$ 1,579,864
State sources	-	-	750	-	-	-
Federal sources	-	-	-	63,674	-	-
Other	-	-	-	-	-	-
Total receipts	-	9,330	750	63,674	-	1,579,864
Disbursements:						
Current:						
Instruction	-	-	-	70,041	-	-
Support services	528	9,330	-	-	4,809	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	1,863,412
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	528	9,330	-	70,041	4,809	1,863,412
Excess (deficiency) of receipts over disbursements	(528)	-	750	(6,367)	(4,809)	(283,548)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(528)	-	750	(6,367)	(4,809)	(283,548)
Cash and investments - beginning	528	-	-	14,066	4,809	57,444
Cash and investments - ending	\$ -	\$ -	\$ 750	\$ 7,699	\$ -	\$ (226,104)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 750	\$ 7,699	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	(226,104)
Total cash and investment assets - ending	\$ -	\$ -	\$ 750	\$ 7,699	\$ -	\$ (226,104)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (226,104)
Unrestricted	-	-	750	7,699	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 750	\$ 7,699	\$ -	\$ (226,104)

NORTH PUTNAM 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)

	Retirement Severance Bond Debt Service	Capital Projects	School Bus Replacement	Putnam County Foundation Grant	Autism Fund	Colts Grant
Receipts:						
Local sources	\$ 106,818	\$ 1,069,629	\$ 256,547	\$ 500	\$ -	\$ 300
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	5,430	-	-	-	-	-
Total receipts	112,248	1,069,629	256,547	500	-	300
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	292,451	258,430	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	930,412	-	-	-	-
Debt services	234,827	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,168	107	-
Total disbursements	234,827	1,222,863	258,430	2,168	107	-
Excess (deficiency) of receipts over disbursements	(122,579)	(153,234)	(1,883)	(1,668)	(107)	300
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(122,579)	(153,234)	(1,883)	(1,668)	(107)	300
Cash and investments - beginning	123,826	(329,581)	(221,198)	2,168	107	-
Cash and investments - ending	\$ 1,247	\$ (482,815)	\$ (223,081)	\$ 500	\$ -	\$ 300
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (482,815)	\$ (223,081)	\$ 500	\$ -	\$ 300
Restricted assets:						
Cash and investments	1,247	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,247	\$ (482,815)	\$ (223,081)	\$ 500	\$ -	\$ 300
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ 1,247	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(482,815)	(223,081)	500	-	300
Total cash and investment fund balance - ending	\$ 1,247	\$ (482,815)	\$ (223,081)	\$ 500	\$ -	\$ 300

NORTH PUTNAM 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)

	MAC Grant	Wal-Mart Grant	Safe Haven	Wellness Program	High School Heroes	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 4,035	\$ -	\$ 490	\$ 4,496,591
State sources	-	-	-	-	-	82,833
Federal sources	-	-	-	-	-	473,327
Other	-	-	-	-	-	7,838
Total receipts	-	-	4,035	-	490	5,060,589
Disbursements:						
Current:						
Instruction	-	-	-	-	-	706,379
Support services	-	-	-	-	-	1,910,093
Noninstructional services	-	-	-	-	-	1,708
Facilities acquisition and construction	-	-	-	-	-	930,607
Debt services	-	-	-	-	-	2,098,239
Nonprogrammed charges	18	1,000	13,175	135	403	576,698
Total disbursements	18	1,000	13,175	135	403	6,223,724
Excess (deficiency) of receipts over disbursements	(18)	(1,000)	(9,140)	(135)	87	(1,163,135)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	597
Transfers in	-	-	-	-	-	152,631
Transfers out	-	-	-	-	-	(152,631)
Total other financing sources (uses)	-	-	-	-	-	597
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18)	(1,000)	(9,140)	(135)	87	(1,162,538)
Cash and investments - beginning	18	1,000	9,140	505	53	46,914
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 370	\$ 140	\$ (1,115,624)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 370	\$ 140	\$ (890,767)
Restricted assets:						
Cash and investments	-	-	-	-	-	(224,857)
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 370	\$ 140	\$ (1,115,624)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (224,857)
Unrestricted	-	-	-	370	140	(890,767)
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 370	\$ 140	\$ (1,115,624)

NORTH PUTNAM 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	Textbook Rental	Old National Trail Special Education CO-OP 2007-2008	2007-2008 High Ability	2008-2009 High Ability	Drug Free/PIE Coalition 2006-2007	Language Migrant Program
Receipts:							
Local sources	\$ 910,585	\$ 152,476	\$ 392,818	\$ -	\$ -	\$ -	\$ -
State sources	-	42,560	-	-	33,670	-	-
Federal sources	-	-	-	-	-	-	-
Other	1,822	-	-	-	-	-	-
Total receipts	912,407	195,036	392,818	-	33,670	-	-
Disbursements:							
Current:							
Instruction	-	-	473,184	3,958	14,048	-	-
Support services	1,052,535	227,026	-	19,252	4,548	18	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,052,535	227,026	473,184	23,210	18,596	18	-
Excess (deficiency) of receipts over disbursements	(140,128)	(31,990)	(80,366)	(23,210)	15,074	(18)	-
Other financing sources (uses):							
Transfers in	-	-	10,049	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	10,049	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(140,128)	(31,990)	(70,317)	(23,210)	15,074	(18)	-
Cash and investments - beginning	(451,277)	39,305	70,317	23,210	-	419	42
Cash and investments - ending	<u>\$ (591,405)</u>	<u>\$ 7,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,074</u>	<u>\$ 401</u>	<u>\$ 42</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (591,405)	\$ 7,315	\$ -	\$ -	\$ 15,074	\$ 401	\$ 42
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (591,405)</u>	<u>\$ 7,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,074</u>	<u>\$ 401</u>	<u>\$ 42</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(591,405)	7,315	-	-	15,074	401	42
Total cash and investment fund balance - ending	<u>\$ (591,405)</u>	<u>\$ 7,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,074</u>	<u>\$ 401</u>	<u>\$ 42</u>

NORTH PUTNAM 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)

	Intellenet Technology Fund	USAC Grant/ TDS	WCHSC - Zerkel	2007-2008 Title I	2007-2008 Title V	Serve America	2006-2007 Drug Free Grant
Receipts:							
Local sources	\$ -	\$ 19,915	\$ -	\$ -	\$ -	\$ 11,500	\$ -
State sources	-	-	400	-	-	-	-
Federal sources	-	-	-	33,000	1,127	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	19,915	400	33,000	1,127	11,500	-
Disbursements:							
Current:							
Instruction	-	-	430	22,905	-	-	-
Support services	-	8,463	574	23,742	2,867	9,689	6,762
Noninstructional services	-	-	-	35	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	91
Total disbursements	-	8,463	1,004	46,682	2,867	9,689	6,853
Excess (deficiency) of receipts over disbursements	-	11,452	(604)	(13,682)	(1,740)	1,811	(6,853)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(88,740)	-	-	-
Total other financing sources (uses)	-	-	-	(88,740)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	11,452	(604)	(102,422)	(1,740)	1,811	(6,853)
Cash and investments - beginning	444	-	604	102,422	2,889	3,491	6,853
Cash and investments - ending	\$ 444	\$ 11,452	\$ -	\$ -	\$ 1,149	\$ 5,302	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 444	\$ 11,452	\$ -	\$ -	\$ 1,149	\$ 5,302	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 444	\$ 11,452	\$ -	\$ -	\$ 1,149	\$ 5,302	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	444	11,452	-	-	1,149	5,302	-
Total cash and investment fund balance - ending	\$ 444	\$ 11,452	\$ -	\$ -	\$ 1,149	\$ 5,302	\$ -

NORTH PUTNAM 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)

	Middle School 2006-2007 Drug Free Grant	Drug Free Schools 2007-2008	High Schools That Work	Improving Teacher Quality	Debt Service	Retirement Severance Bond Debt Service	Capital Projects
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,574,444	\$ 133,053	\$ 1,204,036
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	75,422	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	75,422	1,574,444	133,053	1,204,036
Disbursements:							
Current:							
Instruction	-	-	-	65,918	-	-	-
Support services	-	2,907	-	-	-	-	279,548
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	999,808
Debt services	-	-	-	-	1,719,517	239,966	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	2,907	-	65,918	1,719,517	239,966	1,279,356
Excess (deficiency) of receipts over disbursements	-	(2,907)	-	9,504	(145,073)	(106,913)	(75,320)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,907)	-	9,504	(145,073)	(106,913)	(75,320)
Cash and investments - beginning	3	6,648	750	7,699	(226,104)	1,247	(482,815)
Cash and investments - ending	<u>\$ 3</u>	<u>\$ 3,741</u>	<u>\$ 750</u>	<u>\$ 17,203</u>	<u>\$ (371,177)</u>	<u>\$ (105,666)</u>	<u>\$ (558,135)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3	\$ 3,741	\$ 750	\$ 17,203	\$ -	\$ -	\$ (558,135)
Restricted assets:							
Cash and investments	-	-	-	-	(371,177)	(105,666)	-
Total cash and investment assets - ending	<u>\$ 3</u>	<u>\$ 3,741</u>	<u>\$ 750</u>	<u>\$ 17,203</u>	<u>\$ (371,177)</u>	<u>\$ (105,666)</u>	<u>\$ (558,135)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (371,177)	\$ (105,666)	\$ -
Unrestricted	3	3,741	750	17,203	-	-	(558,135)
Total cash and investment fund balance - ending	<u>\$ 3</u>	<u>\$ 3,741</u>	<u>\$ 750</u>	<u>\$ 17,203</u>	<u>\$ (371,177)</u>	<u>\$ (105,666)</u>	<u>\$ (558,135)</u>

NORTH PUTNAM 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	Putnam County Foundation Grant	Colts Grant	Safe Haven	Wellness Program	High School Heroes	Totals
Receipts:							
Local sources	\$ 431,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,830,405
State sources	-	-	-	-	-	-	76,630
Federal sources	-	-	-	-	-	-	109,549
Other	-	1,000	-	8,397	3,941	-	15,160
Total receipts	431,578	1,000	-	8,397	3,941	-	5,031,744
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	580,443
Support services	300,742	-	-	-	-	-	1,938,673
Noninstructional services	-	-	-	-	-	-	35
Facilities acquisition and construction	-	-	-	-	-	-	999,808
Debt services	-	-	-	-	-	-	1,959,483
Nonprogrammed charges	-	178	-	-	3,466	140	3,875
Total disbursements	300,742	178	-	-	3,466	140	5,482,317
Excess (deficiency) of receipts over disbursements	130,836	822	-	8,397	475	(140)	(450,573)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	10,049
Transfers out	-	-	-	-	-	-	(88,740)
Total other financing sources (uses)	-	-	-	-	-	-	(78,691)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	130,836	822	-	8,397	475	(140)	(529,264)
Cash and investments - beginning	(223,081)	500	300	-	370	140	(1,115,624)
Cash and investments - ending	<u>\$ (92,245)</u>	<u>\$ 1,322</u>	<u>\$ 300</u>	<u>\$ 8,397</u>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ (1,644,888)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (92,245)	\$ 1,322	\$ 300	\$ 8,397	\$ 845	\$ -	\$ (1,168,045)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	(476,843)
Total cash and investment assets - ending	<u>\$ (92,245)</u>	<u>\$ 1,322</u>	<u>\$ 300</u>	<u>\$ 8,397</u>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ (1,644,888)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (476,843)
Unrestricted	(92,245)	1,322	300	8,397	845	-	(1,168,045)
Total cash and investment fund balance - ending	<u>\$ (92,245)</u>	<u>\$ 1,322</u>	<u>\$ 300</u>	<u>\$ 8,397</u>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ (1,644,888)</u>

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION

300 NORTH WASHINGTON ST.

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NORTH PUTNAM 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:		
Computers & Buses	\$ 362,983	\$ 374,873
Holding Buildings	4,354,198	1,357,500
Energy Management	897,838	219,274
Notes and loans payable	3,171,000	3,076,047
Bonds payable:		
General obligation bonds:		
Pension Bonds	1,980,000	234,501
Total governmental activities debt	\$ 10,766,019	\$ 5,262,195

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES (Applies to Corporation)

The following funds were overdrawn at June 30, 2008 and 2009:

Fund	06-30-08	06-30-09
Transportation Operating	\$ 451,277	\$ 591,405
Debt Service	226,104	371,777
Capital Projects	482,815	558,135
School Bus Replacement	223,081	92,245
Retirement Severance Bond Debt Service	-	105,666

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

APPROPRIATIONS (Applies to Corporation)

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
General	2008	\$ 436,932
Debt Service	2008	60,216
Capital Projects	2008	81,824
Transportation	2008	128,560

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."

CAPITAL ASSET RECORDS (Applies to Corporation)

Information presented for audit indicated an inventory of capital assets had been taken in the past two years but was not properly recorded in a Capital Asset Ledger.

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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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 PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

Compliance

We have audited the compliance of the North Putnam 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.

Internal Control Over Compliance

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

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 25, 2010

NORTH PUTNAM 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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 69,995	\$ 82,000
National School Lunch Program	10.555		<u>280,056</u>	<u>319,872</u>
Total for Federal Grantor Agency			<u>350,051</u>	<u>401,872</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394		-	<u>449,336</u>
Title 1 Grants to Local Educational Agencies				
	84.010			
		07-6715	99,644	-
		08-6715	246,179	135,422
		09-6715	<u>-</u>	<u>268,814</u>
Total for Program			<u>345,823</u>	<u>404,236</u>
Enhancing Education Through Technology				
	84.138	SY 2005-2007	<u>4,809</u>	-
Drug Free Schools and Communities - State Grants				
	84.186			
		04-228	528	-
		05-244	5,296	-
		06-6715	-	6,853
		08-6715	111	2,907
		09-6715	<u>-</u>	<u>-</u>
Total for Program			<u>5,935</u>	<u>9,760</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
	84.243	TP-6-203	<u>9,330</u>	-
Pass-Through Indiana Department of Education				
Innovative Education Program Strategies				
	84.298			
		06-6715	3,082	-
		07-6715	<u>-</u>	<u>2,867</u>
Total for Program			<u>3,082</u>	<u>2,867</u>
Improving Teacher Quality State Grants				
	84.367			
		06-6715	25,817	-
		07-6715	44,224	20,677
		08-6715	<u>-</u>	<u>45,241</u>
Total for Program			<u>70,041</u>	<u>65,918</u>
Learn and Serve America - School and Community Based Programs				
	94.006			
		FY07	1,085	-
		FY08	6,509	3,491
		FY09	<u>-</u>	<u>6,198</u>
Total for Program			<u>7,594</u>	<u>9,689</u>
Total for Federal Grantor Agency			<u>446,614</u>	<u>941,806</u>
Total Federal Awards Expended			<u>\$ 796,665</u>	<u>\$ 1,343,678</u>

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

NORTH PUTNAM 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 Putnam School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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	2007-2008	2008-2009
National School Lunch Program	10.555	\$ 26,778	\$ 43,865

NORTH PUTNAM 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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition 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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2010, with Dr. Mary Sugg Lovejoy, Superintendent of Schools; and Tanya J. Pearson, Treasurer. The officials concurred with our audit findings. Other officials attending the exit conference were Kevin R. Emsweller, Assistant to the Superintendent of Schools; Andrew Beck, President of the School Board; and Debra K. Sillery, Vice President of the School Board.