

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

AUDIT REPORT

OF

BLACKFORD COUNTY SCHOOLS

BLACKFORD COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

02/23/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara S. Grover David A. Bowman	01-01-08 to 12-31-09 01-01-10 to 12-31-11
Superintendent of Schools	Kenneth R. Kline	07-01-08 to 06-30-11
President of the School Board	John Payne	01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Blackford County Schools (the School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 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 integral part of 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, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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.

The School Corporation's response to the Audit Results and Comments 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.

STATE BOARD OF ACCOUNTS

December 20, 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 BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blackford County Schools (the School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 20, 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, 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

December 20, 2010

BLACKFORD COUNTY SCHOOLS
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>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 10,129,422	\$ -	\$ 256,202	\$ (9,873,220)	
Support services	6,548,500	432,448	664,433	(5,451,619)	
Noninstructional services	1,090,754	-	-	(1,090,754)	
Facilities acquisition and construction	637,551	-	-	(637,551)	
Debt service	6,197,776	-	-	(6,197,776)	
Nonprogrammed charges	121,810	-	-	(121,810)	
Total governmental activities	<u>\$ 24,725,813</u>	<u>\$ 432,448</u>	<u>\$ 920,635</u>	<u>(23,372,730)</u>	
General receipts:					
Property taxes				7,197,452	
Other local sources				1,126,402	
State aid				10,736,007	
Bonds and loans				2,239,699	
Grants and contributions not restricted to specific programs				2,442,558	
Sale of property				11,990	
Investment earnings				41,748	
Other				104,082	
Total general receipts				<u>23,899,938</u>	
Change in net assets				527,208	
Net assets - beginning				<u>4,735,971</u>	
Net assets - ending				<u>\$ 5,263,179</u>	
<u>Assets</u>					
Cash and investments				\$ 5,111,858	
Restricted assets:					
Cash and investments				<u>151,321</u>	
Total assets				<u>\$ 5,263,179</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 151,321	
Unrestricted				<u>5,111,858</u>	
Total net assets				<u>\$ 5,263,179</u>	

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<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	\$ 10,673,746	\$ -	\$ 227,783	\$ (10,445,963)
Support services	6,601,688	420,769	653,163	(5,527,756)
Noninstructional services	1,013,819	-	-	(1,013,819)
Facilities acquisition and construction	593,698	-	-	(593,698)
Debt service	4,394,823	-	-	(4,394,823)
Nonprogrammed charges	167,270	-	-	(167,270)
Total governmental activities	<u>\$ 23,445,044</u>	<u>\$ 420,769</u>	<u>\$ 880,946</u>	<u>(22,143,329)</u>
General receipts:				
Property taxes				6,646,951
Other local sources				966,743
State aid				12,988,522
Grants and contributions not restricted to specific programs				2,425,477
Sale of property				30,383
Investment earnings				29,673
Other				93,917
Total general receipts				<u>23,181,666</u>
Change in net assets				1,038,337
Net assets - beginning				<u>5,263,179</u>
Net assets - ending				<u>\$ 6,301,516</u>
<u>Assets</u>				
Cash and investments				\$ 5,304,569
Restricted assets:				
Cash and investments				<u>996,947</u>
Total assets				<u>\$ 6,301,516</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 996,947
Unrestricted				<u>5,304,569</u>
Total net assets				<u>\$ 6,301,516</u>

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

BLACKFORD COUNTY SCHOOLS
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	ARRA - Fiscal Stimulus	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 3,378,017	\$ -	\$ 2,365,023	\$ 1,298,472	\$ 1,755,508	\$ 8,797,020
Intermediate sources	319	-	-	-	713	1,032
State sources	10,959,652	-	-	-	389,527	11,349,179
Federal sources	54,443	1,152,978	-	-	1,597,041	2,804,462
Temporary loans	-	-	1,525,125	-	714,574	2,239,699
Other	3,147	-	-	-	46,492	49,639
Total receipts	14,395,578	1,152,978	3,890,148	1,298,472	4,503,855	25,241,031
Disbursements:						
Current:						
Instruction	8,871,617	-	-	-	1,257,805	10,129,422
Support services	4,766,640	-	-	672,241	1,109,619	6,548,500
Noninstructional services	220,602	-	-	-	870,152	1,090,754
Facilities acquisition and construction	-	-	-	637,551	-	637,551
Debt services	1,275,961	-	3,895,288	-	1,026,527	6,197,776
Nonprogrammed charges	121,810	-	-	-	-	121,810
Total disbursements	15,256,630	-	3,895,288	1,309,792	4,264,103	24,725,813
Excess (deficiency) of receipts over disbursements	(861,052)	1,152,978	(5,140)	(11,320)	239,752	515,218
Other financing sources (uses):						
Sale of capital assets	11,990	-	-	-	-	11,990
Transfers in	8,284	-	-	21,320	107,325	136,929
Transfers out	(16,895)	-	(379)	-	(119,655)	(136,929)
Total other financing sources (uses)	3,379	-	(379)	21,320	(12,330)	11,990
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(857,673)	1,152,978	(5,519)	10,000	227,422	527,208
Cash and investments - beginning	2,618,312	-	130,944	849,453	1,137,262	4,735,971
Cash and investments - ending	<u>\$ 1,760,639</u>	<u>\$ 1,152,978</u>	<u>\$ 125,425</u>	<u>\$ 859,453</u>	<u>\$ 1,364,684</u>	<u>\$ 5,263,179</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,760,639	\$ 1,152,978	\$ -	\$ 859,453	\$ 1,338,788	\$ 5,111,858
Restricted assets:						
Cash and investments	-	-	125,425	-	25,896	151,321
Total cash and investment assets - ending	<u>\$ 1,760,639</u>	<u>\$ 1,152,978</u>	<u>\$ 125,425</u>	<u>\$ 859,453</u>	<u>\$ 1,364,684</u>	<u>\$ 5,263,179</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 125,425	\$ -	\$ 25,896	\$ 151,321
Unrestricted	1,760,639	1,152,978	-	859,453	1,338,788	5,111,858
Total cash and investment fund balance - ending	<u>\$ 1,760,639</u>	<u>\$ 1,152,978</u>	<u>\$ 125,425</u>	<u>\$ 859,453</u>	<u>\$ 1,364,684</u>	<u>\$ 5,263,179</u>

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

BLACKFORD COUNTY SCHOOLS
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, 2010

	General	ARRA - Fiscal Stimulus	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 126,533	\$ -	\$ 4,056,076	\$ 1,592,540	\$ 2,250,852	\$ 8,026,001
Intermediate sources	319	-	-	-	37,816	38,135
State sources	13,182,047	-	142,058	-	262,490	13,586,595
Federal sources	57,064	422,903	-	-	2,285,447	2,765,414
Other	4,501	-	-	7,540	24,812	36,853
Total receipts	13,370,464	422,903	4,198,134	1,600,080	4,861,417	24,452,998
Disbursements:						
Current:						
Instruction	7,752,302	1,236,333	-	-	1,685,111	10,673,746
Support services	4,582,015	339,548	-	810,724	869,401	6,601,688
Noninstructional services	228,639	-	-	-	785,180	1,013,819
Facilities acquisition and construction	-	-	-	593,698	-	593,698
Debt services	4,509	-	3,500,490	-	889,824	4,394,823
Nonprogrammed charges	131,430	-	-	-	35,840	167,270
Total disbursements	12,698,895	1,575,881	3,500,490	1,404,422	4,265,356	23,445,044
Excess (deficiency) of receipts over disbursements	671,569	(1,152,978)	697,644	195,658	596,061	1,007,954
Other financing sources (uses):						
Sale of capital assets	30,383	-	-	-	-	30,383
Transfers in	13,764	-	82,215	34,435	136,859	267,273
Transfers out	(2,704)	-	(1,731)	-	(262,838)	(267,273)
Total other financing sources (uses)	41,443	-	80,484	34,435	(125,979)	30,383
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	713,012	(1,152,978)	778,128	230,093	470,082	1,038,337
Cash and investments - beginning	1,760,639	1,152,978	125,425	859,453	1,364,684	5,263,179
Cash and investments - ending	\$ 2,473,651	\$ -	\$ 903,553	\$ 1,089,546	\$ 1,834,766	\$ 6,301,516
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,473,651	\$ -	\$ -	\$ 1,089,546	\$ 1,741,372	\$ 5,304,569
Restricted assets:						
Cash and investments	-	-	903,553	-	93,394	996,947
Total cash and investment assets - ending	\$ 2,473,651	\$ -	\$ 903,553	\$ 1,089,546	\$ 1,834,766	\$ 6,301,516
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 903,553	\$ -	\$ 93,394	\$ 996,947
Unrestricted	2,473,651	-	-	1,089,546	1,741,372	5,304,569
Total cash and investment fund balance - ending	\$ 2,473,651	\$ -	\$ 903,553	\$ 1,089,546	\$ 1,834,766	\$ 6,301,516

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 43,168	
Investment earnings:			
Interest	-	3,614	
Total additions	-	46,782	
Deductions:			
Benefits	345,005	-	
Administrative and general	-	275,766	
Total deductions	345,005	275,766	
Deficiency of total additions over total deductions	(345,005)	(228,984)	
Cash and investment fund balance - beginning	819,956	551,671	
Cash and investment fund balance - ending	\$ 474,951	\$ 322,687	\$ 167,110
Net assets:			
Cash and investments	\$ 474,951	\$ 322,687	\$ 167,110
Total net assets - cash and investment basis held in trust	\$ 474,951	\$ 322,687	\$ 167,110

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

BLACKFORD COUNTY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 130,373	
Investment earnings:			
Interest	-	1,226	
Total additions	-	131,599	
Deductions:			
Benefits	207,825	-	
Administrative and general	-	313,908	
Total deductions	207,825	313,908	
Deficiency of total additions over total deductions	(207,825)	(182,309)	
Cash and investment fund balance - beginning	474,951	322,687	
Cash and investment fund balance - ending	\$ 267,126	\$ 140,378	\$ 109,122
Net assets:			
Cash and investments	\$ 267,126	\$ 140,378	\$ 109,122
Total net assets - cash and investment basis held in trust	\$ 267,126	\$ 140,378	\$ 109,122

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

BLACKFORD COUNTY SCHOOLS
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: Blackford County Schools

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 Delaware/Blackford Special Education Cooperative which was created to administer special education programs. The School Corporation is obligated by contract to remit its proportional share (\$46,492 for the year ended June 30, 2010) annually to supplement the Delaware/Blackford Special Education Cooperative. Complete financial statements for the Delaware/Blackford Special Education Cooperative can be obtained from 2501 N. Oakwood Drive, Muncie, IN 47304.

The School Corporation is a participant in a joint venture to operate East Central Indiana School Trust which was created to better manage employee health insurance costs. The School Corporation had to pay an initiation fee when it joined, but has no annual required contributions, to supplement the East Central Indiana School Trust. Complete financial statements for the East Central Indiana School Trust can be obtained from 1601 Indiana Avenue, Connersville, IN 47331.

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.

BLACKFORD COUNTY SCHOOLS
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 ARRA - Fiscal Stimulus Fund accounts for federal stimulus funds received through the American Recovery and Reinvestment Act of 2009.

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

The Capital Projects Fund accounts for planned construction, repair, replacement or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

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.

The private-purpose trust funds account for assets donated by private foundations and similar organizations.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings or for other assets held in clearing accounts pending distribution.

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.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 proprietary 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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. 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. 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 June 30 of the year collected.

4. 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.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. 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.

6. 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."

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

Program Receipts

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

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.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following 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 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.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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's 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 June 30, 2010, the School Corporation had no investments.

Statutory Authorization for Investments

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

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

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

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Debt Service Fund	\$ -	\$ 2,704
	Capital Projects Fund	16,895	-
Debt Service Fund	Other Governmental Funds	379	1,731
Other Governmental Funds	General Fund	8,284	13,764
	Debt Service Fund	-	79,511
	Capital Projects Fund	4,425	34,435
	Other Governmental Funds	106,946	135,128
Totals		<u>\$ 136,929</u>	<u>\$ 267,273</u>

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

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; and natural disasters.

The policy of the School Corporation is to purchase commercial insurance for the 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; and 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.

Job Related Illnesses or Injuries to Employees

During 2006, the School Corporation joined the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation claims. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees, Retirees, and Dependents

During 1998, the School Corporation joined the East Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for eleven member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 lifetime per employee. The risk pool obtains independent coverage for insured events in excess of \$150,000 per covered individual per calendar year.

B. Holding Corporation

The School Corporation has entered into a capital lease with Blackford County 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 government. Lease payments during the years ended June 30, 2009 and 2010, totaled \$2,371,000 and \$2,370,000, respectively.

C. Pension Plans

1. Agent Multiple-Employer and Single-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

BLACKFORD COUNTY SCHOOLS
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 \$349,045.

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 School Corporation's contributions to the plan during the period were \$1,050,366.

BLACKFORD COUNTY SCHOOLS
 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	Pre-School Special Education	Rainy Day	School Lunch	Textbook Rental	Education License Plates
Receipts:						
Local sources	\$ 668,816	\$ 9,245	\$ -	\$ 383,861	\$ 111,662	\$ -
Intermediate sources	-	-	-	-	-	713
State sources	-	88,245	-	10,834	80,410	-
Federal sources	-	-	-	521,265	-	-
Temporary loans	444,350	-	-	-	-	-
Other	517	-	-	39,960	6,015	-
Total receipts	1,113,683	97,490	-	955,920	198,087	713
Disbursements:						
Current:						
Instruction	-	97,442	-	-	-	-
Support services	653,600	-	-	-	241,308	-
Noninstructional services	-	-	-	870,152	-	-
Debt services	394,914	-	-	-	-	-
Total disbursements	1,048,514	97,442	-	870,152	241,308	-
Excess (deficiency) of receipts over disbursements	65,169	48	-	85,768	(43,221)	713
Other financing sources (uses):						
Transfers in	-	-	-	-	379	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	379	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	65,169	48	-	85,768	(42,842)	713
Cash and investments - beginning	169,107	-	10,000	372,475	373,620	5,011
Cash and investments - ending	<u>\$ 234,276</u>	<u>\$ 48</u>	<u>\$ 10,000</u>	<u>\$ 458,243</u>	<u>\$ 330,778</u>	<u>\$ 5,724</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 234,276	\$ 48	\$ 10,000	\$ 458,243	\$ 330,778	\$ 5,724
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 234,276	\$ 48	\$ 10,000	\$ 458,243	\$ 330,778	\$ 5,724
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	234,276	48	10,000	458,243	330,778	5,724
Total cash and investment fund balance - ending	\$ 234,276	\$ 48	\$ 10,000	\$ 458,243	\$ 330,778	\$ 5,724

BLACKFORD COUNTY SCHOOLS
 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)

	Gifted and Talented 2008-09	Gifted and Talented 2007-08	Non-English Speaking	Technology	Safe Haven 2008-09	ITPC Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 26,510	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	35,135	-	1,349	-	37,382	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	35,135	-	1,349	26,510	37,382	-
Disbursements:						
Current:						
Instruction	25,545	9,056	-	48,024	35,669	500
Support services	3,031	2,670	770	-	1,713	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	28,576	11,726	770	48,024	37,382	500
Excess (deficiency) of receipts over disbursements	6,559	(11,726)	579	(21,514)	-	(500)
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	6,559	(11,726)	579	(21,514)	-	(500)
Cash and investments - beginning	-	11,726	836	47,360	-	500
Cash and investments - ending	<u>\$ 6,559</u>	<u>\$ -</u>	<u>\$ 1,415</u>	<u>\$ 25,846</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 6,559	\$ -	\$ 1,415	\$ 25,846	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,559</u>	<u>\$ -</u>	<u>\$ 1,415</u>	<u>\$ 25,846</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,559	-	1,415	25,846	-	-
Total cash and investment fund balance - ending	<u>\$ 6,559</u>	<u>\$ -</u>	<u>\$ 1,415</u>	<u>\$ 25,846</u>	<u>\$ -</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS
 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)

	Excess PTRC Distribution	Title I 2008-09	Title I 2007-08	Title I Improvement 2007-08	Title V 2008-09	Title V 2007-08
Receipts:						
Local sources	\$ -	\$ -	\$ 220	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	136,172	-	-	-	-	-
Federal sources	-	445,405	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	136,172	445,405	220	-	-	-
Disbursements:						
Current:						
Instruction	-	431,754	18,550	3,838	57,305	-
Support services	-	20,597	-	4,051	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	452,351	18,550	7,889	57,305	-
Excess (deficiency) of receipts over disbursements	136,172	(6,946)	(18,330)	(7,889)	(57,305)	-
Other financing sources (uses):						
Transfers in	-	49,641	-	-	57,305	-
Transfers out	-	-	(49,641)	-	-	-
Total other financing sources (uses)	-	49,641	(49,641)	-	57,305	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	136,172	42,695	(67,971)	(7,889)	-	-
Cash and investments - beginning	-	-	67,971	7,889	-	-
Cash and investments - ending	<u>\$ 136,172</u>	<u>\$ 42,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 136,172	\$ 42,695	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 136,172</u>	<u>\$ 42,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	136,172	42,695	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 136,172</u>	<u>\$ 42,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS
 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)

	Special Education Co-op 2008-09	Drug Free 2008-09	Project Lead the Way 2007-08	Medicaid Reimbursement	SEEDS	Title II-A 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ 4,611	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	499,667	6,876	-	14,542	1,500	107,734
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>499,667</u>	<u>6,876</u>	<u>4,611</u>	<u>14,542</u>	<u>1,500</u>	<u>107,734</u>
Disbursements:						
Current:						
Instruction	475,760	-	186	-	160	44,255
Support services	14,848	2,938	-	1,136	5,049	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>490,608</u>	<u>2,938</u>	<u>186</u>	<u>1,136</u>	<u>5,209</u>	<u>44,255</u>
Excess (deficiency) of receipts over disbursements	<u>9,059</u>	<u>3,938</u>	<u>4,425</u>	<u>13,406</u>	<u>(3,709)</u>	<u>63,479</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(3,438)	(4,425)	(8,284)	-	(53,867)
Total other financing sources (uses)	<u>-</u>	<u>(3,438)</u>	<u>(4,425)</u>	<u>(8,284)</u>	<u>-</u>	<u>(53,867)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,059</u>	<u>500</u>	<u>-</u>	<u>5,122</u>	<u>(3,709)</u>	<u>9,612</u>
Cash and investments - beginning	-	-	-	14,232	3,709	-
Cash and investments - ending	<u>\$ 9,059</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 19,354</u>	<u>\$ -</u>	<u>\$ 9,612</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 9,059	\$ 500	\$ -	\$ 19,354	\$ -	\$ 9,612
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 9,059</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 19,354</u>	<u>\$ -</u>	<u>\$ 9,612</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,059	500	-	19,354	-	9,612
Total cash and investment fund balance - ending	<u>\$ 9,059</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 19,354</u>	<u>\$ -</u>	<u>\$ 9,612</u>

BLACKFORD COUNTY SCHOOLS
 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-A 2007-08	Title III Migrant	School Pension Debt	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 375,917	\$ 174,666	\$ 1,755,508
Intermediate sources	-	-	-	-	713
State sources	-	-	-	-	389,527
Federal sources	-	52	-	-	1,597,041
Temporary loans	-	-	270,224	-	714,574
Other	-	-	-	-	46,492
Total receipts	-	52	646,141	174,666	4,503,855
Disbursements:					
Current:					
Instruction	9,761	-	-	-	1,257,805
Support services	-	-	-	157,908	1,109,619
Noninstructional services	-	-	-	-	870,152
Debt services	-	-	631,613	-	1,026,527
Total disbursements	9,761	-	631,613	157,908	4,264,103
Excess (deficiency) of receipts over disbursements	(9,761)	52	14,528	16,758	239,752
Other financing sources (uses):					
Transfers in	-	-	-	-	107,325
Transfers out	-	-	-	-	(119,655)
Total other financing sources (uses)	-	-	-	-	(12,330)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,761)	52	14,528	16,758	227,422
Cash and investments - beginning	9,761	237	11,368	31,460	1,137,262
Cash and investments - ending	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 25,896</u>	<u>\$ 48,218</u>	<u>\$ 1,364,684</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 289	\$ -	\$ 48,218	\$ 1,338,788
Restricted assets:					
Cash and investments	-	-	25,896	-	25,896
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 25,896</u>	<u>\$ 48,218</u>	<u>\$ 1,364,684</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 25,896	\$ -	\$ 25,896
Unrestricted	-	289	-	48,218	1,338,788
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 25,896</u>	<u>\$ 48,218</u>	<u>\$ 1,364,684</u>

BLACKFORD COUNTY SCHOOLS
 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, 2010

	Transportation Operating	Pre-School Special Education	Rainy Day	School Lunch	Textbook Rental	Levy Excess	Education License Plates
Receipts:							
Local sources	\$ 1,008,346	\$ 1	\$ -	\$ 370,155	\$ 91,548	\$ 21,161	\$ -
Intermediate sources	-	-	-	-	-	-	319
State sources	-	39,875	-	10,104	76,536	-	-
Federal sources	-	-	-	543,557	-	-	-
Other	25	-	-	15,669	9,118	-	-
Total receipts	1,008,371	39,876	-	939,485	177,202	21,161	319
Disbursements:							
Current:							
Instruction	-	38,280	-	-	-	-	-
Support services	582,158	-	-	-	124,265	-	614
Noninstructional services	-	-	-	784,274	-	-	-
Debt services	312,105	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	894,263	38,280	-	784,274	124,265	-	614
Excess (deficiency) of receipts over disbursements	114,108	1,596	-	155,211	52,937	21,161	(295)
Other financing sources (uses):							
Transfers in	20,711	-	-	-	1,731	-	-
Transfers out	-	(1,644)	-	-	-	-	-
Total other financing sources (uses)	20,711	(1,644)	-	-	1,731	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	134,819	(48)	-	155,211	54,668	21,161	(295)
Cash and investments - beginning	234,276	48	10,000	458,243	330,778	-	5,724
Cash and investments - ending	<u>\$ 369,095</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 613,454</u>	<u>\$ 385,446</u>	<u>\$ 21,161</u>	<u>\$ 5,429</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 369,095	\$ -	\$ 10,000	\$ 613,454	\$ 385,446	\$ 21,161	\$ 5,429
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 369,095	\$ -	\$ 10,000	\$ 613,454	\$ 385,446	\$ 21,161	\$ 5,429
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	369,095	-	10,000	613,454	385,446	21,161	5,429
Total cash and investment fund balance - ending	\$ 369,095	\$ -	\$ 10,000	\$ 613,454	\$ 385,446	\$ 21,161	\$ 5,429

BLACKFORD COUNTY SCHOOLS
 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, 2010
 (Continued)

	Safe Haven 2009-10	Apple Kindergarten 2009-10	Apple 1st Grade 2009-10	Apple 2nd Grade 2009-10	Gifted and Talented 2008-09	Gifted and Talented 2009-10	Non-English Speaking
Receipts:							
Local sources	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -
Intermediate sources	37,497	-	-	-	-	-	-
State sources	-	-	-	-	-	34,258	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	37,497	3,000	3,000	3,000	-	34,258	-
Disbursements:							
Current:							
Instruction	32,997	2,694	2,780	1,214	6,559	31,554	-
Support services	4,500	-	-	1,621	-	-	-
Noninstructional services	-	306	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	37,497	3,000	2,780	2,835	6,559	31,554	-
Excess (deficiency) of receipts over disbursements	-	-	220	165	(6,559)	2,704	-
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	-	-	220	165	(6,559)	2,704	-
Cash and investments - beginning	-	-	-	-	6,559	-	1,415
Cash and investments - ending	\$ -	\$ -	\$ 220	\$ 165	\$ -	\$ 2,704	\$ 1,415
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 220	\$ 165	\$ -	\$ 2,704	\$ 1,415
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 220	\$ 165	\$ -	\$ 2,704	\$ 1,415
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	220	165	-	2,704	1,415
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 220	\$ 165	\$ -	\$ 2,704	\$ 1,415

BLACKFORD COUNTY SCHOOLS
 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, 2010
 (Continued)

	Technology	Excess PTRC Distribution	Title I 2008-09	Title I 2009-10	Title V 2008-09	Special Education Co-op 2008-09	Special Education Co-op 2009-10
Receipts:							
Local sources	\$ 11,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	101,717	-	-	-	-	-
Federal sources	-	-	42,191	471,704	1,429	-	522,303
Other	-	-	-	-	-	-	-
Total receipts	11,440	101,717	42,191	471,704	1,429	-	522,303
Disbursements:							
Current:							
Instruction	-	-	16,240	488,080	1,429	2,371	507,455
Support services	-	-	15,979	5,674	-	-	14,848
Noninstructional services	-	-	-	600	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	32,219	494,354	1,429	2,371	522,303
Excess (deficiency) of receipts over disbursements	11,440	101,717	9,972	(22,650)	-	(2,371)	-
Other financing sources (uses):							
Transfers in	-	-	-	112,902	-	-	-
Transfers out	-	(136,172)	(52,667)	-	-	(6,688)	-
Total other financing sources (uses)	-	(136,172)	(52,667)	112,902	-	(6,688)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,440	(34,455)	(42,695)	90,252	-	(9,059)	-
Cash and investments - beginning	25,846	136,172	42,695	-	-	9,059	-
Cash and investments - ending	\$ 37,286	\$ 101,717	\$ -	\$ 90,252	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 37,286	\$ 101,717	\$ -	\$ 90,252	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 37,286	\$ 101,717	\$ -	\$ 90,252	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	37,286	101,717	-	90,252	-	-	-
Total cash and investment fund balance - ending	\$ 37,286	\$ 101,717	\$ -	\$ 90,252	\$ -	\$ -	\$ -

BLACKFORD COUNTY SCHOOLS
 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, 2010
 (Continued)

	Drug Free 2008-09	Drug Free 2009-10	Medicaid Reimbursement	Title II-A 2008-09	Title II 2009-10	Title III Migrant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	9,582	22,966	-	110,888	603
Other	-	-	-	-	-	-
Total receipts	-	9,582	22,966	-	110,888	603
Disbursements:						
Current:						
Instruction	-	-	-	9,612	53,944	-
Support services	500	4,291	1,478	-	1,500	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	500	4,291	1,478	9,612	55,444	-
Excess (deficiency) of receipts over disbursements	(500)	5,291	21,488	(9,612)	55,444	603
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(4,791)	(5,432)	-	(55,444)	-
Total other financing sources (uses)	-	(4,791)	(5,432)	-	(55,444)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	500	16,056	(9,612)	-	603
Cash and investments - beginning	500	-	19,354	9,612	-	289
Cash and investments - ending	\$ -	\$ 500	\$ 35,410	\$ -	\$ -	\$ 892
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 500	\$ 35,410	\$ -	\$ -	\$ 892
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 500	\$ 35,410	\$ -	\$ -	\$ 892
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	500	35,410	-	-	892
Total cash and investment fund balance - ending	\$ -	\$ 500	\$ 35,410	\$ -	\$ -	\$ 892

BLACKFORD COUNTY SCHOOLS
 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, 2010
 (Continued)

	ARRA Title I 2009-11	ARRA Special Education 2009-11	ARRA Learning Technology 2009-11	School Pension Debt	School Bus Replacement	Totals
Receipts:						
Local sources	\$ 1	\$ -	\$ 1	\$ 645,217	\$ 93,982	\$ 2,250,852
Intermediate sources	-	-	-	-	-	37,816
State sources	-	-	-	-	-	262,490
Federal sources	164,224	347,000	49,000	-	-	2,285,447
Other	-	-	-	-	-	24,812
Total receipts	164,225	347,000	49,001	645,217	93,982	4,861,417
Disbursements:						
Current:						
Instruction	150,930	291,185	47,787	-	-	1,685,111
Support services	13,295	19,905	-	-	78,773	869,401
Noninstructional services	-	-	-	-	-	785,180
Debt services	-	-	-	577,719	-	889,824
Nonprogrammed charges	-	35,840	-	-	-	35,840
Total disbursements	164,225	346,930	47,787	577,719	78,773	4,265,356
Excess (deficiency) of receipts over disbursements	-	70	1,214	67,498	15,209	596,061
Other financing sources (uses):						
Transfers in	-	-	-	-	1,515	136,859
Transfers out	-	-	-	-	-	(262,838)
Total other financing sources (uses)	-	-	-	-	1,515	(125,979)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	70	1,214	67,498	16,724	470,082
Cash and investments - beginning	-	-	-	25,896	48,218	1,364,684
Cash and investments - ending	\$ -	\$ 70	\$ 1,214	\$ 93,394	\$ 64,942	\$ 1,834,766
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 70	\$ 1,214	\$ -	\$ 64,942	\$ 1,741,372
Restricted assets:						
Cash and investments	-	-	-	93,394	-	93,394
Total cash and investment assets - ending	\$ -	\$ 70	\$ 1,214	\$ 93,394	\$ 64,942	\$ 1,834,766
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 93,394	\$ -	\$ 93,394
Unrestricted	-	70	1,214	-	64,942	1,741,372
Total cash and investment fund balance - ending	\$ -	\$ 70	\$ 1,214	\$ 93,394	\$ 64,942	\$ 1,834,766

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

	Apple Grant Montpelier 2007-08	Foundation Northside	Montpelier Mentee	Jennerjahn Awards	Foundation SADD	Apple Grant Montpelier 2008-09
Additions:						
Contributions:						
Other	\$ -	\$ 4,922	\$ -	\$ 804	\$ -	\$ 10,330
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	-	4,922	-	804	-	10,330
Deductions:						
Administrative and general	262	4,922	574	804	-	10,330
Excess (deficiency) of total additions over total deductions	(262)	-	(574)	-	-	-
Cash and investment fund balance - beginning	262	-	574	-	-	-
Cash and investments - June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total net assets - cash and investment basis held in trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Apple Grant Southside 2008-09	Foundation College Estimator	Taylor/3M Watershed	Mentoring Moms	CAPE III 2007-10	Apple Grant Southside Kindergarten
Additions:						
Contributions:						
Other	\$ 3,662	\$ 8,000	\$ 1,700	\$ 375	\$ -	\$ -
Investment earnings:						
Interest	-	-	-	-	3,614	-
Total additions	<u>3,662</u>	<u>8,000</u>	<u>1,700</u>	<u>375</u>	<u>3,614</u>	<u>-</u>
Deductions:						
Administrative and general	<u>3,662</u>	<u>8,000</u>	<u>1,480</u>	<u>927</u>	<u>234,214</u>	<u>87</u>
Excess (deficiency) of total additions over total deductions	-	-	220	(552)	(230,600)	(87)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,117</u>	<u>546,755</u>	<u>87</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 2,565</u>	<u>\$ 316,155</u>	<u>\$ -</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 2,565</u>	<u>\$ 316,155</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 2,565</u>	<u>\$ 316,155</u>	<u>\$ -</u>

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

	Apple Grant Montpelier Kindergarten	Apple Grant Northside 2008-09	SEEDS	Apple Grant High School Simulator	Apple Grant SEEDS	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ 4,876	\$ 3,649	\$ 4,850	\$ 43,168
Investment earnings:						
Interest	-	-	-	-	-	3,614
Total additions	-	-	4,876	3,649	4,850	46,782
Deductions:						
Administrative and general	85	791	1,129	3,649	4,850	275,766
Excess (deficiency) of total additions over total deductions	(85)	(791)	3,747	-	-	(228,984)
Cash and investment fund balance - beginning	85	791	-	-	-	551,671
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,687</u>
Net assets:						
Cash and investments	\$ -	\$ -	\$ 3,747	\$ -	\$ -	\$ 322,687
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,687</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Apple Grant 3rd Grade 2009-10	Foundation Northside	Foundation 8th Grade Language Arts	Foundation Mentor Moms	Foundation High School SAT Preparation
Additions:					
Contributions:					
Other	\$ 3,000	\$ 1,100	\$ 718	\$ 500	\$ 6,000
Investment earnings:					
Interest	-	-	-	-	-
Total additions	<u>3,000</u>	<u>1,100</u>	<u>718</u>	<u>500</u>	<u>6,000</u>
Deductions:					
Administrative and general	<u>2,977</u>	-	-	-	<u>6,000</u>
Excess (deficiency) of total additions over total deductions	23	1,100	718	500	-
Cash and investment fund balance - beginning	-	-	-	-	-
Cash and investments - June 30	<u>\$ 23</u>	<u>\$ 1,100</u>	<u>\$ 718</u>	<u>\$ 500</u>	<u>\$ -</u>
Net assets:					
Cash and investments	<u>\$ 23</u>	<u>\$ 1,100</u>	<u>\$ 718</u>	<u>\$ 500</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 23</u>	<u>\$ 1,100</u>	<u>\$ 718</u>	<u>\$ 500</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Foundation High School Choral	Jennerjahn Awards	Foundation Women of Worth	Taylor/3M Watershed	Mentoring Moms
Additions:					
Contributions:					
Other	\$ 4,000	\$ 1,629	\$ 1,000	\$ -	\$ 375
Investment earnings:					
Interest	-	-	-	-	-
Total additions	<u>4,000</u>	<u>1,629</u>	<u>1,000</u>	<u>-</u>	<u>375</u>
Deductions:					
Administrative and general	<u>4,000</u>	<u>1,629</u>	<u>1,000</u>	<u>-</u>	<u>1,583</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	(1,208)
Cash and investment fund balance - beginning	-	-	-	220	2,565
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 1,357</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 1,357</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 1,357</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	CAPE III 2007-10	CAPE Carryover	SEEDS	Foundation SEEDS	Totals
Additions:					
Contributions:					
Other	\$ 5,144	\$ 100,097	\$ 1,960	\$ 4,850	\$ 130,373
Investment earnings:					
Interest	<u>1,226</u>	-	-	-	<u>1,226</u>
Total additions	<u>6,370</u>	<u>100,097</u>	<u>1,960</u>	<u>4,850</u>	<u>131,599</u>
Deductions:					
Administrative and general	<u>265,985</u>	<u>22,477</u>	<u>3,407</u>	<u>4,850</u>	<u>313,908</u>
Excess (deficiency) of total additions over total deductions	(259,615)	77,620	(1,447)	-	(182,309)
Cash and investment fund balance - beginning	<u>316,155</u>	-	<u>3,747</u>	-	<u>322,687</u>
Cash and investments - June 30	<u>\$ 56,540</u>	<u>\$ 77,620</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ 140,378</u>
Net assets:					
Cash and investments	<u>\$ 56,540</u>	<u>\$ 77,620</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ 140,378</u>
Total net assets - cash and investment basis held in trust	<u>\$ 56,540</u>	<u>\$ 77,620</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ 140,378</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Cafeteria State Tax Clearing</u>	<u>Employee Insurance Clearing</u>	<u>Telephone Clearing</u>	<u>Cafeteria Federal Tax Clearing</u>	<u>Atlas Clearing</u>
Additions:					
Agency fund additions	\$ 14,950	\$ 5,306	\$ 37	\$ 63,643	\$ 475
Deductions:					
Agency fund deductions	<u>13,769</u>	<u>24,793</u>	<u>-</u>	<u>63,643</u>	<u>319</u>
Excess (deficiency) of total additions over total deductions	1,181	(19,487)	37	-	156
Cash and investment fund balance - beginning	<u>-</u>	<u>33,133</u>	<u>84</u>	<u>-</u>	<u>171</u>
Cash and investment fund balance - ending	<u>\$ 1,181</u>	<u>\$ 13,646</u>	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 327</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	<u>School Lunch Distributions Clearing</u>	<u>Payroll Withholdings</u>	<u>Cafeteria Pre-Paid</u>	<u>Cafeteria Payroll Withholdings</u>	<u>Totals</u>
Additions:					
Agency fund additions	<u>\$ 532,099</u>	<u>\$ 11,352,382</u>	<u>\$ 262,698</u>	<u>\$ 314,424</u>	<u>\$ 12,546,014</u>
Deductions:					
Agency fund deductions	<u>532,099</u>	<u>11,303,181</u>	<u>264,753</u>	<u>312,916</u>	<u>12,515,473</u>
Excess (deficiency) of total additions over total deductions	-	49,201	(2,055)	1,508	30,541
Cash and investment fund balance - beginning	<u>-</u>	<u>70,516</u>	<u>27,816</u>	<u>4,849</u>	<u>136,569</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 119,717</u>	<u>\$ 25,761</u>	<u>\$ 6,357</u>	<u>\$ 167,110</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Cafeteria State Tax Clearing	Employee Insurance Clearing	Telephone Clearing	Cafeteria Federal Tax Clearing	Atlas Clearing	School Lunch Distributions Clearing
Additions:						
Agency fund additions	\$ 14,905	\$ 9,416	\$ -	\$ 58,978	\$ 484	\$ 553,661
Deductions:						
Agency fund deductions	16,086	21,283	-	58,978	-	553,661
Excess (deficiency) of total additions over total deductions	(1,181)	(11,867)	-	-	484	-
Cash and investment fund balance - beginning	1,181	13,646	121	-	327	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,779</u>	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 811</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	<u>Corporation Clearing</u>	<u>Payroll Withholdings</u>	<u>Cafeteria Pre-Paids</u>	<u>Cafeteria Payroll Withholdings</u>	<u>Totals</u>
Additions:					
Agency fund additions	<u>\$ 270</u>	<u>\$ 11,194,267</u>	<u>\$ 286,288</u>	<u>\$ 303,393</u>	<u>\$ 12,421,662</u>
Deductions:					
Agency fund deductions	<u>270</u>	<u>11,234,384</u>	<u>288,270</u>	<u>306,718</u>	<u>12,479,650</u>
Excess (deficiency) of total additions over total deductions	-	(40,117)	(1,982)	(3,325)	(57,988)
Cash and investment fund balance - beginning	<u>-</u>	<u>119,717</u>	<u>25,761</u>	<u>6,357</u>	<u>167,110</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 79,600</u>	<u>\$ 23,779</u>	<u>\$ 3,032</u>	<u>\$ 109,122</u>

BLACKFORD COUNTY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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. There are no general infrastructure assets.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 135,000
Buildings	36,757,553
Improvements other than buildings	726,204
Machinery and equipment	<u>7,618,142</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 45,236,899</u>

BLACCKFORD COUNTY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

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:		
School buildings	\$ 14,855,000	\$ 2,370,000
Loans payable:		
Energy savings projects	252,694	77,938
Bonds payable:		
Retirement and severance	<u>2,605,000</u>	<u>387,213</u>
Total governmental activities debt	<u>\$ 17,712,694</u>	<u>\$ 2,835,151</u>

BLACKFORD COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS

PRESCRIBED FORMS (Applies to Northside Elementary School)

During the 2009-2010 school year, the payment type (cash, check, etc.) was usually not indicated on the Form SA3, School Extra-Curricular Account Receipt. As a result, we were unable to determine that all collections were properly deposited.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS (Applies to Hartford City Middle School)

A money bag containing the School's \$300 of cash change was apparently stolen from the unlocked Treasurer's Office on March 3, 2010. A salesman was observed entering and leaving the Treasurer's Office while the Treasurer was called away for a few minutes. A report was filed with the Hartford City Police Department, but no charges have yet been filed.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CONDITION OF RECORDS (Applies to Southside Elementary School)

The following deficiencies relating to the recordkeeping in the 2009-2010 school year were noted:

- (1) Bank reconcilements were attempted, but the control account's balances did not agree with the calculated balances.
- (2) Almost \$5,000 of textbook rental collections were properly receipted to the control account, but were not receipted to individual funds.
- (3) There were several other errors in posting transactions to the funds ledger and in calculating the running balances.
- (4) The Financial Report contained numerous errors.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units should file accurate reports required by federal and state agencies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

Compliance

We have audited the compliance of the Blackford County Schools (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, 2009 and 2010. 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, 2009 and 2010.

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

December 20, 2010

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY08-09 FY09-10	\$ 130,049 -	\$ - 121,319
Total for program			<u>130,049</u>	<u>121,319</u>
National School Lunch Program	10.555	FY08-09 FY09-10	449,381 -	- 482,135
Total for program			<u>449,381</u>	<u>482,135</u>
Summer Food Service Program for Children	10.559	FY2008	992	-
Total for federal grantor agency			<u>580,422</u>	<u>603,454</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	08-0515 09-0515 09-0515 SI 10-0515	18,550 452,351 7,889 -	- 32,220 - 494,353
Total for program			<u>478,790</u>	<u>526,573</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-0515	-	164,225
Total for cluster			<u>478,790</u>	<u>690,798</u>
Pass-Through Muncie Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027	14209-010-PN01 14210-010-PN01	490,608 -	9,059 522,303
Total for program			490,608	531,362
Pass-Through Indiana Department of Education				
ARRA - Special Education - Grants to States, Recovery Act				
	84.391	33310-010-SN01	-	346,930
Total for cluster			<u>490,608</u>	<u>878,292</u>
Education Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act				
	84.386	C310S0515	-	47,787
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	FY2009-10	-	1,575,881
Safe and Drug-Free Schools and Communities - State Grants				
	84.186	08-0515 09-0515	2,938 -	500 4,291
Total for program			<u>2,938</u>	<u>4,791</u>
Pass-Through Muncie Community Schools				
Tech-Prep Education				
	84.243	CPS-6-34	186	-
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs				
	84.298	08-0515	57,305	1,429
Improving Teacher Quality State Grants				
	84.367	07-0515 08-0515 09-0515	9,761 44,255 -	- 9,612 55,444
Total for program			<u>54,016</u>	<u>65,056</u>
Total for federal grantor agency			<u>1,083,843</u>	<u>3,264,034</u>
Total federal awards expended			<u>\$ 1,664,265</u>	<u>\$ 3,867,488</u>

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

BLACKFORD COUNTY SCHOOLS
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 Blackford County Schools (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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2009</u>	<u>2010</u>
School Breakfast Program	10.553	\$ 13,486	\$ 12,042
National School Lunch Program	10.555	45,671	47,855

BLACKFORD COUNTY SCHOOLS
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
	Title I, Part A Cluster
	Special Education 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.

BLACKFORD COUNTY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BLACKFORD COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2010, with David A. Bowman, Treasurer; Barbara S. Grover, Deputy Treasurer; Kenneth R. Kline, Superintendent of Schools; and John Payne, President of the School Board. The official response has been made a part of this report and may be found on page 53.

RESPONSE TO AUDIT RESULTS
BLACKFORD COUNTY SCHOOLS 2008-2010

There were three schools addressed in the Audit Results and Comments that we are responding to. They all involve ECA accounts at individual schools. The three schools are Blackford Junior High School, Northside Elementary School and Southside Elementary School.

Blackford Junior High School- We addressed the Internal Controls issue of \$300 being stolen from the unlocked treasurer's office.

We emphasized to the treasurer that she must securely lockup any money before leaving her office, as well as the office door.

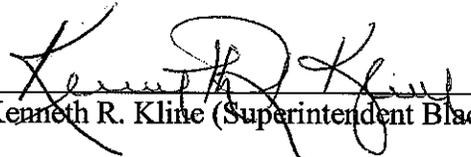
Northside Elementary School- We addressed the Prescribed Forms issue of indicating the type of payment (cash, check, etc) not being indicated on the Form No. SA3, School Extra-Curricular Account Receipt.

We emphasized to the treasurer that she must indicate the type of payment on the Form No. SA3, School Extra-Curricular Account Receipt, in the manner prescribed in the Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts.

Southside Elementary School- We addressed the Conditions of Records issue regarding recordkeeping deficiencies relating to the ECA Accounts, which included reconcilements not balancing, textbook rental collections not being receipted to individual funds, errors in posting transactions to the fund ledger and in calculating running balances, and numerous errors in the Financial Report.

We emphasized to the treasurer that she must follow the Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts. This person was new to the position and was continuing as building secretary. We felt that some of the deficiencies were caused by her trying to work two positions, so we made her full time treasurer and added another person as the building secretary. This should allow her time to complete the treasurer's duties without making errors as she had in the past.

Conclusion- We have addressed each of the issues from the Audit Results and Comments received from our 2008-2010 audit and believe we will move forward without making those errors in the future. We thank you for your help in this process.


Kenneth R. Kline (Superintendent Blackford County Schools)