

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NETTLE CREEK SCHOOL CORPORATION
WAYNE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/02/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	16-25
Schedule of Capital Assets	26
Schedule of Long-Term Debt	27
Supplemental Audit of Federal Awards: 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	30-31
Schedule of Expenditures of Federal Awards	34-35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37
Auditee Prepared Schedule: Summary Schedule of Prior Audit Findings	38
Exit Conference	39

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judy Cole	07-01-09 to 12-31-12
Superintendent of Schools	Joseph Backmeyer	07-01-09 to 12-31-12
President of the School Board	Jim Lewis Cary Rhoades	07-01-09 to 06-30-11 07-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NETTLE CREEK SCHOOL
CORPORATION, WAYNE COUNTY, INDIANA

We have audited the accompanying financial statement of the Nettle Creek School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 8, 2012, 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

February 8, 2012



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

TO: THE OFFICIALS OF THE NETTLE CREEK SCHOOL
CORPORATION, WAYNE COUNTY, INDIANA

We have audited the financial statement of the Nettle Creek School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 8, 2012. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 8, 2012

FINANCIAL STATEMENTS

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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NETTLE CREEK SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ (335,901)	\$ 7,496,746	\$ 6,959,924	\$ 61,892	\$ 262,813	\$ 7,636,340	\$ 7,321,448	\$ 1,560	\$ 579,265
Debt Service	95,504	1,770,787	1,248,136	(6,402)	611,753	1,158,489	1,175,449	(190,470)	404,323
Capital Projects	589,613	1,230,439	828,511	-	991,541	806,569	778,848	-	1,019,262
School Transportation	(249,698)	1,286,774	1,032,721	4,740	9,095	603,839	630,681	13,904	(3,843)
School Bus Replacement	18,491	178,777	74,593	-	122,675	108,649	146,832	-	84,492
Special Education Preschool	31,860	28,875	28,875	(31,860)	-	-	-	-	-
Rainy Day	50,000	-	779	-	49,221	-	-	176,000	225,221
School Lunch	(108,999)	519,825	472,513	(25,000)	(86,687)	682,288	558,872	-	36,729
Textbook Rental	28,803	178,415	182,730	6,402	30,890	141,790	183,890	14,470	3,260
Levy Excess	-	-	-	-	-	13,904	-	(13,904)	-
Educational License Plates	6,992	469	-	-	7,461	413	-	-	7,874
Indiana YRBS	-	-	-	-	-	350	-	-	350
Stacie Heacox Memorial	8	-	-	-	8	-	8	-	-
US Bank Scholarship Fund	-	200	200	-	-	200	-	-	200
Reed House Memorial	318	-	-	-	318	-	-	-	318
Ellen M. Lane Memorial Scholarship	-	500	500	-	-	500	500	-	-
Optimists Donation - Elementary	-	-	-	-	-	346	346	-	-
Tobacco Use Prevention Grant	500	-	-	-	500	-	-	-	500
2010-11 High Ability Grant	-	30,270	20,973	-	9,297	29,815	32,184	-	6,928
2008-09 High Ability Grant	10,106	-	10,106	-	-	-	-	-	-
Scholarships and Awards	18	-	-	-	18	-	-	-	18
Non-English Speaking Programs P.L. 273-1999	8	154	-	-	162	-	154	-	8
School Technology	23,293	-	-	-	23,293	4,932	6,345	-	21,880
Inaccess Sci/Eng Classroom Program	65,570	-	47,051	-	18,519	-	6,156	-	12,363
Excess PTRC Distributions	-	-	-	-	-	7,688	-	-	7,688
CAPE Grant - Lilly Endowment	385	-	385	-	-	9,066	8,938	-	128
2010-11 Title I	-	-	-	-	-	189,349	196,585	-	(7,236)
2008-09 Title I	37,446	1,047	35,753	(2,740)	-	-	-	-	-
2009-10 Title I	-	178,144	151,235	2,740	29,649	-	29,649	-	-
2007-08 Title V, Part A Innovative Programs	15,181	-	15,181	-	-	-	-	-	-
2007-08 Drug Free Schools	1,280	-	1,191	(89)	-	-	(522)	-	522
2008-09 Drug Free Schools	-	3,492	2,011	-	1,481	-	1,411	(70)	-
High Schools That Work 2007-08	400	-	55	-	345	-	345	-	-
High Schools That Work 2005	221	-	221	-	-	-	-	-	-
Improving Teacher Quality 2007-08	13,516	10,016	23,532	-	-	-	-	-	-
Improving Teacher Quality 2008-09	-	-	-	-	-	24,858	23,473	(1,385)	-
Improving Teacher Quality 2009-10	-	-	-	-	-	3,055	4,549	(105)	(1,599)
Improving Teacher Quality 2010-11	-	-	-	-	-	940	1,064	-	(124)
Fiscal Stabilization - Education	628,433	248,463	876,896	-	-	-	-	-	-
Title I - Grants to LEAs	-	89,944	82,895	-	7,049	20,400	27,449	-	-
Totals	\$ 923,348	\$ 13,253,337	\$ 12,096,967	\$ 9,683	\$ 2,089,401	\$ 11,443,780	\$ 11,134,654	\$ -	\$ 2,398,527

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

NETTLE CREEK SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

NETTLE CREEK SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

NETTLE CREEK SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

NETTLE CREEK SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

NETTLE CREEK SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ (335,901)	\$ 95,504	\$ 589,613	\$ (249,698)	\$ 18,491	\$ 31,860	\$ 50,000	\$ (108,999)	\$ 28,803
Receipts:									
Local sources	119,337	1,770,537	1,201,127	891,717	178,777	-	-	314,308	130,296
Intermediate sources	294	-	-	-	-	-	-	-	-
State sources	7,370,117	-	-	-	-	28,875	-	6,659	47,619
Federal sources	-	-	-	-	-	-	-	198,408	-
Temporary loans	-	-	-	394,029	-	-	-	-	-
Other	6,998	250	29,312	1,028	-	-	-	450	500
Total receipts	<u>7,496,746</u>	<u>1,770,787</u>	<u>1,230,439</u>	<u>1,286,774</u>	<u>178,777</u>	<u>28,875</u>	<u>-</u>	<u>519,825</u>	<u>178,415</u>
Disbursements:									
Current:									
Instruction	4,061,135	-	-	-	-	-	-	-	-
Support services	1,908,777	-	486,076	638,475	74,593	-	779	450	182,730
Noninstructional services	158,039	-	-	-	-	-	-	472,063	-
Facilities acquisition and construction	-	-	342,435	-	-	-	-	-	-
Debt services	-	1,248,136	-	394,246	-	-	-	-	-
Nonprogrammed charges	831,973	-	-	-	-	28,875	-	-	-
Total disbursements	<u>6,959,924</u>	<u>1,248,136</u>	<u>828,511</u>	<u>1,032,721</u>	<u>74,593</u>	<u>28,875</u>	<u>779</u>	<u>472,513</u>	<u>182,730</u>
Excess (deficiency) of receipts over disbursements	<u>536,822</u>	<u>522,651</u>	<u>401,928</u>	<u>254,053</u>	<u>104,184</u>	<u>-</u>	<u>(779)</u>	<u>47,312</u>	<u>(4,315)</u>
Other financing sources (uses):									
Sale of capital assets	4,943	-	-	4,740	-	-	-	-	-
Transfers in	56,949	-	-	-	-	-	-	-	6,402
Transfers out	-	(6,402)	-	-	-	(31,860)	-	(25,000)	-
Total other financing sources (uses)	<u>61,892</u>	<u>(6,402)</u>	<u>-</u>	<u>4,740</u>	<u>-</u>	<u>(31,860)</u>	<u>-</u>	<u>(25,000)</u>	<u>6,402</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>598,714</u>	<u>516,249</u>	<u>401,928</u>	<u>258,793</u>	<u>104,184</u>	<u>(31,860)</u>	<u>(779)</u>	<u>22,312</u>	<u>2,087</u>
Cash and investments - ending	<u>\$ 262,813</u>	<u>\$ 611,753</u>	<u>\$ 991,541</u>	<u>\$ 9,095</u>	<u>\$ 122,675</u>	<u>\$ -</u>	<u>\$ 49,221</u>	<u>\$ (86,687)</u>	<u>\$ 30,890</u>

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Levy Excess	Educational License Plates	Indiana YRBS	Stacie Heacox Memorial	US Bank Scholarship Fund	Reed House Memorial	Ellen M. Lane Memorial Scholarship	Optimists Donation- Elementary
Cash and investments - beginning	\$ -	\$ 6,992	\$ -	\$ 8	\$ -	\$ 318	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	200	-	500	-
Intermediate sources	-	469	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	469	-	-	200	-	500	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	200	-	500	-
Total disbursements	-	-	-	-	200	-	500	-
Excess (deficiency) of receipts over disbursements	-	469	-	-	-	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	469	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 7,461	\$ -	\$ 8	\$ -	\$ 318	\$ -	\$ -

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Tobacco Use Prevention Grant	2010-11 High Ability Grant	2008-09 High Ability Grant	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999	School Technology	Inaccess Sci/Eng Classroom Program	Excess PTRC Distributions
Cash and investments - beginning	\$ 500	\$ -	\$ 10,106	\$ 18	\$ 8	\$ 23,293	\$ 65,570	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	30,270	-	-	154	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	30,270	-	-	154	-	-	-
Disbursements:								
Current:								
Instruction	-	20,973	10,106	-	-	-	47,051	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	20,973	10,106	-	-	-	47,051	-
Excess (deficiency) of receipts over disbursements	-	9,297	(10,106)	-	154	-	(47,051)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,297	(10,106)	-	154	-	(47,051)	-
Cash and investments - ending	\$ 500	\$ 9,297	\$ -	\$ 18	\$ 162	\$ 23,293	\$ 18,519	\$ -

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	CAPE Grant - Lilly Endowment	2010-11 Title I	2008-09 Title I	2009-10 Title I	2007-08 Title V Part A Innovative Programs	2007-08 Drug Free Schools	2008-09 Drug Free Schools	High Schools That Work 2007-08
Cash and investments - beginning	\$ 385	\$ -	\$ 37,446	\$ -	\$ 15,181	\$ 1,280	\$ -	\$ 400
Receipts:								
Local sources	-	-	1,047	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	178,144	-	-	3,492	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	1,047	178,144	-	-	3,492	-
Disbursements:								
Current:								
Instruction	-	-	33,751	130,447	-	619	2,011	-
Support services	385	-	2,002	20,788	14,976	522	-	55
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	205	50	-	-
Total disbursements	385	-	35,753	151,235	15,181	1,191	2,011	55
Excess (deficiency) of receipts over disbursements	(385)	-	(34,706)	26,909	(15,181)	(1,191)	1,481	(55)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	2,740	-	-	-	-
Transfers out	-	-	(2,740)	-	-	(89)	-	-
Total other financing sources (uses)	-	-	(2,740)	2,740	-	(89)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(385)	-	(37,446)	29,649	(15,181)	(1,280)	1,481	(55)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 29,649	\$ -	\$ -	\$ 1,481	\$ 345

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	High Schools That Work 2005	Improving Teacher Quality 2007-08	Improving Teacher Quality 2008-09	Improving Teacher Quality 2009-10	Improving Teacher Quality 2010-11	Fiscal Stabilization Education	Title I Grants to LEAs	Totals
Cash and investments - beginning	\$ 221	\$ 13,516	\$ -	\$ -	\$ -	\$ 628,433	\$ -	\$ 923,348
Receipts:								
Local sources	-	-	-	-	-	-	-	4,607,846
Intermediate sources	-	-	-	-	-	-	-	763
State sources	-	-	-	-	-	-	-	7,483,694
Federal sources	-	10,016	-	-	-	248,463	89,944	728,467
Temporary loans	-	-	-	-	-	-	-	394,029
Other	-	-	-	-	-	-	-	38,538
Total receipts	-	10,016	-	-	-	248,463	89,944	13,253,337
Disbursements:								
Current:								
Instruction	-	-	-	-	-	876,896	61,483	5,244,472
Support services	221	23,196	-	-	-	-	21,412	3,375,437
Noninstructional services	-	-	-	-	-	-	-	630,102
Facilities acquisition and construction	-	-	-	-	-	-	-	342,435
Debt services	-	-	-	-	-	-	-	1,642,382
Nonprogrammed charges	-	336	-	-	-	-	-	862,139
Total disbursements	221	23,532	-	-	-	876,896	82,895	12,096,967
Excess (deficiency) of receipts over disbursements	(221)	(13,516)	-	-	-	(628,433)	7,049	1,156,370
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	9,683
Transfers in	-	-	-	-	-	-	-	66,091
Transfers out	-	-	-	-	-	-	-	(66,091)
Total other financing sources (uses)	-	-	-	-	-	-	-	9,683
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(221)	(13,516)	-	-	-	(628,433)	7,049	1,166,053
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,049	\$ 2,089,401

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 262,813	\$ 611,753	\$ 991,541	\$ 9,095	\$ 122,675	\$ -	\$ 49,221	\$ (86,687)	\$ 30,890
Receipts:									
Local sources	159,649	1,148,579	793,223	597,472	107,911	-	-	275,803	108,033
Intermediate sources	5,406	-	-	-	-	-	-	-	-
State sources	7,467,144	9,910	6,684	4,954	738	-	-	12,373	33,457
Federal sources	-	-	-	-	-	-	-	393,612	-
Other	4,141	-	6,662	1,413	-	-	-	500	300
Total receipts	<u>7,636,340</u>	<u>1,158,489</u>	<u>806,569</u>	<u>603,839</u>	<u>108,649</u>	<u>-</u>	<u>-</u>	<u>682,288</u>	<u>141,790</u>
Disbursements:									
Current:									
Instruction	4,548,489	-	-	-	-	-	-	-	-
Support services	1,776,247	-	645,985	630,681	146,832	-	-	491	183,890
Noninstructional services	154,378	-	-	-	-	-	-	558,381	-
Facilities acquisition and construction	-	-	132,863	-	-	-	-	-	-
Debt services	-	1,175,449	-	-	-	-	-	-	-
Nonprogrammed charges	842,334	-	-	-	-	-	-	-	-
Total disbursements	<u>7,321,448</u>	<u>1,175,449</u>	<u>778,848</u>	<u>630,681</u>	<u>146,832</u>	<u>-</u>	<u>-</u>	<u>558,872</u>	<u>183,890</u>
Excess (deficiency) of receipts over disbursements	<u>314,892</u>	<u>(16,960)</u>	<u>27,721</u>	<u>(26,842)</u>	<u>(38,183)</u>	<u>-</u>	<u>-</u>	<u>123,416</u>	<u>(42,100)</u>
Other financing sources (uses):									
Transfers in	1,560	-	-	13,904	-	-	176,000	-	14,470
Transfers out	-	(190,470)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,560</u>	<u>(190,470)</u>	<u>-</u>	<u>13,904</u>	<u>-</u>	<u>-</u>	<u>176,000</u>	<u>-</u>	<u>14,470</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>316,452</u>	<u>(207,430)</u>	<u>27,721</u>	<u>(12,938)</u>	<u>(38,183)</u>	<u>-</u>	<u>176,000</u>	<u>123,416</u>	<u>(27,630)</u>
Cash and investments - ending	<u>\$ 579,265</u>	<u>\$ 404,323</u>	<u>\$ 1,019,262</u>	<u>\$ (3,843)</u>	<u>\$ 84,492</u>	<u>\$ -</u>	<u>\$ 225,221</u>	<u>\$ 36,729</u>	<u>\$ 3,260</u>

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Levy Excess	Educational License Plates	Indiana YRBS	Stacie Heacox Memorial	US Bank Scholarship Fund	Reed House Memorial	Ellen M. Lane Memorial Scholarship	Optimist Donation Elementary
Cash and investments - beginning	\$ -	\$ 7,461	\$ -	\$ 8	\$ -	\$ 318	\$ -	\$ -
Receipts:								
Local sources	13,904	-	-	-	200	-	500	346
Intermediate sources	-	413	-	-	-	-	-	-
State sources	-	-	350	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>13,904</u>	<u>413</u>	<u>350</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>500</u>	<u>346</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	346
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	8	-	-	500	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>346</u>
Excess (deficiency) of receipts over disbursements	<u>13,904</u>	<u>413</u>	<u>350</u>	<u>(8)</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(13,904)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,904)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>413</u>	<u>350</u>	<u>(8)</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 7,874</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ -</u>

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Tobacco Use Prevention Grant	2010-11 High Ability Grant	2008-09 High Ability Grant	Scholarships And Awards	Non-English Speaking Programs P.L. 273-1999	School Technology	Inaccess Sci/Eng Classroom Program	Excess PTRC Distributions
Cash and investments - beginning	\$ 500	\$ 9,297	\$ -	\$ 18	\$ 162	\$ 23,293	\$ 18,519	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	29,815	-	-	-	4,932	-	7,688
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	29,815	-	-	-	4,932	-	7,688
Disbursements:								
Current:								
Instruction	-	32,184	-	-	-	6,345	6,156	-
Support services	-	-	-	-	154	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	32,184	-	-	154	6,345	6,156	-
Excess (deficiency) of receipts over disbursements	-	(2,369)	-	-	(154)	(1,413)	(6,156)	7,688
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,369)	-	-	(154)	(1,413)	(6,156)	7,688
Cash and investments - ending	\$ 500	\$ 6,928	\$ -	\$ 18	\$ 8	\$ 21,880	\$ 12,363	\$ 7,688

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	CAPE Grant - Lilly Endowment	2010-11 Title I	2008-09 Title I	2009-10 Title I	2007-08 Title V Part A Innovative Programs	2007-08 Drug Free Schools	2008-09 Drug Free Schools	High Schools That Work 2007-08
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 29,649	\$ -	\$ -	\$ 1,481	\$ 345
Receipts:								
Local sources	9,066	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	189,349	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	9,066	189,349	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	174,087	-	27,680	-	-	1,362	-
Support services	8,938	19,998	-	1,969	-	(522)	-	345
Noninstructional services	-	2,500	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	49	-
Total disbursements	8,938	196,585	-	29,649	-	(522)	1,411	345
Excess (deficiency) of receipts over disbursements	128	(7,236)	-	(29,649)	-	522	(1,411)	(345)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(70)	-
Total other financing sources (uses)	-	-	-	-	-	-	(70)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	128	(7,236)	-	(29,649)	-	522	(1,481)	(345)
Cash and investments - ending	\$ 128	\$ (7,236)	\$ -	\$ -	\$ -	\$ 522	\$ -	\$ -

NETTLE CREEK SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	High Schools That Work 2005	Improving Teacher Quality 2007-08	Improving Teacher Quality 2008-09	Improving Teacher Quality 2009-10	Improving Teacher Quality 2010-11	Fiscal Stabilization Education	Title I Grants to LEAs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,049	\$ 2,089,401
Receipts:								
Local sources	-	-	-	-	-	-	-	3,214,686
Intermediate sources	-	-	-	-	-	-	-	5,819
State sources	-	-	-	-	-	-	-	7,578,045
Federal sources	-	-	24,858	3,055	940	-	20,400	632,214
Other	-	-	-	-	-	-	-	13,016
Total receipts	-	-	24,858	3,055	940	-	20,400	11,443,780
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	(11,615)	4,785,034
Support services	-	-	23,473	4,549	1,064	-	38,347	3,482,441
Noninstructional services	-	-	-	-	-	-	717	715,976
Facilities acquisition and construction	-	-	-	-	-	-	-	132,863
Debt services	-	-	-	-	-	-	-	1,175,449
Nonprogrammed charges	-	-	-	-	-	-	-	842,891
Total disbursements	-	-	23,473	4,549	1,064	-	27,449	11,134,654
Excess (deficiency) of receipts over disbursements	-	-	1,385	(1,494)	(124)	-	(7,049)	309,126
Other financing sources (uses):								
Transfers in	-	-	105	-	-	-	-	206,039
Transfers out	-	-	(1,490)	(105)	-	-	-	(206,039)
Total other financing sources (uses)	-	-	(1,385)	(105)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(1,599)	(124)	-	(7,049)	309,126
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,599)	\$ (124)	\$ -	\$ -	\$ 2,398,527

NETTLE CREEK SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 267,971
Buildings	11,023,262
Improvements other than buildings	765,969
Machinery and equipment	<u>3,765,807</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 15,823,009</u>

NETTLE CREEK SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

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:		
Elementary school building renovations	\$ 6,035,000	\$ 709,583
Notes and loans payable	<u>3,968,171</u>	<u>428,464</u>
Total governmental activities debt	<u>\$ 10,003,171</u>	<u>\$ 1,138,047</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NETTLE CREEK SCHOOL
CORPORATION, WAYNE COUNTY, INDIANA

Compliance

We have audited the compliance of the Nettle Creek School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. 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, 2010 and 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

STATE BOARD OF ACCOUNTS

February 8, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

NETTLE CREEK SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 2009-10	\$ 34,784	\$ -
		FY 2010-11	-	50,901
Total for program			<u>34,784</u>	<u>50,901</u>
National School Lunch Program	10.555			
		FY 2009-10	191,216	-
		FY 2010-11	-	246,589
Total for program			<u>191,216</u>	<u>246,589</u>
Special Milk Program for Children	10.556			
		FY 2009-10	1,195	-
		FY 2010-11	-	28
Total for program			<u>1,195</u>	<u>28</u>
Total for federal grantor agency			<u>227,195</u>	<u>297,518</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			
		Title I 2008-09	34,706	-
		Title I 2009-10	151,235	29,649
		Title I 2010-11	-	196,585
Total for program			<u>185,941</u>	<u>226,234</u>
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		FY 2009-10	71,280	-
		FY 2010-11	-	39,064
Total for program			<u>71,280</u>	<u>39,064</u>
Total for cluster			<u>257,221</u>	<u>265,298</u>

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

NETTLE CREEK SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	FY 2009-10	876,896	-
Career and Technical Education - Basic Grants To States	84.048	HTSW 2005 HSTW 2007-08	221 55	- 345
Total for program			276	345
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 2007-08 FY 2008-09	758 2,011	- 1,411
Total for program			2,769	1,411
State Grants For Innovative Programs	84.298	FY 2008-09	15,181	-
Improving Teacher Quality State Grants	84.367	FY 2008-09 FY 2009-10 FY 2010-11	23,532 - -	24,963 4,654 1,064
Total for program			23,532	30,681
Total for federal grantor agency			1,175,875	297,735
Total federal awards expended			<u>\$ 1,403,070</u>	<u>\$ 595,253</u>

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

NETTLE CREEK SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Nettle Creek School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	June 30, 2010	June 30, 2011
School Breakfast Program	10.553	\$ 4,558	\$ 3,339
School Lunch Program	10.555	24,228	24,891

NETTLE CREEK SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NETTLE CREEK SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NETTLE CREEK SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2012, with Joseph Backmeyer, Superintendent of Schools; Judy Cole, Treasurer; Cary Rhoades, President of the School Board; and Erin Riggle, Executive Secretary. Our audit disclosed no material items that warrant comment at this time.