

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SPENCER-OWEN COMMUNITY SCHOOLS  
OWEN COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
02/13/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Evelyn Hamilton Darla Thomas	07-01-10 to 12-31-10 01-01-11 to 06-30-13
Superintendent of Schools	Greg Linton	07-01-10 to 06-30-13
President of the School Board	Tom Abrell Jason Hale Tom Abrell	07-01-10 to 12-31-10 01-01-11 to 12-31-12 01-01-13 to 06-30-13



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SPENCER-OWEN COMMUNITY SCHOOLS, OWEN COUNTY, INDIANA

We have audited the accompanying financial statement of the Spencer-Owen Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012. 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

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 period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated January 17, 2013 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.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 Payables and Receivables, Schedule of Long-Term Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.

STATE BOARD OF ACCOUNTS

January 17, 2013



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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 SPENCER-OWEN COMMUNITY SCHOOLS, OWEN COUNTY, INDIANA

We have audited the financial statement of the Spencer-Owen Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 17, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

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.

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

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

January 17, 2013

## FINANCIAL STATEMENT

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.

SPENCER-OWEN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 879,497	\$ 21,121,324	\$ 19,253,542	\$ 171,049	\$ 2,918,328	\$ 19,962,897	\$ 19,932,274	\$ (169,295)	\$ 2,779,656	
Debt Service	717,294	3,903,846	3,228,005	(1,014,813)	378,322	4,254,754	3,516,293	52,067	1,168,850	
Retirement/Severance Bond Debt Service	161,386	258,294	253,731	(126,534)	39,415	250,240	252,445	4,309	41,519	
Capital Projects	980,669	1,986,105	1,931,596	(137,979)	897,199	1,857,263	1,629,068	93,062	1,218,456	
School Transportation	764,608	2,151,580	2,301,011	364,796	979,973	2,199,181	2,081,447	(24,646)	1,073,061	
School Bus Replacement	39,657	206,212	18,595	(1,179)	226,095	143,839	81,585	(274,346)	14,003	
Rainy Day	849,057	-	726,365	1,125,000	1,247,692	-	122,693	275,000	1,399,999	
School Lunch	317,723	1,153,207	1,077,213	-	393,717	1,148,994	1,177,135	-	365,576	
Textbook Rental	221,066	254,862	186,575	20,111	309,464	306,798	271,859	-	344,403	
Levy Excess	333,067	27,841	-	(243,742)	117,166	-	-	(117,166)	-	
Child Care Program	63,167	688	1,285	(62,570)	-	-	-	-	-	
Educational License Plates	1,102	-	-	-	1,102	638	1,102	-	638	
Alternative Education	4,053	2,250	4,348	-	1,955	-	1,955	-	-	
Boston Scientific/OVHS	4,556	2,350	4,739	-	2,167	4,010	2,359	-	3,818	
Library Donations	750	600	750	-	600	1,114	1,185	-	529	
Dollar General Grant/C. White	-	3,000	3,000	-	-	-	-	-	-	
Wal-Mart Foundation	689	-	6	-	683	-	-	-	683	
SCI Membership Grant - PES	102	-	-	-	102	-	102	-	-	
NEA Foundation - GES	-	4,500	4,500	-	-	500	-	-	500	
OVHS Printing	697	470	-	-	1,167	763	39	-	1,891	
OVMS/OVHS Crash Club	2,216	5,734	3,427	-	4,523	5,177	5,764	-	3,936	
IU Veteran's History Grants	2	-	-	-	2	-	-	-	2	
Owen County Community Foundation Grant	191	-	191	-	-	-	-	-	-	
OCCF - Read 180 At OVHS	-	30,680	30,680	-	-	-	-	-	-	
Living To Serve - OVHS FFA	7,099	3,500	7,292	-	3,307	3,000	3,291	-	3,016	
Owen County Drug Free - Elementary	1,005	-	531	-	474	-	327	-	147	
OCCF - Health Services Fund	340	1,000	268	-	1,072	-	-	-	1,072	
Extra-Curricular Activities	1,759	9,250	9,361	-	1,648	1,000	1,449	-	1,199	
MCES Butterfly Garden	-	-	-	-	-	1,000	1,000	-	-	
State Farm Mission Ignition	-	-	-	-	-	84,774	56,089	-	28,685	
LCC - Drug-Free (J. Brush)	4,225	-	711	-	3,514	-	1,068	-	2,446	
Recreational Activities	3,789	-	20	-	3,769	-	1,208	-	2,561	
Cultural Arts	38	-	-	-	38	-	-	-	38	
Welfare Activities	5,768	-	5,768	-	-	-	-	-	-	
Reimbursable Fund	(898)	7,589	7,387	-	(696)	13,087	12,664	-	(273)	
Boston Scientific - Science	214	-	4	-	210	-	-	-	210	
Boston Scientific - Library	1,064	-	1,064	-	-	-	-	-	-	
Gifted & Talented 2009-2010	1,139	-	1,139	-	-	-	-	-	-	
Gifted & Talented 2010-2011	-	37,348	31,935	-	5,413	-	5,413	-	-	
GT High Ability 2011-2012	-	-	-	-	-	35,645	32,233	-	3,412	
Education Technology	-	-	-	-	-	-	1,228	1,228	-	
Drug Free Communities	708	-	299	-	409	-	-	-	409	
Medicaid Reimbursement	-	14,690	-	(7,900)	6,790	19,562	14,251	(10,763)	1,338	
Recreational Activities	17,058	41,512	27,945	-	30,625	2,000	27,211	-	5,414	

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

SPENCER-OWEN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012  
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Afternoons R.O.C.K. MCES 09-10	13,230	-	13,230	-	-	-	-	-	-
Afternoons R.O.C.K. MCES 10-11	-	38,645	13,254	-	25,391	750	22,539	-	3,602
Afternoons R.O.C.K. MCES 11-12	-	-	-	-	-	22,009	5,727	-	16,282
Afternoons R.O.C.K. SES 11-12	-	-	-	-	-	17,565	5,268	-	12,297
Day Camp - Purdue University	809	-	809	-	-	-	-	-	-
Safe Haven 2011-2012	-	-	-	-	-	23,157	23,574	417	-
Afternoons R.O.C.K. SES	3,424	-	-	-	3,424	-	3,249	-	175
SES Afternoons R.O.C.K.	-	-	1,482	3,947	2,465	-	2,465	-	-
After School Programs SES	36,020	894	7,329	(3,947)	25,638	2,493	10,625	-	17,506
Non-English Speaking Programs P.L. 273-1999	318	-	-	-	318	-	-	-	318
School Technology	-	157,323	138,998	-	18,325	-	18,325	-	-
State Connectivity Grant	-	4,768	4,370	-	398	4,439	3,728	-	1,109
Excess PTRC Distributions	34,773	-	-	(34,773)	-	-	-	-	-
Title I, 2009-2010	137,087	-	67,018	(70,069)	-	-	-	-	-
Title I, 2011-2012	-	-	-	-	-	296,903	325,077	28,174	-
Title I School Improvement 09/10 PES	43,869	5,700	49,569	-	-	-	-	-	-
Title I, 2010-2011	-	380,137	426,359	46,222	-	86,637	84,598	(2,039)	-
Title I School Improvement 10/11 PES	-	84,941	84,293	-	648	47,422	44,790	(3,280)	-
Title I School Improvement 11/12 PES	-	-	-	-	-	52,107	63,848	11,741	-
Serve America	1,994	8,223	10,252	35	-	9,411	11,062	1,651	-
IDEA	-	-	-	-	-	69,994	69,994	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	2,012	2,012	-
Adult Education and Family Literacy, Title II	35,979	18,589	18,431	-	36,137	6,359	466	-	42,030
Title IV, Drug-Free 2009-2010	4,815	-	4,726	-	89	-	89	-	-
Title IV-A FY09 Supplemental	-	-	-	-	-	1,925	1,925	-	-
Indiana Tech Prep	-	20,000	19,499	-	501	-	501	-	-
Perkins Tech Prep	-	-	-	-	-	14,473	14,473	-	-
Medicaid Reimbursement - Federal	30,630	58,631	3,486	(10,720)	75,055	37,881	6,363	(578)	105,995
Improving Teaching Quality, No Child Left, Title II, Part A	1,407	-	1,407	-	-	-	-	-	-
Title II, Part A 2009-2010	47,635	54,750	102,385	-	-	-	-	-	-
Title II, Part A 2010-2011	-	45,283	43,800	-	1,483	109,995	111,478	-	-
Title II, Part A 2011-2013	-	-	-	-	-	26,068	43,422	17,354	-
Title I - Grants to LEAs	59,746	106,152	164,616	-	1,282	20,568	21,850	-	-
Education Technology	34,259	5,000	38,574	-	685	36,708	37,393	-	-
Education Jobs	-	-	-	-	-	435,350	562,313	126,963	-
Payroll Withholdings	138,996	4,123,567	4,114,592	-	147,971	4,071,379	4,072,958	-	146,392
Prepaid School Lunch	8,213	383,260	384,863	-	6,610	385,119	382,438	-	9,291
<b>Totals</b>	<b>\$ 6,018,061</b>	<b>\$ 36,724,295</b>	<b>\$ 34,836,625</b>	<b>\$ 16,934</b>	<b>\$ 7,922,665</b>	<b>\$ 36,074,948</b>	<b>\$ 35,187,287</b>	<b>\$ 11,865</b>	<b>\$ 8,822,191</b>

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

SPENCER-OWEN COMMUNITY SCHOOLS  
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.

*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. Receipts are recorded when received and disbursements are recorded when paid.

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, transfer tuition, transportation fees, 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 include distributions from the State of Indiana and are 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.

SPENCER-OWEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources include distributions from the federal government and are 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.

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, funds held temporarily for an authorized recipient, and self-insurance payments.

*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:

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.

SPENCER-OWEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 or highway use taxes are received 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.

**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.

SPENCER-OWEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

**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:

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.

SPENCER-OWEN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's 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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

SPENCER-OWEN COMMUNITY SCHOOLS  
 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 879,497	\$ 717,294	\$ 161,386	\$ 980,669	\$ 764,608	\$ 39,657	\$ 849,057	\$ 317,723	\$ 221,066
Receipts:									
Local sources	1,046,195	3,864,180	258,294	1,986,105	2,151,580	206,212	-	455,957	162,170
Intermediate sources	9,382	-	-	-	-	-	-	-	-
State sources	18,290,374	39,666	-	-	-	-	-	8,611	92,342
Federal sources	-	-	-	-	-	-	-	688,639	-
Temporary loans	1,750,630	-	-	-	-	-	-	-	-
Other	24,743	-	-	-	-	-	-	-	350
Total receipts	<u>21,121,324</u>	<u>3,903,846</u>	<u>258,294</u>	<u>1,986,105</u>	<u>2,151,580</u>	<u>206,212</u>	<u>-</u>	<u>1,153,207</u>	<u>254,862</u>
Disbursements:									
Current:									
Instruction	12,801,910	-	-	-	-	-	726,365	-	-
Support services	5,108,889	-	-	1,006,679	2,301,011	18,595	-	-	186,575
Noninstructional services	17,743	-	-	-	-	-	-	1,077,213	-
Facilities acquisition and construction	-	-	-	924,917	-	-	-	-	-
Debt services	1,325,000	3,228,005	253,731	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>19,253,542</u>	<u>3,228,005</u>	<u>253,731</u>	<u>1,931,596</u>	<u>2,301,011</u>	<u>18,595</u>	<u>726,365</u>	<u>1,077,213</u>	<u>186,575</u>
Excess (deficiency) of receipts over disbursements	<u>1,867,782</u>	<u>675,841</u>	<u>4,563</u>	<u>54,509</u>	<u>(149,431)</u>	<u>187,617</u>	<u>(726,365)</u>	<u>75,994</u>	<u>68,287</u>
Other financing sources (uses):									
Sale of capital assets	28,046	-	-	-	-	-	-	-	-
Transfers in	1,618,653	57,365	2,775	590,083	1,105,954	3,338	1,125,000	-	20,111
Transfers out	(1,475,650)	(1,072,178)	(129,309)	(728,062)	(741,158)	(4,517)	-	-	-
Total other financing sources (uses)	<u>171,049</u>	<u>(1,014,813)</u>	<u>(126,534)</u>	<u>(137,979)</u>	<u>364,796</u>	<u>(1,179)</u>	<u>1,125,000</u>	<u>-</u>	<u>20,111</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,038,831</u>	<u>(338,972)</u>	<u>(121,971)</u>	<u>(83,470)</u>	<u>215,365</u>	<u>186,438</u>	<u>398,635</u>	<u>75,994</u>	<u>88,398</u>
Cash and investments - ending	<u>\$ 2,918,328</u>	<u>\$ 378,322</u>	<u>\$ 39,415</u>	<u>\$ 897,199</u>	<u>\$ 979,973</u>	<u>\$ 226,095</u>	<u>\$ 1,247,692</u>	<u>\$ 393,717</u>	<u>\$ 309,464</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
 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	Child Care Program	Educational License Plates	Alternative Education	Boston Scientific/ OVHS	Library Donations	Dollar General Grant/ C. White	Wal-Mart Foundation	SCI Membership Grant - PES
Cash and investments - beginning	\$ 333,067	\$ 63,167	\$ 1,102	\$ 4,053	\$ 4,556	\$ 750	\$ -	\$ 689	\$ 102
Receipts:									
Local sources	-	-	-	2,250	-	600	3,000	-	-
Intermediate sources	-	688	-	-	2,350	-	-	-	-
State sources	27,841	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>27,841</u>	<u>688</u>	<u>-</u>	<u>2,250</u>	<u>2,350</u>	<u>600</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	4,348	-	-	3,000	6	-
Support services	-	8	-	-	4,739	750	-	-	-
Noninstructional services	-	1,277	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,285</u>	<u>-</u>	<u>4,348</u>	<u>4,739</u>	<u>750</u>	<u>3,000</u>	<u>6</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>27,841</u>	<u>(597)</u>	<u>-</u>	<u>(2,098)</u>	<u>(2,389)</u>	<u>(150)</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	117,166	-	-	-	-	-	-	-	-
Transfers out	(360,908)	(62,570)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(243,742)</u>	<u>(62,570)</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>(215,901)</u>	<u>(63,167)</u>	<u>-</u>	<u>(2,098)</u>	<u>(2,389)</u>	<u>(150)</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 117,166</u>	<u>\$ -</u>	<u>\$ 1,102</u>	<u>\$ 1,955</u>	<u>\$ 2,167</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ 102</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	NEA Foundation - GES	OVHS Printing	OVMS/OVHS Crash Club	IU Veteran's History Grants	Owen County Community Foundation Grant	OCCF - Read 180 At OVHS	Living To Serve - OVHS FFA	Owen County Drug Free - Elementary	OCCF - Health Services Fund
Cash and investments - beginning	\$ -	\$ 697	\$ 2,216	\$ 2	\$ 191	\$ -	\$ 7,099	\$ 1,005	\$ 340
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	4,500	470	5,734	-	-	30,680	3,500	-	1,000
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	4,500	470	5,734	-	-	30,680	3,500	-	1,000
Disbursements:									
Current:									
Instruction	-	-	3,427	-	-	-	7,292	-	-
Support services	4,500	-	-	-	191	30,680	-	-	268
Noninstructional services	-	-	-	-	-	-	-	531	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,500	-	3,427	-	191	30,680	7,292	531	268
Excess (deficiency) of receipts over disbursements	-	470	2,307	-	(191)	-	(3,792)	(531)	732
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	-	470	2,307	-	(191)	-	(3,792)	(531)	732
Cash and investments - ending	\$ -	\$ 1,167	\$ 4,523	\$ 2	\$ -	\$ -	\$ 3,307	\$ 474	\$ 1,072

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Extra- Curricular Activities	LCC - Drug-Free (J. Brush)	Recreational Activities	Cultural Arts	Welfare Activities	Reimbursable Fund	Boston Scientific - Science	Boston Scientific - Library
Cash and investments - beginning	\$ 1,759	\$ 4,225	\$ 3,789	\$ 38	\$ 5,768	\$ (898)	\$ 214	\$ 1,064
Receipts:								
Local sources	-	-	-	-	-	7,589	-	-
Intermediate sources	9,250	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>9,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,589</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	9,321	-	20	-	-	80	4	-
Support services	40	-	-	-	-	7,307	-	1,064
Noninstructional services	-	711	-	-	5,768	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>9,361</u>	<u>711</u>	<u>20</u>	<u>-</u>	<u>5,768</u>	<u>7,387</u>	<u>4</u>	<u>1,064</u>
Excess (deficiency) of receipts over disbursements	<u>(111)</u>	<u>(711)</u>	<u>(20)</u>	<u>-</u>	<u>(5,768)</u>	<u>202</u>	<u>(4)</u>	<u>(1,064)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>(111)</u>	<u>(711)</u>	<u>(20)</u>	<u>-</u>	<u>(5,768)</u>	<u>202</u>	<u>(4)</u>	<u>(1,064)</u>
Cash and investments - ending	<u>\$ 1,648</u>	<u>\$ 3,514</u>	<u>\$ 3,769</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ (696)</u>	<u>\$ 210</u>	<u>\$ -</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Gifted & Talented 2009-2010	Gifted & Talented 2010-2011	Drug Free Communities	Medicaid Reimbursement	Recreational Activities	Afternoons R.O.C.K. MCES 09-10	Afternoons R.O.C.K. MCES 10-11	Day Camp - Purdue University
Cash and investments - beginning	\$ 1,139	\$ -	\$ 708	\$ -	\$ 17,058	\$ 13,230	\$ -	\$ 809
Receipts:								
Local sources	-	-	-	-	2,240	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	37,348	-	14,690	39,021	-	38,645	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	251	-	-	-
Total receipts	-	37,348	-	14,690	41,512	-	38,645	-
Disbursements:								
Current:								
Instruction	876	31,935	299	-	27,445	13,230	13,254	809
Support services	263	-	-	-	500	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,139	31,935	299	-	27,945	13,230	13,254	809
Excess (deficiency) of receipts over disbursements	(1,139)	5,413	(299)	14,690	13,567	(13,230)	25,391	(809)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	9,656	-
Transfers out	-	-	-	(7,900)	-	-	(9,656)	-
Total other financing sources (uses)	-	-	-	(7,900)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,139)	5,413	(299)	6,790	13,567	(13,230)	25,391	(809)
Cash and investments - ending	\$ -	\$ 5,413	\$ 409	\$ 6,790	\$ 30,625	\$ -	\$ 25,391	\$ -

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Afternoons R.O.C.K. SES	SES Afternoons R.O.C.K.	After School Programs SES	Non-English Speaking Programs P.L. 273-1999	School Technology	State Connectivity Grant	Excess PTRC Distributions	Title I, 2009-2010
Cash and investments - beginning	\$ 3,424	\$ -	\$ 36,020	\$ 318	\$ -	\$ -	\$ 34,773	\$ 137,087
Receipts:								
Local sources	-	-	894	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	153,889	4,768	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	3,434	-	-	-
Total receipts	-	-	894	-	157,323	4,768	-	-
Disbursements:								
Current:								
Instruction	-	1,482	7,329	-	-	-	-	43,315
Support services	-	-	-	-	138,998	4,370	-	16,382
Noninstructional services	-	-	-	-	-	-	-	7,321
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,482	7,329	-	138,998	4,370	-	67,018
Excess (deficiency) of receipts over disbursements	-	(1,482)	(6,435)	-	18,325	398	-	(67,018)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	3,947	-	-	-	-	-	-
Transfers out	-	-	(3,947)	-	-	-	(34,773)	(70,069)
Total other financing sources (uses)	-	3,947	(3,947)	-	-	-	(34,773)	(70,069)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,465	(10,382)	-	18,325	398	(34,773)	(137,087)
Cash and investments - ending	\$ 3,424	\$ 2,465	\$ 25,638	\$ 318	\$ 18,325	\$ 398	\$ -	\$ -

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Title I School Improvement 09/10 PES	Title I, 2010-2011	Title I School Improvement 10/11 PES	Serve America	Adult Education and Family Literacy Title II	Title IV, Drug-Free 2009-2010	Indiana Tech Prep	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ 43,869	\$ -	\$ -	\$ 1,994	\$ 35,979	\$ 4,815	\$ -	\$ 30,630
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	18,589	-	-	-
Federal sources	5,700	380,137	84,941	8,223	-	-	20,000	58,631
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,700</u>	<u>380,137</u>	<u>84,941</u>	<u>8,223</u>	<u>18,589</u>	<u>-</u>	<u>20,000</u>	<u>58,631</u>
Disbursements:								
Current:								
Instruction	-	338,393	-	-	17,128	-	17,999	-
Support services	49,569	83,435	84,293	1,000	1,303	4,726	1,500	3,486
Noninstructional services	-	4,531	-	9,252	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>49,569</u>	<u>426,359</u>	<u>84,293</u>	<u>10,252</u>	<u>18,431</u>	<u>4,726</u>	<u>19,499</u>	<u>3,486</u>
Excess (deficiency) of receipts over disbursements	<u>(43,869)</u>	<u>(46,222)</u>	<u>648</u>	<u>(2,029)</u>	<u>158</u>	<u>(4,726)</u>	<u>501</u>	<u>55,145</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	124,599	24,273	35	-	-	-	-
Transfers out	-	(78,377)	(24,273)	-	-	-	-	(10,720)
Total other financing sources (uses)	<u>-</u>	<u>46,222</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,720)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(43,869)</u>	<u>-</u>	<u>648</u>	<u>(1,994)</u>	<u>158</u>	<u>(4,726)</u>	<u>501</u>	<u>44,425</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648</u>	<u>\$ -</u>	<u>\$ 36,137</u>	<u>\$ 89</u>	<u>\$ 501</u>	<u>\$ 75,055</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Title II, Part A 2009-2010	Title II, Part A 2010-2011	Title I Grants to LEAs	Education Technology	Payroll Withholdings	Prepaid School Lunch	Totals
Cash and investments - beginning	\$ 1,407	\$ 47,635	\$ -	\$ 59,746	\$ 34,259	\$ 138,996	\$ 8,213	\$ 6,018,061
Receipts:								
Local sources	-	-	-	-	-	-	-	10,147,266
Intermediate sources	-	-	-	-	-	-	-	67,554
State sources	-	-	-	-	-	-	-	18,765,784
Federal sources	-	54,750	45,283	106,152	5,000	-	-	1,457,456
Temporary loans	-	-	-	-	-	-	-	1,750,630
Other	-	-	-	-	-	4,123,567	383,260	4,535,605
Total receipts	-	54,750	45,283	106,152	5,000	4,123,567	383,260	36,724,295
Disbursements:								
Current:								
Instruction	1,407	91,870	42,100	75,301	-	-	-	14,279,945
Support services	-	10,515	1,700	86,938	38,574	-	-	9,198,848
Noninstructional services	-	-	-	2,377	-	-	-	1,126,724
Facilities acquisition and construction	-	-	-	-	-	-	-	924,917
Debt services	-	-	-	-	-	-	-	4,806,736
Nonprogrammed charges	-	-	-	-	-	4,114,592	384,863	4,499,455
Total disbursements	1,407	102,385	43,800	164,616	38,574	4,114,592	384,863	34,836,625
Excess (deficiency) of receipts over disbursements	(1,407)	(47,635)	1,483	(58,464)	(33,574)	8,975	(1,603)	1,887,670
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	28,046
Transfers in	-	16,626	7,698	28,749	-	-	-	4,856,028
Transfers out	-	(16,626)	(7,698)	(28,749)	-	-	-	(4,867,140)
Total other financing sources (uses)	-	-	-	-	-	-	-	16,934
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,407)	(47,635)	1,483	(58,464)	(33,574)	8,975	(1,603)	1,904,604
Cash and investments - ending	\$ -	\$ -	\$ 1,483	\$ 1,282	\$ 685	\$ 147,971	\$ 6,610	\$ 7,922,665

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,918,328	\$ 378,322	\$ 39,415	\$ 897,199	\$ 979,973	\$ 226,095	\$ 1,247,692	\$ 393,717	\$ 309,464
Receipts:									
Local sources	958,610	4,254,754	250,240	1,857,263	2,199,181	143,839	-	446,417	174,864
Intermediate sources	18,759	-	-	-	-	-	-	-	-
State sources	17,651,539	-	-	-	-	-	-	8,953	131,634
Federal sources	-	-	-	-	-	-	-	693,624	-
Temporary loans	1,255,000	-	-	-	-	-	-	-	-
Other	78,989	-	-	-	-	-	-	-	300
Total receipts	<u>19,962,897</u>	<u>4,254,754</u>	<u>250,240</u>	<u>1,857,263</u>	<u>2,199,181</u>	<u>143,839</u>	<u>-</u>	<u>1,148,994</u>	<u>306,798</u>
Disbursements:									
Current:									
Instruction	13,187,503	-	-	-	-	-	122,693	-	-
Support services	4,954,860	-	-	936,674	2,081,447	81,585	-	-	271,859
Noninstructional services	39,911	-	-	-	-	-	-	1,177,135	-
Facilities acquisition and construction	-	-	-	692,394	-	-	-	-	-
Debt services	1,750,000	3,516,293	252,445	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>19,932,274</u>	<u>3,516,293</u>	<u>252,445</u>	<u>1,629,068</u>	<u>2,081,447</u>	<u>81,585</u>	<u>122,693</u>	<u>1,177,135</u>	<u>271,859</u>
Excess (deficiency) of receipts over disbursements	<u>30,623</u>	<u>738,461</u>	<u>(2,205)</u>	<u>228,195</u>	<u>117,734</u>	<u>62,254</u>	<u>(122,693)</u>	<u>(28,141)</u>	<u>34,939</u>
Other financing sources (uses):									
Sale of capital assets	750	-	-	-	-	-	-	-	-
Transfers in	1,310,436	52,067	4,309	653,062	665,354	654	275,000	-	-
Transfers out	<u>(1,480,481)</u>	<u>-</u>	<u>-</u>	<u>(560,000)</u>	<u>(690,000)</u>	<u>(275,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(169,295)</u>	<u>52,067</u>	<u>4,309</u>	<u>93,062</u>	<u>(24,646)</u>	<u>(274,346)</u>	<u>275,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(138,672)</u>	<u>790,528</u>	<u>2,104</u>	<u>321,257</u>	<u>93,088</u>	<u>(212,092)</u>	<u>152,307</u>	<u>(28,141)</u>	<u>34,939</u>
Cash and investments - ending	<u>\$ 2,779,656</u>	<u>\$ 1,168,850</u>	<u>\$ 41,519</u>	<u>\$ 1,218,456</u>	<u>\$ 1,073,061</u>	<u>\$ 14,003</u>	<u>\$ 1,399,999</u>	<u>\$ 365,576</u>	<u>\$ 344,403</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Levy Excess	Educational License Plates	Alternative Education	Boston Scientific/ OVHS	Library Donations	Wal-Mart Foundation	SCI Membership Grant - PES	NEA Foundation - GES	OVHS Printing
Cash and investments - beginning	\$ 117,166	\$ 1,102	\$ 1,955	\$ 2,167	\$ 600	\$ 683	\$ 102	\$ -	\$ 1,167
Receipts:									
Local sources	-	-	-	-	1,114	-	-	-	-
Intermediate sources	-	638	-	4,010	-	-	-	500	763
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	638	-	4,010	1,114	-	-	500	763
Disbursements:									
Current:									
Instruction	-	-	1,955	-	-	-	-	-	39
Support services	-	-	-	2,359	1,185	-	102	-	-
Noninstructional services	-	1,102	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,102	1,955	2,359	1,185	-	102	-	39
Excess (deficiency) of receipts over disbursements	-	(464)	(1,955)	1,651	(71)	-	(102)	500	724
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(117,166)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(117,166)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(117,166)	(464)	(1,955)	1,651	(71)	-	(102)	500	724
Cash and investments - ending	\$ -	\$ 638	\$ -	\$ 3,818	\$ 529	\$ 683	\$ -	\$ 500	\$ 1,891

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	OVMS/OVHS Crash Club	IU Veteran's History Grants	Living To Serve - OVHS FFA	Owen County Drug Free - Elementary	OCCF - Health Services Fund	Extra- Curricular Activities	MCES Butterfly Garden	State Farm Mission Ignition	LCC - Drug-Free (J. Brush)
Cash and investments - beginning	\$ 4,523	\$ 2	\$ 3,307	\$ 474	\$ 1,072	\$ 1,648	\$ -	\$ -	\$ 3,514
Receipts:									
Local sources	-	-	-	-	-	-	1,000	-	-
Intermediate sources	5,177	-	3,000	-	-	1,000	-	84,774	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	5,177	-	3,000	-	-	1,000	1,000	84,774	-
Disbursements:									
Current:									
Instruction	5,764	-	3,291	-	-	1,449	1,000	51,839	-
Support services	-	-	-	-	-	-	-	4,250	-
Noninstructional services	-	-	-	327	-	-	-	-	1,068
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,764	-	3,291	327	-	1,449	1,000	56,089	1,068
Excess (deficiency) of receipts over disbursements	(587)	-	(291)	(327)	-	(449)	-	28,685	(1,068)
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	(587)	-	(291)	(327)	-	(449)	-	28,685	(1,068)
Cash and investments - ending	\$ 3,936	\$ 2	\$ 3,016	\$ 147	\$ 1,072	\$ 1,199	\$ -	\$ 28,685	\$ 2,446

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Recreational Activities	Cultural Arts	Reimbursable Fund	Boston Scientific - Science	Gifted & Talented 2010-2011	GT High Ability 2011-2012	Education Technology	Drug Free Communities	Medicaid Reimbursement
Cash and investments - beginning	\$ 3,769	\$ 38	\$ (696)	\$ 210	\$ 5,413	\$ -	\$ -	\$ 409	\$ 6,790
Receipts:									
Local sources	-	-	13,087	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	35,645	-	-	19,562
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	13,087	-	-	35,645	-	-	19,562
Disbursements:									
Current:									
Instruction	1,208	-	666	-	5,413	32,233	-	-	-
Support services	-	-	7,792	-	-	-	1,228	-	14,251
Noninstructional services	-	-	4,206	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,208	-	12,664	-	5,413	32,233	1,228	-	14,251
Excess (deficiency) of receipts over disbursements	(1,208)	-	423	-	(5,413)	3,412	(1,228)	-	5,311
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,228	-	-
Transfers out	-	-	-	-	-	-	-	-	(10,763)
Total other financing sources (uses)	-	-	-	-	-	-	1,228	-	(10,763)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,208)	-	423	-	(5,413)	3,412	-	-	(5,452)
Cash and investments - ending	\$ 2,561	\$ 38	\$ (273)	\$ 210	\$ -	\$ 3,412	\$ -	\$ 409	\$ 1,338

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Recreational Activities	Afternoons R.O.C.K. MCES 10-11	Afternoons R.O.C.K. MCES 11-12	Afternoons R.O.C.K. SES 11-12	Safe Haven 2011-2012	Afternoons R.O.C.K. SES	SES Afternoons R.O.C.K.	After School Programs SES	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ 30,625	\$ 25,391	\$ -	\$ -	\$ -	\$ 3,424	\$ 2,465	\$ 25,638	\$ 318
Receipts:									
Local sources	2,000	750	22,009	17,565	-	-	-	2,493	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	23,157	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	2,000	750	22,009	17,565	23,157	-	-	2,493	-
Disbursements:									
Current:									
Instruction	27,211	22,539	5,727	5,268	22,374	3,249	2,465	10,625	-
Support services	-	-	-	-	1,200	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	27,211	22,539	5,727	5,268	23,574	3,249	2,465	10,625	-
Excess (deficiency) of receipts over disbursements	(25,211)	(21,789)	16,282	12,297	(417)	(3,249)	(2,465)	(8,132)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	417	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	417	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,211)	(21,789)	16,282	12,297	-	(3,249)	(2,465)	(8,132)	-
Cash and investments - ending	\$ 5,414	\$ 3,602	\$ 16,282	\$ 12,297	\$ -	\$ 175	\$ -	\$ 17,506	\$ 318

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	School Technology	State Connectivity Grant	Title I, 2011-2012	Title I, 2010-2011	Title I School Improvement 10/11 PES	Title I School Improvement 11/12 PES	Serve America	IDEA	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 18,325	\$ 398	\$ -	\$ -	\$ 648	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	4,439	-	-	-	-	-	-	-
Federal sources	-	-	296,903	86,637	47,422	52,107	9,411	69,994	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	4,439	296,903	86,637	47,422	52,107	9,411	69,994	-
Disbursements:									
Current:									
Instruction	-	-	247,975	58,557	-	-	-	-	2,012
Support services	18,325	3,728	77,041	25,078	44,520	63,848	500	69,994	-
Noninstructional services	-	-	61	963	-	-	10,562	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	270	-	-	-	-
Total disbursements	18,325	3,728	325,077	84,598	44,790	63,848	11,062	69,994	2,012
Excess (deficiency) of receipts over disbursements	(18,325)	711	(28,174)	2,039	2,632	(11,741)	(1,651)	-	(2,012)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	28,174	9,509	5,925	11,741	1,686	-	2,012
Transfers out	-	-	-	(11,548)	(9,205)	-	(35)	-	-
Total other financing sources (uses)	-	-	28,174	(2,039)	(3,280)	11,741	1,651	-	2,012
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,325)	711	-	-	(648)	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Adult Education and Family Literacy Title II	Title IV, Drug-Free 2009-2010	Title IV-A FY09 Supplemental	Indiana Tech Prep	Perkins Tech Prep	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Title II, Part A 2009-2010
Cash and investments - beginning	\$ 36,137	\$ 89	\$ -	\$ 501	\$ -	\$ 75,055	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	6,359	-	-	-	-	-	-	-
Federal sources	-	-	1,925	-	14,473	37,881	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	6,359	-	1,925	-	14,473	37,881	-	-
Disbursements:								
Current:								
Instruction	-	-	-	501	14,223	-	-	-
Support services	466	89	1,925	-	250	6,363	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	466	89	1,925	501	14,473	6,363	-	-
Excess (deficiency) of receipts over disbursements	5,893	(89)	-	(501)	-	31,518	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	3,443	-	-	-
Transfers out	-	-	-	-	(3,443)	(578)	-	-
Total other financing sources (uses)	-	-	-	-	-	(578)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,893	(89)	-	(501)	-	30,940	-	-
Cash and investments - ending	\$ 42,030	\$ -	\$ -	\$ -	\$ -	\$ 105,995	\$ -	\$ -

SPENCER-OWEN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Title II, Part A 2010-2011	Title II, Part A 2011-2013	Title I Grants to LEAs	Education Technology	Education Jobs	Payroll Withholdings	Prepaid School Lunch	Totals
Cash and investments - beginning	\$ 1,483	\$ -	\$ 1,282	\$ 685	\$ -	\$ 147,971	\$ 6,610	\$ 7,922,665
Receipts:								
Local sources	-	-	-	-	-	-	-	10,345,186
Intermediate sources	-	-	-	-	-	-	-	118,621
State sources	-	-	-	-	-	-	-	17,881,288
Federal sources	109,995	26,068	20,568	36,708	435,350	-	-	1,939,066
Temporary loans	-	-	-	-	-	-	-	1,255,000
Other	-	-	-	-	-	4,071,379	385,119	4,535,787
Total receipts	<u>109,995</u>	<u>26,068</u>	<u>20,568</u>	<u>36,708</u>	<u>435,350</u>	<u>4,071,379</u>	<u>385,119</u>	<u>36,074,948</u>
Disbursements:								
Current:								
Instruction	101,290	38,089	3,090	-	562,313	-	-	14,542,561
Support services	10,188	5,333	18,760	37,393	-	-	-	8,742,593
Noninstructional services	-	-	-	-	-	-	-	1,235,335
Facilities acquisition and construction	-	-	-	-	-	-	-	692,394
Debt services	-	-	-	-	-	-	-	5,518,738
Nonprogrammed charges	-	-	-	-	-	4,072,958	382,438	4,455,666
Total disbursements	<u>111,478</u>	<u>43,422</u>	<u>21,850</u>	<u>37,393</u>	<u>562,313</u>	<u>4,072,958</u>	<u>382,438</u>	<u>35,187,287</u>
Excess (deficiency) of receipts over disbursements	<u>(1,483)</u>	<u>(17,354)</u>	<u>(1,282)</u>	<u>(685)</u>	<u>(126,963)</u>	<u>(1,579)</u>	<u>2,681</u>	<u>887,661</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	750
Transfers in	9,843	17,354	3,419	3,769	126,963	-	-	3,186,365
Transfers out	<u>(9,843)</u>	<u>-</u>	<u>(3,419)</u>	<u>(3,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,175,250)</u>
Total other financing sources (uses)	<u>-</u>	<u>17,354</u>	<u>-</u>	<u>-</u>	<u>126,963</u>	<u>-</u>	<u>-</u>	<u>11,865</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,483)</u>	<u>-</u>	<u>(1,282)</u>	<u>(685)</u>	<u>-</u>	<u>(1,579)</u>	<u>2,681</u>	<u>899,526</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,392</u>	<u>\$ 9,291</u>	<u>\$ 8,822,191</u>

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SPENCER-OWEN COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 52,126</u>	<u>\$ 189,573</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Owen Valley High School Building Corporation Lease Rental	\$ 5,295,000	\$ 558,000	Debt Service
Spencer-Owen Facility Improvement Corporation Lease-Rental	4,200,000	636,000	Debt Service
Notes and loans payable:			
Common School Loans	17,074,552	1,840,877	Debt Service
Tax Anticipation Warrants	1,255,000	1,276,160	Principal - General; Interest - Debt Service
Bonds payable:			
General obligation bonds:			
Retirement/Severance Bonds	1,960,000	250,541	Retirement Severance Bond Debt Service
2008 Issue - Technology Updates and Roof Repairs	162,000	112,962	Debt Service
2011 Issue - Energy Conservation Pay-off	715,000	214,497	Debt Service
QSC Bonds - Roofing Projects	<u>1,730,425</u>	<u>127,150</u>	Debt Service
<b>Total debt</b>	<u><u>\$ 32,391,977</u></u>	<u><u>\$ 5,016,187</u></u>	

SPENCER-OWEN COMMUNITY SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2012

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>Ending Balance</u>
Capital assets, not being depreciated:	
Land	\$ 291,000
Buildings	56,940,574
Improvements other than buildings	820,380
Machinery and equipment	3,009,842
Books and other	<u>278,191</u>
Total capital assets not being depreciated	<u>\$ 61,339,987</u>

SPENCER-OWEN COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

***SEGREGATION OF DUTIES***

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud related to the financial statement. The School Corporation has not separated incompatible activities related to the following areas of the financial statement: cash, receipts, and disbursements. The failure to establish these controls could enable material misstatements to go undetected.

Due to the small size of the School Corporation, the same person was responsible for collecting money, receipting that money, writing checks, and posting all transactions to the ledger. That same person also received the bank statement and reconciled the book balance to the bank balance on a monthly basis. There was no oversight in these areas to provide any control over financial activities.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Public School Corporations, Chapter 9)

We recommended the School Corporation establish procedures and implement controls to ensure proper oversight related to financial activities.

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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SPENCER-OWEN COMMUNITY SCHOOLS, OWEN COUNTY, INDIANA

Compliance

We have audited the Spencer-Owen Community Schools' (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

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 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 THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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

January 17, 2013

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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.

SPENCER-OWEN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 151,636	\$ 157,694
National School Lunch Program	10.555		<u>580,244</u>	<u>591,438</u>
Total for Federal Grantor Agency			<u>731,880</u>	<u>749,132</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		10-6195	137,087	-
		11-6195	452,246	84,597
		12-6195	<u>-</u>	<u>325,077</u>
Total for program			<u>589,333</u>	<u>409,674</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>193,365</u>	<u>25,268</u>
Total for cluster			<u>782,698</u>	<u>434,942</u>
Special Education Cluster				
Special Education-Grants to States (IDEA, Part B)	84.027		<u>-</u>	<u>72,006</u>
Total for cluster			<u>-</u>	<u>72,006</u>
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386	Project Year 2008/10	<u>38,572</u>	<u>41,162</u>
Total for cluster			<u>38,572</u>	<u>41,162</u>
Adult Education - Basic Grants to States				
	84.002			
		FY10	18,430	-
		FY11	<u>-</u>	<u>466</u>
Total for program			<u>18,430</u>	<u>466</u>
Career and Technical Education - Basic Grants to States (Perkins IV)				
	84.048			
		FY11	19,499	501
		FY12	<u>-</u>	<u>14,473</u>
Total for program			<u>19,499</u>	<u>14,974</u>

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

SPENCER-OWEN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012  
(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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Safe and Drug Free Schools and Communities - State Grants	84.186			
		09-6195	4,726	89
		FY09 Supplemental Funding	-	1,925
Total for program			<u>4,726</u>	<u>2,014</u>
Improving Teacher Quality State Grants	84.367			
		09-6195	1,407	-
		SY09-10	102,385	-
		10-6195	43,801	111,478
		FFY 2011	-	43,422
Total for program			<u>147,593</u>	<u>154,900</u>
School Improvement Grants Cluster				
School Improvement Grants	84.377			
		FY 09-10	28,079	-
		FY 10-11	84,292	48,070
		FY 11-12	-	63,848
Total for cluster			<u>112,371</u>	<u>111,918</u>
Education Jobs Fund	84.410			
		6195	-	562,313
Total for Federal Grantor Agency			<u>1,123,889</u>	<u>1,394,695</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America-School and Community Based Programs	94.004			
		2009-10 SY	1,994	-
		2010-11 SY	8,223	-
		2011-12 SY	-	9,814
Total for Federal Grantor Agency			<u>10,217</u>	<u>9,814</u>
Total Federal Awards Expended			<u>\$ 1,865,986</u>	<u>\$ 2,153,641</u>

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

SPENCER-OWEN COMMUNITY SCHOOLS  
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 Spencer-Owen Community Schools (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, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2011	2012
Child Nutrition Cluster	\$ 61,929	\$ 55,508

SPENCER-OWEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee?	yes
--	-----

SPENCER-OWEN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section II – Financial Statement Findings***

***FINDING 2012-1, INTERNAL CONTROL***

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud related to the financial statement. The School Corporation has not separated incompatible activities related to the following areas of the financial statement: cash, receipts, and disbursements. The failure to establish these controls could enable material misstatements to go undetected.

Due to the small size of the School Corporation, the same person was responsible for collecting money, receipting that money, writing checks, and posting all transactions to the ledger. That same person also received the bank statement and reconciled the book balance to the bank balance on a monthly basis. There was no oversight in these areas to provide any control over financial activities.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Public School Corporations, Chapter 9)

We recommended the School Corporation establish procedures and implement controls to ensure proper oversight related to financial activities.

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

SPENCER-OWEN COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# Spencer-Owen Community Schools

205 East Hillside Avenue, Spencer, Indiana 47460 Phone 812-829-2233 Fax 812-829-6614

*"All Spencer-Owen Community Schools students will learn, achieve, and succeed."*

## Board Members:

Jason Hale, *President*  
Terry Tackett, *Vice President*  
Rick Smeltzer, *Secretary*  
Jack White, *Secretary Pro Tem*  
Tom Abrell  
Kelly Hughes  
Larry Hight

## Administration:

Greg Linton, *Superintendent*  
Brock Beeman, *Curriculum Director*  
Randy Roberts, *Business Manager*

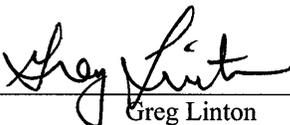
December 20, 2012

Indiana State Board of Accounts  
302 Washington St., Room E418  
Indianapolis, IN 46204-2765

To Whom It May Concern:

We are providing this letter in connection with your audit of the financial statements of Spencer-Owen Community Schools as of June 30, 2012, and for the two year period then ended, for the purposes of providing a correct action plan for Finding 2012-1, Segregation of Duties.

In order to improve the segregation of duties, thereby strengthening internal controls, we agree to have the Superintendent review, sign, and approve the monthly bank reconcilements.

Signed:   
Greg Linton

Signed:   
Darla Thomas

Title: Superintendent

Treasurer

Date: December 20, 2012

December 20, 2012

SPENCER-OWEN COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2013, with Greg Linton, Superintendent of Schools; Darla Thomas, Treasurer; Brock Beeman, Curriculum Director; Sonia Brinson, School Board member; and Brian Mauder, School Board member. The officials concurred with our audit findings.