

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

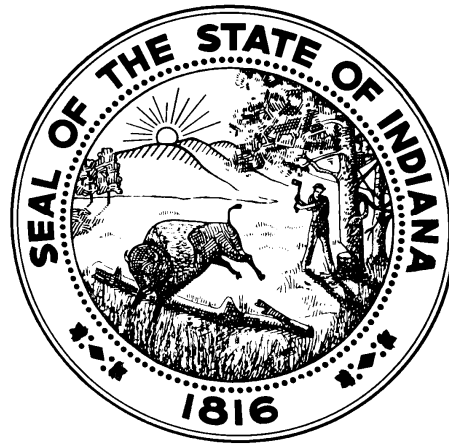
AUDIT REPORT

OF

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION

ORANGE COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/27/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathy Allstott	07-01-05 to 06-30-08
Superintendent of Schools	Robert Haworth Todd Pritchett	07-01-05 to 06-30-06 07-01-06 to 06-30-10
President of the School Board	Deborah Brothers Todd Marshall	07-01-05 to 06-30-07 07-01-07 to 06-30-08



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

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY  
SCHOOL CORPORATION, ORANGE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springs Valley Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 9, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

January 9, 2008



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

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY  
SCHOOL CORPORATION, ORANGE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springs Valley Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

January 9, 2008

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 3,362,407	\$ -	\$ 37,674	\$ -	\$ (3,324,733)
Support services	4,511,897	181,402	174,720	-	(4,155,775)
Community services	101,731	-	-	-	(101,731)
Nonprogrammed charges	972,712	-	-	-	(972,712)
Debt service	465,000	-	-	-	(465,000)
<b>Total governmental activities</b>	<b>\$ 9,413,747</b>	<b>\$ 181,402</b>	<b>\$ 212,394</b>	<b>\$ -</b>	<b>(9,019,951)</b>
General receipts:					
Property taxes					2,705,220
Other local sources					737,665
State aid					4,446,563
Grants and contributions not restricted to specific programs					521,968
Sale of property, adjustments, and refunds					306,216
Investment earnings					89,174
<b>Total general receipts</b>					<b>8,806,806</b>
Change in net assets					(213,145)
Net assets - beginning					2,158,222
Net assets - ending					<b>\$ 1,945,077</b>
<b>Assets</b>					
Cash and investments					\$ 1,721,720
Restricted assets:					
Cash and investments					223,357
<b>Total assets</b>					<b>\$ 1,945,077</b>
<b>Net Assets</b>					
Restricted for:					
Debt service					\$ 187,677
Other purposes					35,680
Unrestricted					1,721,720
<b>Total net assets</b>					<b>\$ 1,945,077</b>

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 3,133,279	\$ -	\$ 35,876	\$ -	\$ (3,097,403)
Support services	4,598,802	217,253	209,574	-	(4,171,975)
Community services	109,313	-	-	-	(109,313)
Nonprogrammed charges	1,199,762	-	-	-	(1,199,762)
Debt service	638,400	-	-	-	(638,400)
<b>Total governmental activities</b>	<b><u>\$ 9,679,556</u></b>	<b><u>\$ 217,253</u></b>	<b><u>\$ 245,450</u></b>	<b><u>\$ -</u></b>	<b><u>(9,216,853)</u></b>
General receipts:					
Property taxes					1,845,416
Other local sources					872,951
State aid					4,557,137
Grants and contributions not restricted to specific programs					388,578
Sale of property, adjustments, and refunds					675,490
Investment earnings					79,371
<b>Total general receipts</b>					<b><u>8,418,943</u></b>
Change in net assets					(797,910)
Net assets - beginning					<u>1,945,077</u>
Net assets - ending					<b><u>\$ 1,147,167</u></b>
<b><u>Assets</u></b>					
Cash and investments					\$ 1,016,917
Restricted assets:					
Cash and investments					<u>130,250</u>
<b>Total assets</b>					<b><u>\$ 1,147,167</u></b>
<b><u>Net Assets</u></b>					
Restricted for:					
Other purposes					\$ 130,250
Unrestricted					<u>1,016,917</u>
<b>Total net assets</b>					<b><u>\$ 1,147,167</u></b>

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 1,687,186	\$ 538,722	\$ 366,266	\$ 676,619	\$ 19,968	\$ 343,160	\$ 3,631,921
Intermediate sources	240	-	-	-	-	412	652
State sources	4,472,412	-	-	-	-	94,666	4,567,078
Federal sources	-	-	-	-	-	613,854	613,854
Sale of property, adjustments and refunds	212,991	1,935	-	11,504	-	21,287	247,717
<b>Total receipts</b>	<u>6,372,829</u>	<u>540,657</u>	<u>366,266</u>	<u>688,123</u>	<u>19,968</u>	<u>1,073,379</u>	<u>9,061,222</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,963,747	-	-	-	-	398,660	3,362,407
Support services	2,613,282	462,765	-	773,996	36,250	625,604	4,511,897
Community services	100,235	-	-	-	-	1,496	101,731
Nonprogrammed charges	477,906	-	-	-	-	38,223	516,129
Debt services	-	-	465,000	-	-	-	465,000
<b>Total disbursements</b>	<u>6,155,170</u>	<u>462,765</u>	<u>465,000</u>	<u>773,996</u>	<u>36,250</u>	<u>1,063,983</u>	<u>8,957,164</u>
Excess (deficiency) of receipts over (under) disbursements	<u>217,659</u>	<u>77,892</u>	<u>(98,734)</u>	<u>(85,873)</u>	<u>(16,282)</u>	<u>9,396</u>	<u>104,058</u>
<b>Other financing sources (uses):</b>							
Transfers in	61,315	-	-	-	-	108,459	169,774
Transfers out	(397,111)	(18,183)	(5,628)	(21,951)	(1,340)	(78,444)	(522,657)
<b>Total other financing sources (uses)</b>	<u>(335,796)</u>	<u>(18,183)</u>	<u>(5,628)</u>	<u>(21,951)</u>	<u>(1,340)</u>	<u>30,015</u>	<u>(352,883)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(118,137)	59,709	(104,362)	(107,824)	(17,622)	39,411	(248,825)
Cash and investments - beginning	910,159	172,667	225,445	570,673	33,766	245,512	2,158,222
Cash and investments - ending	<u>\$ 792,022</u>	<u>\$ 232,376</u>	<u>\$ 121,083</u>	<u>\$ 462,849</u>	<u>\$ 16,144</u>	<u>\$ 284,923</u>	<u>1,909,397</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>35,680</u>
Net assets of governmental activities							<u>\$ 1,945,077</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 792,022	\$ 232,376	\$ -	\$ 462,849	\$ 16,144	\$ 218,329	\$ 1,721,720
Restricted assets:							
Cash and investments	-	-	121,083	-	-	66,594	187,677
<b>Total cash and investment assets - ending</b>	<u>\$ 792,022</u>	<u>\$ 232,376</u>	<u>\$ 121,083</u>	<u>\$ 462,849</u>	<u>\$ 16,144</u>	<u>\$ 284,923</u>	<u>\$ 1,909,397</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 121,083	\$ -	\$ -	\$ 66,594	\$ 187,677
Unrestricted	792,022	232,376	-	462,849	16,144	218,329	1,721,720
<b>Total cash and investment fund balance - ending</b>	<u>\$ 792,022</u>	<u>\$ 232,376</u>	<u>\$ 121,083</u>	<u>\$ 462,849</u>	<u>\$ 16,144</u>	<u>\$ 284,923</u>	<u>\$ 1,909,397</u>

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 1,138,957	\$ 360,518	\$ -	\$ 421,033	\$ 593,925	\$ 21,971	\$ 318,095	\$ 2,854,499
Intermediate sources	160	-	-	-	-	-	600	760
State sources	4,581,188	-	-	-	-	-	126,305	4,707,493
Federal sources	-	-	-	-	-	-	483,679	483,679
Sale of property, adjustments and refunds	467,996	2,844	-	-	14,210	-	1,806	486,856
<b>Total receipts</b>	<b>6,188,301</b>	<b>363,362</b>	<b>-</b>	<b>421,033</b>	<b>608,135</b>	<b>21,971</b>	<b>930,485</b>	<b>8,533,287</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	2,858,204	-	-	-	-	-	275,075	3,133,279
Support services	2,510,052	434,508	-	-	747,037	106,500	800,705	4,598,802
Community services	108,736	-	-	-	-	-	577	109,313
Nonprogrammed charges	369,770	-	-	-	-	-	18,800	388,570
Debt services	-	-	-	638,400	-	-	-	638,400
<b>Total disbursements</b>	<b>5,846,762</b>	<b>434,508</b>	<b>-</b>	<b>638,400</b>	<b>747,037</b>	<b>106,500</b>	<b>1,095,157</b>	<b>8,868,364</b>
Excess (deficiency) of receipts over (under) disbursements	341,539	(71,146)	-	(217,367)	(138,902)	(84,529)	(164,672)	(335,077)
<b>Other financing sources (uses):</b>								
Transfers in	61,436	-	300,000	-	57,965	-	79,170	498,571
Transfers out	(546,584)	(33,082)	-	(10,043)	(375,204)	-	(91,061)	(1,055,974)
<b>Total other financing sources (uses)</b>	<b>(485,148)</b>	<b>(33,082)</b>	<b>300,000</b>	<b>(10,043)</b>	<b>(317,239)</b>	<b>-</b>	<b>(11,891)</b>	<b>(557,403)</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(143,609)	(104,228)	300,000	(227,410)	(456,141)	(84,529)	(176,563)	(892,480)
Cash and investments - beginning	792,022	232,376	-	121,083	462,849	16,144	284,923	1,909,397
Cash and investments - ending	\$ 648,413	\$ 128,148	\$ 300,000	\$ (106,327)	\$ 6,708	\$ (68,385)	\$ 108,360	1,016,917
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								130,250
Net assets of governmental activities								\$ 1,147,167
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 648,413	\$ 128,148	\$ 300,000	(106,327)	\$ 6,708	\$ (68,385)	\$ 108,360	\$ 1,016,917
<b>Cash and Investment Fund Balance - Ending</b>								
Unrestricted	\$ 648,413	\$ 128,148	\$ 300,000	(106,327)	\$ 6,708	\$ (68,385)	\$ 108,360	\$ 1,016,917

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2006

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 80,882
Miscellaneous	58,498
Total operating receipts	139,380
Operating disbursements:	
Insurance claims and expense	456,583
Deficiency of operating receipts over operating disbursements	(317,203)
Transfers in	352,883
Change in net assets	35,680
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 35,680
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 35,680
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 35,680

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2007

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 159,726
Miscellaneous	188,633
Total operating receipts	348,359
Operating disbursements:	
Insurance claims and expense	811,192
Deficiency of operating receipts over operating disbursements	(462,833)
Transfers in	557,403
Change in net assets	94,570
Cash and investment fund balance - beginning	35,680
Cash and investment fund balance - ending	\$ 130,250
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 130,250
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 130,250

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 29,000
Total contributions	<u>-</u>	<u>29,000</u>
Deductions:		
Benefits	61,360	-
Administrative and general	<u>200,000</u>	<u>-</u>
Total deductions	<u>261,360</u>	<u>-</u>
Excess (deficiency) of total additions over (under) total deductions	(261,360)	29,000
Cash and investment fund balance - beginning	<u>946,337</u>	<u>19,231</u>
Cash and investment fund balance - ending	<u>\$ 684,977</u>	<u>\$ 48,231</u>
Net assets:		
Cash and investments	<u>\$ 684,977</u>	<u>\$ 48,231</u>
Total net assets - cash and investment basis held in trust	<u>\$ 684,977</u>	<u>\$ 48,231</u>

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 268,300	\$ -
Other	<u>675</u>	<u>-</u>
Total additions	<u>268,975</u>	<u>-</u>
Deductions:		
Benefits	78,810	-
Administrative and general	<u>684,977</u>	<u>30,500</u>
Total deductions	<u>763,787</u>	<u>30,500</u>
Deficiency of total additions under total deductions	(494,812)	(30,500)
Cash and investment fund balance - beginning	<u>684,977</u>	<u>48,231</u>
Cash and investment fund balance - ending	<u>\$ 190,165</u>	<u>\$ 17,731</u>
Net assets:		
Cash and investments	<u>\$ 190,165</u>	<u>\$ 17,731</u>
Total net assets - cash and investment basis held in trust	<u>\$ 190,165</u>	<u>\$ 17,731</u>

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Springs Valley Community School Corporation

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

Joint Ventures

The School Corporation is a participant with Crawford County Community School Corporation, East Washington School Corporation, West Washington School Corporation, Paoli Community School Corporation, and Salem Community School Corporation in a joint venture to operate the South Central Area Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit its share of the budgeted amount annually to the Special Education Cooperative. Complete financial statements for the Special Education Cooperative can be obtained from the joint venture's administrative office at 600 Elm Street, Suite 2, Paoli, Indiana, 47454.

The School Corporation is a participant with Paoli Community School Corporation and West Washington School Corporation in a joint venture to operate the Lost River Career Cooperative which was created for the vocational education of students and citizens of the jurisdiction of the participating school corporations. The School Corporation is obligated by contract to remit its share of budgeted amount annually to the Lost River Career Cooperative. Complete financial statements for the Lost River Career Cooperative can be obtained from the joint venture's administrative office at 610 Elm Street, Paoli, Indiana, 47454.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

The rainy day fund receives transfers of unused and unencumbered funds whenever the purpose for which a tax was levied has been fulfilled.

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

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

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the postretirement/severance future benefit, which accumulate resources for pension benefit payments.

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

C. Measurement Focus and Basis of Accounting

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Compensated Absences

a. Sick Leave

Noncertified employees earn sick leave at the rate of 10 to 12 days per year during their first year of service and 6 to 7 days per year in succeeding years. Unused sick leave may be accumulated to a maximum of 80 to 125 days. Accumulated sick leave is paid to employees upon retirement or termination.

Certified employees earn sick leave at the rate of 16 days per year. Unused sick leave may be accumulated to a maximum of 335 days. Accumulated sick leave is paid to employees upon retirement or termination.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. Vacation Leave

Noncertified employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Noncertified employees earn personal leave at the rate of 2 days per year. Unused personal leave may be transferred to sick leave. Accumulated personal leave is not paid to employees.

Certified employees earn personal leave at the rate of 3 days per year. Unused personal leave may be accumulated to a maximum of 6 days. Unused personal leave may be transferred to sick leave. Accumulated personal leave is not paid to employees.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statements of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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

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

B. Cash and Investment Balance Deficits

At June 30, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006	2007
Bus Replacement	\$ -	\$ 68,385
Debt Service	-	106,327
Retirement/Severance Bond - Debt Service	-	37,217

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Transfer From	Transfer To	2006	2007
General Fund	Other governmental funds	\$ 50,995	\$ -
General Fund	Internal Service Fund	346,116	546,584
Capital Projects Fund	General Fund	-	11,209
Transportating Operating Fund	General Fund	-	33,082
Capital Projects Fund	Rainy Day Fund	-	300,000
Debt Service Fund	Other governmental funds	5,628	-
Capital Projects Fund	Other governmental funds	21,951	-
Transportating Operating Fund	Other governmental funds	18,183	-
School Bus Replacement Fund	Other governmental funds	1,340	-
Debt Service Fund	Other governmental funds	-	10,043
Capital Projects Fund	Other governmental funds	-	57,965
Capital Projects Fund	Internal Service Fund	-	6,030
Other governmental funds	General Fund	61,315	17,145
Other governmental funds	Capital Projects Fund	-	57,965
Other governmental funds	Other governmental funds	10,362	11,162
Other governmental funds	Internal Service Fund	6,767	4,789
Totals		<u>\$ 522,657</u>	<u>\$ 1,055,974</u>

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

IV. Other Information

A. Risk Management

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

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

Job Related Illnesses or Injuries to Employees

During 2007, the School Corporation joined a public entity risk pool, the Indiana Public Employer's Plan, Inc., currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989 for the purpose of providing a medium for the funding and administration of workers compensation. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Medical Benefits

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers claims in excess of \$2,500 per year for employees with single coverage, and \$5,000 per year for employees with family coverage. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative cost of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages.

B. Holding Corporation

The School Corporation has entered into capital leases with the Springs Valley School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2006 and 2007, totaled \$730,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health, dental, vision and life insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, 13 retirees meet these eligibility requirements. The School Corporation pays 100% of what it currently contributes toward employees insurance through the month the retiree becomes eligible for Medicare. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$87,108 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 78,133
Interest on net pension obligation	(1,541)
Adjustment to annual required contribution	1,756
Annual pension cost	78,348
Contributions made	74,759
Increase in net pension obligation	3,589
Net pension obligation, beginning of year	(21,255)
Net pension obligation, end of year	\$ (17,666)
Contribution rates:	
School Corporation	8%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 57,781	110%	\$ (26,291)
	06-30-05	73,098	93%	(21,255)
	06-30-06	78,348	95%	(17,666)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$128,033, \$114,658, and \$99,725 respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 775,205	\$ 1,066,862	\$ (291,657)	73%	\$ 927,646	(31%)
07-01-05	829,202	1,127,207	(298,005)	74%	960,494	(31%)
07-01-06	881,102	1,304,362	(423,260)	68%	998,588	(42%)

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant FY 2004-05
<b>Receipts:</b>							
Local sources	\$ 5,439	\$ 140,180	\$ 41,728	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	412	-	-
State sources	16,269	4,235	16,765	-	-	1,967	22,861
Federal sources	-	153,720	-	-	-	-	-
Sale of property, adjustments and refunds	-	211	10,200	-	-	-	-
<b>Total receipts</b>	<b>21,708</b>	<b>298,346</b>	<b>68,693</b>	<b>-</b>	<b>412</b>	<b>1,967</b>	<b>22,861</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	1,828	21,118
Support services	-	292,691	84,566	-	-	139	1,743
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	24,750	-	9,000	-	-	-	-
<b>Total disbursements</b>	<b>24,750</b>	<b>292,691</b>	<b>93,566</b>	<b>-</b>	<b>-</b>	<b>1,967</b>	<b>22,861</b>
Excess (deficiency) of receipts over (under) disbursements	(3,042)	5,655	(24,873)	-	412	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	102,866	-	-	-
Transfers out	(181)	-	-	(32,231)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(181)</b>	<b>-</b>	<b>-</b>	<b>70,635</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,223)	5,655	(24,873)	70,635	412	-	-
Cash and investments - beginning	12,857	36,379	38,099	32,231	2,963	-	-
Cash and investments - ending	<u>\$ 9,634</u>	<u>\$ 42,034</u>	<u>\$ 13,226</u>	<u>\$ 102,866</u>	<u>\$ 3,375</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 9,634	\$ 42,034	\$ 13,226	\$ 102,866	\$ 3,375	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 9,634</u></b>	<b><u>\$ 42,034</u></b>	<b><u>\$ 13,226</u></b>	<b><u>\$ 102,866</u></b>	<b><u>\$ 3,375</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,634	42,034	13,226	102,866	3,375	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 9,634</u></b>	<b><u>\$ 42,034</u></b>	<b><u>\$ 13,226</u></b>	<b><u>\$ 102,866</u></b>	<b><u>\$ 3,375</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Early Intervention Grant FY 2005-06	School Intervention and Career Counseling	Gifts/Donations Fund	Dewitt Wallace Readers Digest	In-School Suspension	Grants/Donation Fund
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 8,840
Intermediate sources	-	-	-	-	-	-
State sources	7,500	-	-	-	4,211	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>7,500</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>4,211</b>	<b>8,840</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	8,831
Support services	7,500	4,615	-	118	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	3,000	-	-	-
<b>Total disbursements</b>	<b>7,500</b>	<b>4,615</b>	<b>3,000</b>	<b>118</b>	<b>-</b>	<b>8,831</b>
Excess (deficiency) of receipts over (under) disbursements	-	(4,615)	-	(118)	4,211	9
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(9)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	(4,615)	-	(118)	4,211	-
Cash and investments - beginning	-	4,615	-	118	(4,211)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Gifted and Talented Fund	Alternative Education	Title I FY 2004-05	Title I FY 2005-06	Title V FY 2004-05	Title V FY 2005-06
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	11,832	9,026	-	-	-	-
Federal sources	-	-	-	192,318	-	3,340
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>11,832</u>	<u>9,026</u>	<u>-</u>	<u>192,318</u>	<u>-</u>	<u>3,340</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	11,832	2,379	17,562	121,853	-	-
Support services	-	182	10,204	41,309	1,960	2,057
Community services	-	-	-	439	-	-
Nonprogrammed charges	-	-	-	-	190	1,283
<b>Total disbursements</b>	<u>11,832</u>	<u>2,561</u>	<u>27,766</u>	<u>163,601</u>	<u>2,150</u>	<u>3,340</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>6,465</u>	<u>(27,766)</u>	<u>28,717</u>	<u>(2,150)</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	5,593	-	-
Transfers out	-	-	(5,593)	(6,767)	(1,403)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(5,593)</u>	<u>(1,174)</u>	<u>(1,403)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>-</u>	<u>6,465</u>	<u>(33,359)</u>	<u>27,543</u>	<u>(3,553)</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>(6,465)</u>	<u>33,359</u>	<u>-</u>	<u>3,553</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,543</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 27,543	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,543</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	27,543	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,543</u>	<u>\$ -</u>	<u>\$ -</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Learn and Serve America	Safe and Drug Free Schools FY 2004-05	Safe and Drug Free Schools FY 2005-06	21st Century Community Learning	Even-Start Grant	AmeriCorps
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 12,420	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	8,000	6,264	-	69,798	125,544	3,298
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>8,000</u>	<u>6,264</u>	<u>-</u>	<u>82,218</u>	<u>125,544</u>	<u>3,298</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	7,885	-	58	61,689	79,310	11,513
Support services	115	6,264	-	4,662	68,380	568
Community services	-	-	-	-	1,057	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>8,000</u>	<u>6,264</u>	<u>58</u>	<u>66,351</u>	<u>148,747</u>	<u>12,081</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>-</u>	<u>(58)</u>	<u>15,867</u>	<u>(23,203)</u>	<u>(8,783)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(27,123)	(420)	(129)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,123)</u>	<u>(420)</u>	<u>(129)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>(58)</u>	<u>(11,256)</u>	<u>(23,623)</u>	<u>(8,912)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>303</u>	<u>27,258</u>	<u>36,163</u>	<u>(3,169)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ 16,002</u>	<u>\$ 12,540</u>	<u>\$ (12,081)</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 245	\$ 16,002	\$ 12,540	\$ (12,081)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ 16,002</u>	<u>\$ 12,540</u>	<u>\$ (12,081)</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	245	16,002	12,540	(12,081)
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ 16,002</u>	<u>\$ 12,540</u>	<u>\$ (12,081)</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Improving Teacher Quality	Education Technology Grant	Retirement/ Severance Bond Debt Service	Qualified Zone Academy Bond	Capital Projects	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 131,553	\$ -	\$ -	\$ 343,160
Intermediate sources	-	-	-	-	-	412
State sources	-	-	-	-	-	94,666
Federal sources	47,752	3,820	-	-	-	613,854
Sale of property, adjustments and refunds	-	-	-	-	10,876	21,287
<b>Total receipts</b>	<u>47,752</u>	<u>3,820</u>	<u>131,553</u>	<u>-</u>	<u>10,876</u>	<u>1,073,379</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	51,927	875	-	-	-	398,660
Support services	-	-	63,117	24,538	10,876	625,604
Community services	-	-	-	-	-	1,496
Nonprogrammed charges	-	-	-	-	-	38,223
<b>Total disbursements</b>	<u>51,927</u>	<u>875</u>	<u>63,117</u>	<u>24,538</u>	<u>10,876</u>	<u>1,063,983</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(4,175)</u>	<u>2,945</u>	<u>68,436</u>	<u>(24,538)</u>	<u>-</u>	<u>9,396</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	108,459
Transfers out	-	-	(4,588)	-	-	(78,444)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(4,588)</u>	<u>-</u>	<u>-</u>	<u>30,015</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(4,175)</u>	<u>2,945</u>	<u>63,848</u>	<u>(24,538)</u>	<u>-</u>	<u>39,411</u>
Cash and investments - beginning	<u>4,175</u>	<u>-</u>	<u>2,746</u>	<u>24,538</u>	<u>-</u>	<u>245,512</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,945</u>	<u>\$ 66,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,923</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 2,945	\$ -	\$ -	\$ -	\$ 218,329
<b>Restricted assets:</b>						
Cash and investments	-	-	66,594	-	-	66,594
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 2,945</u>	<u>\$ 66,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,923</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ 66,594	\$ -	\$ -	\$ 66,594
Unrestricted	-	2,945	-	-	-	218,329
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 2,945</u>	<u>\$ 66,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,923</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven
<b>Receipts:</b>						
Local sources	\$ 3,551	\$ 171,877	\$ 45,497	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	600	-
State sources	19,423	3,895	14,858	-	-	6,122
Federal sources	-	190,821	-	-	-	-
Sale of property, adjustments and refunds	-	1,606	200	-	-	-
<b>Total receipts</b>	<b>22,974</b>	<b>368,199</b>	<b>60,555</b>	<b>-</b>	<b>600</b>	<b>6,122</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	5,764
Support services	-	328,427	58,845	102,866	-	358
Community services	-	-	-	-	-	-
Nonprogrammed charges	16,500	-	-	-	-	-
<b>Total disbursements</b>	<b>16,500</b>	<b>328,427</b>	<b>58,845</b>	<b>102,866</b>	<b>-</b>	<b>6,122</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>6,474</b>	<b>39,772</b>	<b>1,710</b>	<b>(102,866)</b>	<b>600</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	10,043	-	-	-
Transfers out	(1,954)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,954)</b>	<b>-</b>	<b>10,043</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>4,520</b>	<b>39,772</b>	<b>11,753</b>	<b>(102,866)</b>	<b>600</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>9,634</b>	<b>42,034</b>	<b>13,226</b>	<b>102,866</b>	<b>3,375</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 14,154</b>	<b>\$ 81,806</b>	<b>\$ 24,979</b>	<b>\$ -</b>	<b>\$ 3,975</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 14,154</b>	<b>\$ 81,806</b>	<b>\$ 24,979</b>	<b>\$ -</b>	<b>\$ 3,975</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ 14,154</b>	<b>\$ 81,806</b>	<b>\$ 24,979</b>	<b>\$ -</b>	<b>\$ 3,975</b>	<b>\$ -</b>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 (Continued)

	Early Intervention Grant FY 2005-06	Grants/Donations	Gifts/Donations Fund	Technology Grant	Gifted and Talented Fund	Title I FY 2006-07
<b>Receipts:</b>						
Local sources	\$ -	\$ 10,000	\$ 2,300	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	9,000	-	-	61,175	11,832	-
Federal sources	-	-	-	-	-	167,033
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>9,000</u>	<u>10,000</u>	<u>2,300</u>	<u>61,175</u>	<u>11,832</u>	<u>167,033</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	9,000	-	-	-	11,832	125,721
Support services	-	10,000	-	57,965	-	33,463
Community services	-	-	-	-	-	577
Nonprogrammed charges	-	-	2,300	-	-	-
<b>Total disbursements</b>	<u>9,000</u>	<u>10,000</u>	<u>2,300</u>	<u>57,965</u>	<u>11,832</u>	<u>159,761</u>
Excess (deficiency) of receipts over (under) disbursements	-	-	-	3,210	-	7,272
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	57,965	-	11,162
Transfers out	-	-	-	(57,965)	-	(3,982)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,180</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	-	-	3,210	-	14,452
Cash and investments - beginning	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,210</u>	<u>\$ -</u>	<u>\$ 14,452</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,210</u>	<u>\$ -</u>	<u>\$ 14,452</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,210</u>	<u>\$ -</u>	<u>\$ 14,452</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title I FY 2005-06	Title V FY 2006-07	Safe and Drug Free Schools FY 2006-07	Safe and Drug Free Schools FY 2005-06	21st Century Community Learning	Even-Start Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,845	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	1,662	4,763	-	59,864	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>1,662</b>	<b>4,763</b>	<b>-</b>	<b>61,709</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	11,411	-	-	-	57,763	5,884
Support services	4,093	1,544	4,763	-	4,889	6,656
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,504</b>	<b>1,544</b>	<b>4,763</b>	<b>-</b>	<b>62,652</b>	<b>12,540</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>(15,504)</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>(943)</b>	<b>(12,540)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(12,039)	-	-	-	(12,421)	-
<b>Total other financing sources (uses)</b>	<b>(12,039)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,421)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>(27,543)</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>(13,364)</b>	<b>(12,540)</b>
<b>Cash and investments - beginning</b>	<b>27,543</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>16,002</b>	<b>12,540</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ -</b>	<b>\$ 245</b>	<b>\$ 2,638</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ -</b>	<b>\$ 245</b>	<b>\$ 2,638</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ -</b>	<b>\$ 245</b>	<b>\$ 2,638</b>	<b>\$ -</b>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
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 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	AmeriCorps	Improving Teacher Quality	Education Technology Grant	Retirement/ Severance Bond Debt Service	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 83,025	\$ 318,095
Intermediate sources	-	-	-	-	600
State sources	-	-	-	-	126,305
Federal sources	12,488	47,048	-	-	483,679
Sale of property, adjustments and refunds	-	-	-	-	1,806
<b>Total receipts</b>	<b>12,488</b>	<b>47,048</b>	<b>-</b>	<b>83,025</b>	<b>930,485</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	407	47,048	245	-	275,075
Support services	-	-	-	186,836	800,705
Community services	-	-	-	-	577
Nonprogrammed charges	-	-	-	-	18,800
<b>Total disbursements</b>	<b>407</b>	<b>47,048</b>	<b>245</b>	<b>186,836</b>	<b>1,095,157</b>
Excess (deficiency) of receipts over (under) disbursements	12,081	-	(245)	(103,811)	(164,672)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	79,170
Transfers out	-	-	(2,700)	-	(91,061)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(2,700)</b>	<b>-</b>	<b>(11,891)</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	12,081	-	(2,945)	(103,811)	(176,563)
Cash and investments - beginning	(12,081)	-	2,945	66,594	284,923
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (37,217)	\$ 108,360
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ -	\$ -	\$ (37,217)	\$ 108,360
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	\$ -	\$ -	\$ -	\$ (37,217)	\$ 108,360

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Postretirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 268,300	\$ 268,300
Other	-	675	675
Total additions	-	268,975	268,975
Deductions:			
Benefits	-	78,810	78,810
Administrative and general	684,977	-	684,977
Total deductions	684,977	78,810	763,787
Excess (deficiency) of total additions over (under) total deductions	(684,977)	190,165	(494,812)
Cash and investment fund balance - beginning	684,977	-	684,977
Cash and investment fund balance - ending	\$ -	\$ 190,165	\$ 190,165
Net assets:			
Cash and investments	\$ -	\$ 190,165	\$ 190,165
Total net assets - cash and investment basis held in trust	\$ -	\$ 190,165	\$ 190,165

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2006

	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Totals
Additions:				
Contributions:				
Other	\$ 28,000	\$ -	\$ 1,000	\$ 29,000
Cash and investment fund balance - beginning	-	17,731	1,500	19,231
Cash and investments - June 30	<u>\$ 28,000</u>	<u>\$ 17,731</u>	<u>\$ 2,500</u>	<u>\$ 48,231</u>
Net assets:				
Cash and investments	\$ 28,000	\$ 17,731	\$ 2,500	\$ 48,231
Total net assets - cash and investment basis held in trust	<u>\$ 28,000</u>	<u>\$ 17,731</u>	<u>\$ 2,500</u>	<u>\$ 48,231</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Totals
Deductions:				
Administrative and general	\$ 28,000	\$ -	\$ 2,500	\$ 30,500
Cash and investment fund balance - beginning	<u>28,000</u>	<u>17,731</u>	<u>2,500</u>	<u>48,231</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 17,731</u>	<u>\$ -</u>	<u>\$ 17,731</u>
Net assets:				
Cash and investments	<u>\$ -</u>	<u>\$ 17,731</u>	<u>\$ -</u>	<u>\$ 17,731</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 17,731</u>	<u>\$ -</u>	<u>\$ 17,731</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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	\$ 351,012
Buildings	17,317,943
Improvements other than buildings	905,194
Machinery and equipment	<u>2,116,799</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 20,690,948</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2007

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:		
1998 Physical education facility	\$ 280,000	\$ 202,000
2002 Qualified zone academy bonds	500,000	100,000
2005 Middle school	8,945,000	411,201
Bonds payable:		
General obligation bonds:		
2001 Qualified zone academy bonds	300,000	-
2004 Retirement/severance	<u>1,380,000</u>	<u>122,247</u>
Total governmental activities debt	<u>\$ 11,405,000</u>	<u>\$ 835,448</u>

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Debt Service Fund, School Bus Replacement Fund and Retirement/Severance Bond - Debt Service Fund were overdrawn as of June 30, 2007.

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

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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

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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 SPRINGS VALLEY COMMUNITY  
SCHOOL CORPORATION, ORANGE COUNTY, INDIANA

### Compliance

We have audited the compliance of the Springs Valley Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. 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, 2006 and 2007.

### Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 9, 2008

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 44,355	\$ 28,871
National School Lunch Program	10.555		<u>155,984</u>	<u>161,950</u>
Total for federal grantor agency			<u>200,339</u>	<u>190,821</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
FY 2004-05		05-6160	33,359	-
FY 2005-06		06-6160	170,367	16,632
FY 2006-07		07-6160	<u>-</u>	<u>182,827</u>
Total for program			<u>203,726</u>	<u>199,459</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
FY 2005-06		05-003	6,264	-
FY 2006-07		06-015	<u>-</u>	<u>4,763</u>
Total for program			<u>6,264</u>	<u>4,763</u>
Even Start - State Educational Agencies	84.213			
FY 2005-06		S213C050015	<u>124,753</u>	<u>-</u>
Twenty-First Century Community Learning Centers	84.287			
FY 2005-07		S287C020014	<u>93,474</u>	<u>75,074</u>
State Grants for Innovative Programs	84.298			
FY 2004-05		04-001	3,553	-
FY 2005-06		05-007	3,340	-
FY 2006-07		06-6160	<u>-</u>	<u>1,662</u>
Total for program			<u>6,893</u>	<u>1,662</u>
Education Technology State Grants	84.318			
FY 2005-07		S318X050014	<u>875</u>	<u>2,945</u>
Improving Teacher Quality State Grants	84.367			
FY 2004-05		04-015	4,175	-
FY 2005-06		05-007	47,752	-
FY 2006-07		06-6160	<u>-</u>	<u>47,048</u>
Total for program			<u>51,927</u>	<u>47,048</u>
Total for federal grantor agency			<u>487,912</u>	<u>330,951</u>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs	94.004			
FY 2005-06			<u>8,000</u>	<u>-</u>
Pass-Through Indiana University				
AmeriCorps	94.006			
FY 2005-06			<u>12,488</u>	<u>-</u>
Total for federal grantor agency			<u>20,488</u>	<u>-</u>
Total federal awards expended			<u>\$ 708,739</u>	<u>\$ 521,772</u>

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

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
Child Nutrition Cluster:			
Food Commodities:			
National School Lunch Program	10.555	\$ 12,797	\$ 18,492

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? no  
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Reportable conditions identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SPRINGS VALLEY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 9, 2008, with Todd Pritchett, Superintendent of Schools; and Kathy Allstott, Treasurer. The officials concurred with our audit finding.