

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

AUDIT REPORT

OF

NORTH SPENCER COUNTY SCHOOL CORPORATION

SPENCER COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

02/23/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Virlee E. Huffman	07-01-08 to 06-30-11
Superintendent of Schools	Daniel R. Scherry	07-01-08 to 06-30-11
President of the School Board	Pamela K. Thompson	07-01-08 to 06-30-11



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

TO: THE OFFICIALS OF THE NORTH SPENCER COUNTY
SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated December 30, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

STATE BOARD OF ACCOUNTS

December 30, 2010



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

TO: THE OFFICIALS OF THE NORTH SPENCER COUNTY
SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Spencer County School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

December 30, 2010

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 9,373,593	\$ -	\$ 93,412	\$ (9,280,181)
Support services	5,698,489	710,610	517,136	(4,470,743)
Noninstructional services	1,371,409	-	-	(1,371,409)
Facilities acquisition and construction	499,320	-	-	(499,320)
Debt service	4,082,778	-	-	(4,082,778)
Nonprogrammed charges	<u>3,229,965</u>	<u>-</u>	<u>-</u>	<u>(3,229,965)</u>
Total governmental activities	<u>\$ 24,255,554</u>	<u>\$ 710,610</u>	<u>\$ 610,548</u>	<u>(22,934,396)</u>
General receipts:				
Property taxes				8,108,941
Other local sources				4,003,302
State aid				9,171,040
Grants and contributions not restricted to specific programs				1,952,572
Investment earnings				24,114
Other				<u>965</u>
Total general receipts				<u>23,260,934</u>
Change in net assets				326,538
Net assets - beginning				<u>3,408,610</u>
Net assets - ending				<u>\$ 3,735,148</u>
<u>Assets</u>				
Cash and investments				\$ 2,851,492
Restricted assets:				
Cash and investments				<u>883,656</u>
Total assets				<u>\$ 3,735,148</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 108,146
Other purposes				775,510
Unrestricted				<u>2,851,492</u>
Total net assets				<u>\$ 3,735,148</u>

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 9,838,460	\$ -	\$ 62,627	\$ (9,775,833)
Support services	5,818,026	640,178	514,448	(4,663,400)
Noninstructional services	1,400,789	-	-	(1,400,789)
Facilities acquisition and construction	648,159	-	-	(648,159)
Debt service	2,104,457	-	-	(2,104,457)
Nonprogrammed charges	<u>2,526,140</u>	<u>-</u>	<u>-</u>	<u>(2,526,140)</u>
Total governmental activities	<u>\$ 22,336,031</u>	<u>\$ 640,178</u>	<u>\$ 577,075</u>	<u>(21,118,778)</u>
General receipts:				
Property taxes				7,829,829
Other local sources				3,720,405
State aid				11,971,555
Grants and contributions not restricted to specific programs				1,102,548
Investment earnings				14,950
Other				<u>7,051</u>
Total general receipts				<u>24,646,338</u>
Change in net assets				3,527,560
Net assets - beginning				<u>3,735,148</u>
Net assets - ending				<u>\$ 7,262,708</u>
<u>Assets</u>				
Cash and investments				\$ 5,006,450
Restricted assets:				
Cash and investments				<u>2,256,258</u>
Total assets				<u>\$ 7,262,708</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,158,465
Other purposes				1,097,793
Unrestricted				<u>5,006,450</u>
Total net assets				<u>\$ 7,262,708</u>

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Local Rainy Day Fund	School Lunch Fund	Stabilization Fund	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 4,384,856	\$ -	\$ 686,901	\$ -	\$ 1,598,124	\$ 1,801,627	\$ 1,540,072	\$ 10,011,580
Intermediate sources	557	-	-	-	-	-	788	1,345
State sources	9,219,723	-	24,784	-	-	-	246,713	9,491,220
Federal sources	-	-	448,726	1,061,304	-	-	732,910	2,242,940
Other	-	-	-	-	-	-	965	965
Total receipts	13,605,136	-	1,160,411	1,061,304	1,598,124	1,801,627	2,521,448	21,748,050
Disbursements:								
Current:								
Instruction	8,760,438	-	-	-	-	-	613,156	9,373,594
Support services	3,412,153	88,165	-	-	-	726,576	1,471,595	5,698,489
Noninstructional services	284,071	-	1,044,551	-	-	-	42,786	1,371,408
Facilities acquisition and construction	-	-	-	-	-	499,290	30	499,320
Debt services	1,340,000	-	-	-	1,798,453	-	944,325	4,082,778
Nonprogrammed charges	90,737	-	-	-	-	-	12,368	103,105
Total disbursements	13,887,399	88,165	1,044,551	-	1,798,453	1,225,866	3,084,260	21,128,694
Excess (deficiency) of receipts over disbursements	(282,263)	(88,165)	115,860	1,061,304	(200,329)	575,761	(562,812)	619,356
Other financing sources (uses):								
Transfers in	48,180	200,000	-	-	19,735	19,931	19,247	307,093
Transfers out	(944)	-	-	-	-	(200,000)	(106,149)	(307,093)
Total other financing sources (uses)	47,236	200,000	-	-	19,735	(180,069)	(86,902)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(235,027)	111,835	115,860	1,061,304	(180,594)	395,692	(649,714)	619,356
Cash and investments - beginning	594,161	200,000	284,601	-	288,740	212,158	760,622	2,340,282
Cash and investments - ending	<u>\$ 359,134</u>	<u>\$ 311,835</u>	<u>\$ 400,461</u>	<u>\$ 1,061,304</u>	<u>\$ 108,146</u>	<u>\$ 607,850</u>	<u>\$ 110,908</u>	2,959,638
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.								
								775,510
Net assets of governmental activities								<u>\$ 3,735,148</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 359,134	\$ 311,835	\$ 400,461	\$ 1,061,304	\$ -	\$ 607,850	\$ 110,908	\$ 2,851,492
Restricted assets:								
Cash and investments	-	-	-	-	108,146	-	-	108,146
Total cash and investment assets - ending	<u>\$ 359,134</u>	<u>\$ 311,835</u>	<u>\$ 400,461</u>	<u>\$ 1,061,304</u>	<u>\$ 108,146</u>	<u>\$ 607,850</u>	<u>\$ 110,908</u>	<u>\$ 2,959,638</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 108,146	\$ -	\$ -	\$ 108,146
Unrestricted	359,134	311,835	400,461	1,061,304	-	607,850	110,908	2,851,492
Total cash and investment fund balance - ending	<u>\$ 359,134</u>	<u>\$ 311,835</u>	<u>\$ 400,461</u>	<u>\$ 1,061,304</u>	<u>\$ 108,146</u>	<u>\$ 607,850</u>	<u>\$ 110,908</u>	<u>\$ 2,959,638</u>

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

NORTH SPENCER COUNTY 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, 2010

	General	Local Rainy Day Fund	School Lunch Fund	Stabilization Fund	Debt Service	Capital Projects	Other	Totals
Receipts:								
Local sources	\$ 60,679	\$ -	\$ 614,749	\$ -	\$ 2,818,635	\$ 3,089,078	\$ 2,873,546	\$ 9,456,687
Intermediate sources	557	-	-	-	-	-	412	969
State sources	11,991,168	-	24,523	-	-	-	138,729	12,154,420
Federal sources	-	-	440,381	417,081	-	-	639,297	1,496,759
Other	6,491	-	-	-	-	-	560	7,051
Total receipts	12,058,895	-	1,079,653	417,081	2,818,635	3,089,078	3,652,544	23,115,886
Disbursements:								
Current:								
Instruction	7,976,895	-	-	1,199,853	-	-	661,709	9,838,457
Support services	2,861,285	289,589	-	257,766	-	745,084	1,664,303	5,818,027
Noninstructional services	288,022	-	1,063,004	20,766	-	-	28,996	1,400,788
Facilities acquisition and construction	-	-	-	-	-	648,159	-	648,159
Debt services	-	-	-	-	1,820,199	-	284,257	2,104,456
Nonprogrammed charges	88,350	-	-	-	-	-	12,372	100,722
Total disbursements	11,214,552	289,589	1,063,004	1,478,385	1,820,199	1,393,243	2,651,637	19,910,609
Excess (deficiency) of receipts over disbursements	844,343	(289,589)	16,649	(1,061,304)	998,436	1,695,835	1,000,907	3,205,277
Other financing sources (uses):								
Transfers in	24,981	1,325,000	-	-	6,225	6,999	64,267	1,427,472
Transfers out	(16,798)	-	-	-	(106,225)	(906,999)	(397,450)	(1,427,472)
Total other financing sources (uses)	8,183	1,325,000	-	-	(100,000)	(900,000)	(333,183)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	852,526	1,035,411	16,649	(1,061,304)	898,436	795,835	667,724	3,205,277
Cash and investments - beginning	359,134	311,835	400,461	1,061,304	108,146	607,850	110,908	2,959,638
Cash and investments - ending	\$ 1,211,660	\$ 1,347,246	\$ 417,110	\$ -	\$ 1,006,582	\$ 1,403,685	\$ 778,632	6,164,915
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.								
								1,097,793
Net assets of governmental activities								\$ 7,262,708
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,211,660	\$ 1,347,246	\$ 417,110	\$ -	\$ -	\$ 1,403,685	\$ 626,749	\$ 5,006,450
Restricted assets:								
Cash and investments	-	-	-	-	1,006,582	-	151,883	1,158,465
Total cash and investment assets - ending	\$ 1,211,660	\$ 1,347,246	\$ 417,110	\$ -	\$ 1,006,582	\$ 1,403,685	\$ 778,632	\$ 6,164,915
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,006,582	\$ -	\$ 151,883	\$ 1,158,465
Unrestricted	1,211,660	1,347,246	417,110	-	-	1,403,685	626,749	5,006,450
Total cash and investment fund balance - ending	\$ 1,211,660	\$ 1,347,246	\$ 417,110	\$ -	\$ 1,006,582	\$ 1,403,685	\$ 778,632	\$ 6,164,915

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,832,058
Miscellaneous	1,984
Total operating receipts	2,834,042
Operating disbursements:	
Insurance claims and expense	3,126,860
Change in net assets	(292,818)
Cash and investment fund balance - beginning	1,068,328
Cash and investment fund balance - ending	\$ 775,510
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 775,510
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 775,510

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2010

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,746,727
Miscellaneous	978
Total operating receipts	2,747,705
Operating disbursements:	
Insurance claims and expense	2,425,422
Change in net assets	322,283
Cash and investment fund balance - beginning	775,510
Cash and investment fund balance - ending	\$ 1,097,793
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,097,793
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,097,793
Total cash and investment fund balance - ending	\$ 1,097,793

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 23,997	
Deductions:		
Administrative and general	24,308	
Deficiency of total additions under total deductions	(311)	
Cash and investment fund balance - beginning	11,977	
Cash and investment fund balance - ending	\$ 11,666	\$ 12,571
Net assets:		
Cash and investments	\$ 11,666	\$ 12,571
Total net assets - cash and investment basis held in trust	\$ 11,666	\$ 12,571

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ 406	
Deductions:		
Administrative and general	<u>8,899</u>	
Deficiency of total additions under total deductions	(8,493)	
Cash and investment fund balance - beginning	<u>11,666</u>	
Cash and investment fund balance - ending	<u>\$ 3,173</u>	<u>\$ (19,847)</u>
Net assets:		
Cash and investments	<u>\$ 3,173</u>	<u>\$ (19,847)</u>
Total net assets - cash and investment basis held in trust	<u>\$ 3,173</u>	<u>\$ (19,847)</u>

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: North Spencer County School Corporation

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

Joint Venture

The School Corporation is a participant in a joint venture to operate Patoka Valley Vocational Cooperative which was created to provide for the vocational education of students. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Patoka Valley Vocational Cooperative can be obtained from Greater Jasper Consolidated School Corporation, 1520 St. Charles Street, Jasper, IN 47576.

The School Corporation is a participant in a joint venture to operate Dubois-Spencer-Perry Exceptional Children's Cooperative which was created to provide programs and services for exceptional children. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Dubois-Spencer-Perry Exceptional Children's Cooperative can be obtained from Greater Jasper Consolidated School Corporation, 1520 St. Charles Street, Jasper, IN 47576.

The School Corporation is a participant in a joint venture to operate Southern Indiana Education Center (SIEC) which was created to operate and maintain an educational service center in order to allow participating school corporations to cooperate and share certain programs and services. The School Corporation makes payments to the SIEC for purchases made. The SIEC's continued existence depends on continued funding by the member corporations. The member corporations are obligated for the debts of the SIEC. Complete financial statements for the Southern Indiana Education Center (SIEC) can be obtained from Mr. Scott Turney, 1102 Tree Lane Drive, Jasper, IN 47547.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The local rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

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

The stabilization fund accounts for receipts and disbursements of state distributions of federal stimulus funds, to be used to supplement funding of local, state, and federal programs.

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

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

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for all receipts and disbursements from the School Corporation's self-insurance fund.

Private-purpose trust funds report a trust arrangement under which principal and income benefit the School Corporation students.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

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

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Activities

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied 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.

NORTH SPENCER COUNTY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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 Deficit

At June 30, 2009 and 2010, the following funds reported a deficit in cash and investments, which is a violation of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009	2010
Transportation Operating	\$ 506,579	\$ -
Special Education Preschool	1,584	-
Retirement Severance Bond Fund	2,291	-
Extracurricular Activities	686	-
SINE/Alt Ed Reimbursable	-	34,244

The cash and investment deficits arose primarily from disbursements exceeding receipts because the County had not yet distributed the tax settlement; these deficits will 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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$6,921,195.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2009	2010
General Fund	Other Governmental Funds	\$ 944	\$ 16,798
Debt Service Fund	Local Rainy Day Fund	-	100,000
	Other Governmental Funds	-	6,225
Capital Projects Fund	Local Rainy Day Fund	200,000	900,000
	Other Governmental Funds	-	6,999
Other Governmental Funds	General Fund	48,180	24,981
	Debt Service Fund	19,735	6,225
	Capital Projects Fund	19,931	6,999
	Local Rainy Day Fund	-	325,000
	Other Governmental Funds	18,303	34,245
Totals		<u>\$ 307,093</u>	<u>\$ 1,427,472</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; 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; and natural disasters are covered by commercial insurance from independent third parties.

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the self-insurance fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of coverage provided by the fund. A premium is charged to each fund that accounts for employee payroll. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporations

The School Corporation has entered into a capital lease with North Spencer County Elementary 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 fiscal years ended June 30, 2009 and 2010, totaled \$859,305 and \$857,107, respectively.

The School Corporation has entered into a capital lease with North Spencer County Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years ended June 30, 2009 and 2010, totaled \$804,650 and \$856,850, respectively.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Retiree Health Insurance is a single-employer defined benefit healthcare plan administered by North Spencer County School Corporation. The plan provides postemployment health insurance and bridge-to-retirement payments to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Retiree healthcare are established by the School Corporation's governing board. The required contribution is based on projected pay-as-you-go financing requirements. The School Corporation pays the amount the School Corporation was paying for a single health plan at the time of retirement. The retiree pays any increase in the health insurance premium since the time of their retirement. The dollar amount and percentages of retiree and employer payments could not reasonably be determined.

The bridge-to-retirement postemployment benefits are paid out to retirees in payments ranging from \$6,100 to \$7,000 per retiree, per year, until the retiree reaches full retirement age, or up to a maximum of 10 years.

D. Pension Plan

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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

The School Corporation's contributions to the plan during the period were \$637,025.

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	Text Book Rental	Levy Excess	Educational License Plate	Alternative Education Fund	School Safe Haven Fund
Receipts:							
Local sources	\$ 1,022,776	\$ 15,979	\$ 178,274	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	788	-	-
State sources	-	62,666	26,863	-	-	2,831	2,845
Federal sources	-	-	-	-	-	-	-
Other	965	-	-	-	-	-	-
Total receipts	1,023,741	78,645	205,137	-	788	2,831	2,845
Disbursements:							
Current:							
Instruction	-	83,288	-	-	-	3,775	2,845
Support services	1,095,328	-	214,963	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	30	-	-	-	-	-	-
Debt services	600,000	-	-	-	-	-	-
Nonprogrammed charges	-	12,368	-	-	-	-	-
Total disbursements	1,695,358	95,656	214,963	-	-	3,775	2,845
Excess (deficiency) of receipts over disbursements	(671,617)	(17,011)	(9,826)	-	788	(944)	-
Other financing sources (uses):							
Transfers in	12,486	176	-	-	-	944	-
Transfers out	-	-	-	(104,122)	-	-	-
Total other financing sources (uses)	12,486	176	-	(104,122)	-	944	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(659,131)	(16,835)	(9,826)	(104,122)	788	-	-
Cash and investments - beginning	152,552	15,251	268,506	104,122	1,605	-	-
Cash and investments - ending	<u>\$ (506,579)</u>	<u>\$ (1,584)</u>	<u>\$ 258,680</u>	<u>\$ -</u>	<u>\$ 2,393</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (506,579)</u>	<u>\$ (1,584)</u>	<u>\$ 258,680</u>	<u>\$ -</u>	<u>\$ 2,393</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ (506,579)</u>	<u>\$ (1,584)</u>	<u>\$ 258,680</u>	<u>\$ -</u>	<u>\$ 2,393</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investment fund balance - ending	<u>\$ (506,579)</u>	<u>\$ (1,584)</u>	<u>\$ 258,680</u>	<u>\$ -</u>	<u>\$ 2,393</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Vision Athena Grant Award	High Ability 07/08	Non English Speaking Grant 07/08	Technology Plan Grant	Tobacco Grant 07/09	Intelenet Commission	Title I 09-7385
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	35,135	9,594	79,642	27,137	-	-
Federal sources	-	-	-	-	-	-	214,335
Other	-	-	-	-	-	-	-
Total receipts	-	35,135	9,594	79,642	27,137	-	214,335
Disbursements:							
Current:							
Instruction	350	37,628	9,958	-	-	-	180,749
Support services	-	-	-	-	-	-	10,403
Noninstructional services	-	-	-	-	32,769	-	2,286
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	350	37,628	9,958	-	32,769	-	193,438
Excess (deficiency) of receipts over disbursements	(350)	(2,493)	(364)	79,642	(5,632)	-	20,897
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(350)	(2,493)	(364)	79,642	(5,632)	-	20,897
Cash and investments - beginning	9,509	7,361	633	-	7,948	1,995	-
Cash and investments - ending	<u>\$ 9,159</u>	<u>\$ 4,868</u>	<u>\$ 269</u>	<u>\$ 79,642</u>	<u>\$ 2,316</u>	<u>\$ 1,995</u>	<u>\$ 20,897</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 9,159</u>	<u>\$ 4,868</u>	<u>\$ 269</u>	<u>\$ 79,642</u>	<u>\$ 2,316</u>	<u>\$ 1,995</u>	<u>\$ 20,897</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 9,159</u>	<u>\$ 4,868</u>	<u>\$ 269</u>	<u>\$ 79,642</u>	<u>\$ 2,316</u>	<u>\$ 1,995</u>	<u>\$ 20,897</u>
Total cash and investment fund balance - ending	<u>\$ 9,159</u>	<u>\$ 4,868</u>	<u>\$ 269</u>	<u>\$ 79,642</u>	<u>\$ 2,316</u>	<u>\$ 1,995</u>	<u>\$ 20,897</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title I 08-7385	Title V Part A 2007/2008	English Literacy/Civics	Outreach 2008/09	Adult Education Comprehensive Grant 2008/09	Indiana Rural Capacity Grant	English Literacy/Civics 06/07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	22,100	3,239	35,000	28,000	92,226	150,000	-
Other	-	-	-	-	-	-	-
Total receipts	22,100	3,239	35,000	28,000	92,226	150,000	-
Disbursements:							
Current:							
Instruction	18,708	-	29,564	23,936	54,884	91,579	436
Support services	6,923	-	-	258	27,804	-	-
Noninstructional services	463	-	2,428	673	4,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	26,094	-	31,992	24,867	86,688	91,579	436
Excess (deficiency) of receipts over disbursements	(3,994)	3,239	3,008	3,133	5,538	58,421	(436)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,994)	3,239	3,008	3,133	5,538	58,421	(436)
Cash and investments - beginning	3,994	-	-	-	(466)	-	436
Cash and investments - ending	\$ -	\$ 3,239	\$ 3,008	\$ 3,133	\$ 5,072	\$ 58,421	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 3,239	\$ 3,008	\$ 3,133	\$ 5,072	\$ 58,421	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 3,239	\$ 3,008	\$ 3,133	\$ 5,072	\$ 58,421	\$ -
Total cash and investment fund balance - ending	\$ -	\$ 3,239	\$ 3,008	\$ 3,133	\$ 5,072	\$ 58,421	\$ -

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Outreach 07/08	Adult Education Comprehensive Grant 2007/08	Title IV, Part A Drug Free 07/08	Title IV, Part A Drug Free 06/07	High Schools That Work 2007	Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	5,800	6,473	-	-	16,763
Other	-	-	-	-	-	-
Total receipts	-	5,800	6,473	-	-	16,763
Disbursements:						
Current:						
Instruction	213	23,869	5,549	1,464	-	-
Support services	217	760	-	-	-	607
Noninstructional services	-	167	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	430	24,796	5,549	1,464	-	607
Excess (deficiency) of receipts over disbursements	(430)	(18,996)	924	(1,464)	-	16,156
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,027)
Total other financing sources (uses)	-	-	-	-	-	(2,027)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(430)	(18,996)	924	(1,464)	-	14,129
Cash and investments - beginning	430	18,996	-	1,464	1,716	41,301
Cash and investments - ending	\$ -	\$ -	\$ 924	\$ -	\$ 1,716	\$ 55,430
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 924	\$ -	\$ 1,716	\$ 55,430
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 924	\$ -	\$ 1,716	\$ 55,430
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 924	\$ -	\$ 1,716	\$ 55,430

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title II, Part A 2007/08	Title III 2009/10	ARRA - Title I Stimulus 2009	Retirement Severance Bond Fund	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 251,714	\$ 71,329	\$ 1,540,072
Intermediate sources	-	-	-	-	-	788
State sources	-	-	-	-	-	246,713
Federal sources	76,526	8,820	73,628	-	-	732,910
Other	-	-	-	-	-	965
Total receipts	76,526	8,820	73,628	251,714	71,329	2,521,448
Disbursements:						
Current:						
Instruction	44,361	-	-	-	-	613,156
Support services	36,343	8,820	-	-	69,169	1,471,595
Noninstructional services	-	-	-	-	-	42,786
Facilities acquisition and construction	-	-	-	-	-	30
Debt services	-	-	-	289,325	55,000	944,325
Nonprogrammed charges	-	-	-	-	-	12,368
Total disbursements	80,704	8,820	-	289,325	124,169	3,084,260
Excess (deficiency) of receipts over disbursements	(4,178)	-	73,628	(37,611)	(52,840)	(562,812)
Other financing sources (uses):						
Transfers in	-	-	-	4,040	1,601	19,247
Transfers out	-	-	-	-	-	(106,149)
Total other financing sources (uses)	-	-	-	4,040	1,601	(86,902)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,178)	-	73,628	(33,571)	(51,239)	(649,714)
Cash and investments - beginning	12,766	-	-	31,280	79,223	760,622
Cash and investments - ending	\$ 8,588	\$ -	\$ 73,628	\$ (2,291)	\$ 27,984	\$ 110,908
Cash and Investment Assets - Ending						
Cash and investments	\$ 8,588	\$ -	\$ 73,628	\$ (2,291)	\$ 27,984	\$ 110,908
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 8,588	\$ -	\$ 73,628	\$ (2,291)	\$ 27,984	\$ 110,908
Total cash and investment fund balance - ending	\$ 8,588	\$ -	\$ 73,628	\$ (2,291)	\$ 27,984	\$ 110,908

NORTH SPENCER COUNTY 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, 2010

	Transportation Operating	Special Education Preschool	Text Book Rental	Levy Excess	Educational License Plate	Vision Athena Grant Award	High Ability 07/08
Receipts:							
Local sources	\$ 1,736,995	\$ -	\$ 185,071	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	412	-	-
State sources	-	39,875	28,839	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	560	-	-	-	-	-	-
Total receipts	1,737,555	39,875	213,910	-	412	-	-
Disbursements:							
Current:							
Instruction	-	24,230	-	-	-	-	4,868
Support services	1,148,106	-	243,505	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	12,372	-	-	-	-	-
Total disbursements	1,148,106	36,602	243,505	-	-	-	4,868
Excess (deficiency) of receipts over disbursements	589,449	3,273	(29,595)	-	412	-	(4,868)
Other financing sources (uses):							
Transfers in	3,984	55	-	35,320	-	-	-
Transfers out	(3,984)	(1,744)	-	(35,320)	-	-	-
Total other financing sources (uses)	-	(1,689)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	589,449	1,584	(29,595)	-	412	-	(4,868)
Cash and investments - beginning	(506,579)	(1,584)	258,680	-	2,393	9,159	4,868
Cash and investments - ending	\$ 82,870	\$ -	\$ 229,085	\$ -	\$ 2,805	\$ 9,159	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 82,870	\$ -	\$ 229,085	\$ -	\$ 2,805	\$ 9,159	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 82,870	\$ -	\$ 229,085	\$ -	\$ 2,805	\$ 9,159	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	82,870	-	229,085	-	2,805	9,159	-
Total cash and investment fund balance - ending	\$ 82,870	\$ -	\$ 229,085	\$ -	\$ 2,805	\$ 9,159	\$ -

NORTH SPENCER COUNTY 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, 2010
 (Continued)

	High Ability 09/10	Non English Speaking Grant 07/08	Technology Plan Grant	Fluor Foundation Grant	Tobacco Grant 07/09	Intelenet Commission	Title I 09-7385
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	34,124	8,891	-	-	27,000	-	-
Federal sources	-	-	-	-	-	-	18,895
Other	-	-	-	-	-	-	-
Total receipts	34,124	8,891	-	5,000	27,000	-	18,895
Disbursements:							
Current:							
Instruction	33,063	9,160	53,021	5,000	-	-	9,978
Support services	-	-	-	-	-	-	5,327
Noninstructional services	-	-	-	-	26,873	-	837
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	33,063	9,160	53,021	5,000	26,873	-	16,142
Excess (deficiency) of receipts over disbursements	1,061	(269)	(53,021)	-	127	-	2,753
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(23,650)
Total other financing sources (uses)	-	-	-	-	-	-	(23,650)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,061	(269)	(53,021)	-	127	-	(20,897)
Cash and investments - beginning	-	269	79,642	-	2,316	1,995	20,897
Cash and investments - ending	\$ 1,061	\$ -	\$ 26,621	\$ -	\$ 2,443	\$ 1,995	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,061	\$ -	\$ 26,621	\$ -	\$ 2,443	\$ 1,995	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,061	\$ -	\$ 26,621	\$ -	\$ 2,443	\$ 1,995	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,061	-	26,621	-	2,443	1,995	-
Total cash and investment fund balance - ending	\$ 1,061	\$ -	\$ 26,621	\$ -	\$ 2,443	\$ 1,995	\$ -

NORTH SPENCER COUNTY 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, 2010
 (Continued)

	Title I 08-7385	Title V Part A 2007/2008	English Literacy/Civics	Outreach 2008/09	Adult Education Comprehensive Grant 2008/09	Indiana Rural Capacity Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	213,609	1,263	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	213,609	1,263	-	-	-	-
Disbursements:						
Current:						
Instruction	200,971	-	3,008	3,133	1,982	58,421
Support services	10,426	4,502	-	-	3,090	-
Noninstructional services	1,286	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	212,683	4,502	3,008	3,133	5,072	58,421
Excess (deficiency) of receipts over disbursements	926	(3,239)	(3,008)	(3,133)	(5,072)	(58,421)
Other financing sources (uses):						
Transfers in	23,650	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	23,650	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,576	(3,239)	(3,008)	(3,133)	(5,072)	(58,421)
Cash and investments - beginning	-	3,239	3,008	3,133	5,072	58,421
Cash and investments - ending	\$ 24,576	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 24,576	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 24,576	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	24,576	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 24,576	\$ -	\$ -	\$ -	\$ -	\$ -

NORTH SPENCER COUNTY 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, 2010
 (Continued)

	Title IV, Part A Drug Free 07/08	Title IV, Part A Drug Free 06/07	High Schools That Work 2007	Medicaid Reimbursement	Title II, Part A 2007/08	Title III 2009/10
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	5,482	-	20,705	73,811	8,320
Other	-	-	-	-	-	-
Total receipts	-	5,482	-	20,705	73,811	8,320
Disbursements:						
Current:						
Instruction	924	2,347	1,537	-	45,759	-
Support services	-	-	-	2,156	23,820	8,320
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	924	2,347	1,537	2,156	69,579	8,320
Excess (deficiency) of receipts over disbursements	(924)	3,135	(1,537)	18,549	4,232	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(6,494)	-	-
Total other financing sources (uses)	-	-	-	(6,494)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(924)	3,135	(1,537)	12,055	4,232	-
Cash and investments - beginning	924	-	1,716	55,430	8,588	-
Cash and investments - ending	\$ -	\$ 3,135	\$ 179	\$ 67,485	\$ 12,820	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 3,135	\$ 179	\$ 67,485	\$ 12,820	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 3,135	\$ 179	\$ 67,485	\$ 12,820	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,135	179	67,485	12,820	-
Total cash and investment fund balance - ending	\$ -	\$ 3,135	\$ 179	\$ 67,485	\$ 12,820	\$ -

NORTH SPENCER COUNTY 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, 2010
 (Continued)

	ARRA - Title I Stimulus 2009	ARRA - Special Education Part B	ARRA - Special Education Preschool	Retirement Severance Bond Fund	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 438,431	\$ 508,049	\$ 2,873,546
Intermediate sources	-	-	-	-	-	412
State sources	-	-	-	-	-	138,729
Federal sources	52,575	228,074	16,563	-	-	639,297
Other	-	-	-	-	-	560
Total receipts	52,575	228,074	16,563	438,431	508,049	3,652,544
Disbursements:						
Current:						
Instruction	70,216	119,383	14,708	-	-	661,709
Support services	33,904	99,336	-	-	81,811	1,664,303
Noninstructional services	-	-	-	-	-	28,996
Debt services	-	-	-	284,257	-	284,257
Nonprogrammed charges	-	-	-	-	-	12,372
Total disbursements	104,120	218,719	14,708	284,257	81,811	2,651,637
Excess (deficiency) of receipts over disbursements	(51,545)	9,355	1,855	154,174	426,238	1,000,907
Other financing sources (uses):						
Transfers in	-	-	-	980	278	64,267
Transfers out	-	-	-	(980)	(325,278)	(397,450)
Total other financing sources (uses)	-	-	-	-	(325,000)	(333,183)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(51,545)	9,355	1,855	154,174	101,238	667,724
Cash and investments - beginning	73,628	-	-	(2,291)	27,984	110,908
Cash and investments - ending	\$ 22,083	\$ 9,355	\$ 1,855	\$ 151,883	\$ 129,222	\$ 778,632
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 22,083	\$ 9,355	\$ 1,855	\$ -	\$ 129,222	\$ 626,749
Restricted assets:						
Cash and investments	-	-	-	151,883	-	151,883
Total cash and investment assets - ending	\$ 22,083	\$ 9,355	\$ 1,855	\$ 151,883	\$ 129,222	\$ 778,632
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 151,883	\$ -	\$ 151,883
Unrestricted	22,083	9,355	1,855	-	129,222	626,749
Total cash and investment fund balance - ending	\$ 22,083	\$ 9,355	\$ 1,855	\$ 151,883	\$ 129,222	\$ 778,632

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

	<u>Trust/ISTA Section 125</u>	<u>S.I.N.E. Adult Literacy</u>	<u>S.I.N.E. Project Excellence</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 15	\$ -	\$ 23,982	\$ 23,997
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deductions:				
Administrative and general	-	326	23,982	24,308
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of total additions over total deductions	15	(326)	-	(311)
Cash and investment fund balance - beginning	<u>2,752</u>	<u>9,225</u>	<u>-</u>	<u>11,977</u>
Cash and investments - June 30	<u>\$ 2,767</u>	<u>\$ 8,899</u>	<u>\$ -</u>	<u>\$ 11,666</u>
Net assets:				
Cash and investments	\$ 2,767	\$ 8,899	\$ -	\$ 11,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,767</u>	<u>\$ 8,899</u>	<u>\$ -</u>	<u>\$ 11,666</u>

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

	Trust/ISTA Section 125	S.I.N.E. Adult Literacy	Totals
Additions:			
Contributions:			
Other	\$ 406	\$ -	\$ 406
Deductions:			
Administrative and general	-	8,899	8,899
Excess (deficiency) of total additions over total deductions	406	(8,899)	(8,493)
Cash and investment fund balance - beginning	2,767	8,899	11,666
Cash and investments - June 30	<u>\$ 3,173</u>	<u>\$ -</u>	<u>\$ 3,173</u>
Net assets:			
Cash and investments	\$ 3,173	\$ -	\$ 3,173
Total net assets - cash and investment basis held in trust	<u>\$ 3,173</u>	<u>\$ -</u>	<u>\$ 3,173</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Federal Withholding	FICA Tax	State Tax	Insurance	Tax Sheltered Annuities	Teacher Dues	VALIC Non-Certified Withholding
Additions:							
Agency fund additions	\$ 923,787	\$ 722,322	\$ 367,261	\$ 889,299	\$ 323,124	\$ 68,756	\$ 59,172
Deductions:							
Agency fund deductions	923,787	722,322	367,261	887,460	323,124	68,756	59,172
Excess (deficiency) of total additions over total deductions	-	-	-	1,839	-	-	-
Cash and investment fund balance - beginning	-	-	-	11,154	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 12,993	\$ -	\$ -	\$ -

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

	Credit Union	Cafeteria Payroll HHHS	Cafeteria Payroll DT	Cafeteria Payroll CE	Cafeteria Payroll LT	Cafeteria Payroll NH	Extracurricular Activities
Additions:							
Agency fund additions	\$ 140,308	\$ 180,790	\$ 39,455	\$ 31,442	\$ 48,167	\$ 57,411	\$ 14,934
Deductions:							
Agency fund deductions	140,308	180,790	39,455	31,442	48,167	57,411	15,620
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	-	(686)
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (686)

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

	Generation II	Garnishment Withheld	School Lunch Program	Integrated Preschool	Clearing Other	Fringe Benefit Clearing Fund	Totals
Additions:							
Agency fund additions	\$ 19,615	\$ 12,078	\$ 330,723	\$ 36	\$ 458	\$ 2,843	\$ 4,231,981
Deductions:							
Agency fund deductions	19,597	12,078	330,723	-	458	2,641	4,230,572
Excess (deficiency) of total additions over total deductions	18	-	-	36	-	202	1,409
Cash and investment fund balance - beginning	44	-	-	(36)	-	-	11,162
Cash and investment fund balance - ending	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202</u>	<u>\$ 12,571</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Federal Withholding	FICA Tax	State Tax	Insurance	Tax Sheltered Annuities	Teacher Dues	VALIC Non-Certified Withholding
Additions:							
Agency fund additions	\$ 889,521	\$ 752,517	\$ 388,059	\$ 919,470	\$ 335,091	\$ 77,532	\$ 69,661
Deductions:							
Agency fund deductions	889,521	752,517	388,059	918,699	335,091	77,532	69,661
Excess (deficiency) of total additions over total deductions	-	-	-	771	-	-	-
Cash and investment fund balance - beginning	-	-	-	12,993	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 13,764	\$ -	\$ -	\$ -

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

	Credit Union	Cafeteria Payroll HHHS	Cafeteria Payroll DT	Cafeteria Payroll CE	Cafeteria Payroll LT	Cafeteria Payroll NH	Extracurricular Activities
Additions:							
Agency fund additions	\$ 116,143	\$ 192,667	\$ 43,168	\$ 30,672	\$ 50,633	\$ 56,941	\$ 19,339
Deductions:							
Agency fund deductions	116,143	192,667	43,168	30,672	50,633	56,941	18,653
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	-	686
Cash and investment fund balance - beginning	-	-	-	-	-	-	(686)
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Generation II	School Lunch Program	Garnishment Withheld	Clearing Other	SINE/Alt Ed Reimbursable	Fringe Benefit Clearing Fund	Totals
Additions:							
Agency fund additions	\$ 19,799	\$ 298,147	\$ 9,825	\$ -	\$ 455,322	\$ 2,098	\$ 4,726,605
Deductions:							
Agency fund deductions	19,799	298,147	9,825	-	489,566	1,729	4,759,023
Excess (deficiency) of total additions over total deductions	-	-	-	-	(34,244)	369	(32,418)
Cash and investment fund balance - beginning	62	-	-	-	-	202	12,571
Cash and investment fund balance - ending	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,244)</u>	<u>\$ 571</u>	<u>\$ (19,847)</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 294,875
Buildings	24,639,400
Improvements other than buildings	282,500
Machinery and equipment	<u>16,712,343</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 41,929,118</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Middle School Building	\$ 9,840,000	\$ 909,600
Elementary School Buildings	2,720,000	857,857
Energy Savings Contract	677,116	138,333
Common School loans payable:	373,280	92,387
Bonds payable:		
General obligation bonds:		
457(b) Bridge to Retirement	<u>2,645,000</u>	<u>288,650</u>
Total governmental activities debt	<u>\$ 16,255,396</u>	<u>\$ 2,286,827</u>

NORTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS (Applies to Heritage Hills High School Lunch Fund)

Depository reconciliations of the fund balances to the bank account balances were presented for audit, but were incorrect. At June 30, 2009 and 2010, the fund balances were \$500 and \$1,077 higher than the adjusted bank balance, respectively. The differences are due to posting errors, including the posting of NSF checks.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

BANK ACCOUNT RECONCILIATIONS (Applies to Heritage Hills High School)

Depository reconciliations of the fund balances to the bank account balances were presented for audit, but were incorrect. At June 30, 2009 and 2010, the fund balances were \$4,384 and \$4,568 higher than the adjusted bank balance, respectively. The differences are due to posting errors including the posting of interest earned and NSF checks.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

OVERDRAWN FUND BALANCES

The Transportation Operating Fund, Special Education Preschool Fund, Retirement Severance Bond Fund, and Extracurricular Activities Fund were overdrawn at June 30, 2009. The SINE/Alt Ed Reimbursable Fund was overdrawn at June 30, 2010.

The fund 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)

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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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE NORTH SPENCER COUNTY
SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

Compliance

We have audited the compliance of the North Spencer County 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, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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)

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.

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

STATE BOARD OF ACCOUNTS

December 30, 2010

NORTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 08/09 FY 09/10	\$ 51,024 -	\$ - 53,727
Total for program			51,024	53,727
National School Lunch Program	10.555	FY 08/09 FY 09/10	292,579 -	- 295,513
Total for program			292,579	295,513
Total for federal grantor agency			343,603	349,240
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
FY 07/08		08-7385	26,094	-
FY 08/09		09-7385	193,437	16,142
FY 09/10		10-7385	-	212,683
Total for program			219,531	228,825
ARRA - Title I Grants to Local Educational Agencies, Recovery Act FY 09/10	84.389	7385	-	104,120
Total for cluster			219,531	332,945
Pass-Through Dubois-Spencer-Perry Exceptional Children's Co-op Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act FY 09/10	84.391	7385	-	218,719
ARRA - Special Education - Preschool Grants, Recovery Act FY 09/10	84.392	7385	-	14,708
Total for cluster			-	233,427
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster <u>ARRA - State Fiscal Stabilization Fund (SFSF) -</u> Education State Grants, Recovery Act	84.394			
FY 08/09		7385	-	1,212,670
FY 09/10		7385	-	265,715
Total for cluster			-	1,478,385

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Adult Education - Basic Grants to States	84.002			
English Literacy/Civics FY 07/08		08-8406	436	-
Outreach FY 07/08		08-8131	430	-
Comprehensive FY 07/08		08-8043	24,797	-
English Literacy/Civics FY 08/09		09-8406	31,992	3,008
Outreach FY 08/09		09-8131	24,867	3,133
Comprehensive FY 08/09		09-8043	86,688	5,072
English Literacy/Civics FY 09/10		10-8406	35,000	-
Outreach FY 09/10		10-8131	28,000	-
Comprehensive FY 09/10		10-8043	<u>28,580</u>	<u>58,420</u>
Total for program			<u>260,790</u>	<u>69,633</u>
Career and Technical Education - Basic Grants to States	84.048			
High Schools That Work		07-7385	-	1,537
Safe and Drug-Free Schools and Communities-State Grants	84.186			
FY 06/07		06-7385	1,464	-
FY 07/08		07-7385	5,549	924
FY 08/09		08-7385	-	2,347
Total for program			<u>7,013</u>	<u>3,271</u>
State Grants for Innovative Programs	84.298			
FY 08/09		07-7385	-	4,502
Pass-Through Southern Indiana Education Center				
English Language Acquisition Grants	84.365			
FY 08/09		FY 08/09	8,820	-
FY 09/10		FY 09/10	-	8,320
Total for program			<u>8,820</u>	<u>8,320</u>
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367			
FY 06/07		06-7385	12,766	-
FY 07/08		07-7385	67,938	8,588
FY 08/09		08-7385	-	60,991
Total for program			<u>80,704</u>	<u>69,579</u>
Total for federal grantor agency			<u>576,858</u>	<u>2,201,599</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
Wind Storm		DR# 1795	2,811	-
Total federal awards expended			<u>\$ 923,272</u>	<u>\$ 2,550,839</u>

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

NORTH SPENCER COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Spencer County School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2009	2010
Child Nutrition Cluster	\$ 49,979	\$ 48,849
	\$ 49,979	\$ 48,849

NORTH SPENCER COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.002	Adult Education-Basic Grants to States State Fiscal Stabilization Fund Cluster Title I, Part A Cluster Special Education Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTH SPENCER COUNTY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH SPENCER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 30, 2010, with Daniel R. Scherry, Superintendent of Schools; Virlee E. Huffman, Treasurer; and Pamela K. Thompson, President of the School Board. The officials concurred with our audit findings.