

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

EXAMINATION REPORT

OF

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION

DUBOIS COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/12/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruth Leistner	07-01-05 to 06-30-08
Superintendent of Schools	Dan Balka	07-01-05 to 06-30-08
President of the School Board	Mary Pankey	07-01-05 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NORTHEAST DUBOIS COUNTY SCHOOL
CORPORATION, DUBOIS COUNTY, INDIANA

We have examined the financial information presented herein of Northeast Dubois County School Corporation (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 19, 2007

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE 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>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 3,346,274	\$ -	\$ 40,004	\$ (3,306,270)
Support services	4,396,182	345,165	88,520	(3,962,497)
Community services	6,093	-	-	(6,093)
Nonprogrammed charges	132,928	-	-	(132,928)
Debt service	<u>1,582,175</u>	<u>-</u>	<u>-</u>	<u>(1,582,175)</u>
Total governmental activities	<u>\$ 9,463,652</u>	<u>\$ 345,165</u>	<u>\$ 128,524</u>	<u>(8,989,963)</u>
General receipts:				
Property taxes				3,899,518
Other local sources				718,664
State aid				3,347,559
Bonds and loans				500,000
Grants and contributions not restricted to specific programs				96,441
Sale of property, adjustments, and refunds				3,638
Investment earnings				97,452
Transfers				<u>338,041</u>
Total general receipts and transfers				<u>9,001,313</u>
Change in net assets				11,350
Net assets - beginning				<u>2,593,206</u>
Net assets - ending				<u>\$ 2,604,556</u>
<u>Assets</u>				
Cash and investments				\$ 2,224,895
Restricted assets:				
Cash and investments				<u>379,661</u>
Total assets				<u>\$ 2,604,556</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 379,661
Unrestricted				<u>2,224,895</u>
Total net assets				<u>\$ 2,604,556</u>

The accompanying notes are an integral part of the financial information.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
SCHEDULE 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>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	\$ 3,381,883	\$ -	\$ 38,325	\$ (3,343,558)
Support services	4,316,580	384,495	111,585	(3,820,500)
Community services	5,717	-	-	(5,717)
Nonprogrammed charges	101,695	-	-	(101,695)
Debt service	<u>1,417,002</u>	<u>-</u>	<u>-</u>	<u>(1,417,002)</u>
Total governmental activities	<u>\$ 9,222,877</u>	<u>\$ 384,495</u>	<u>\$ 149,910</u>	<u>(8,688,472)</u>
General receipts:				
Property taxes				4,203,896
Other local sources				746,795
State aid				3,322,746
Bonds and loans				600,000
Grants and contributions not restricted to specific programs				77,470
Sale of property, adjustments, and refunds				7,160
Investment earnings				<u>94,701</u>
Total general receipts				<u>9,052,768</u>
Change in net assets				364,296
Net assets - beginning				<u>2,604,556</u>
Net assets - ending				<u>\$ 2,968,852</u>
<u>Assets</u>				
Cash and investments				\$ 2,822,588
Restricted assets:				
Cash and investments				<u>146,264</u>
Total assets				<u>\$ 2,968,852</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 146,264
Unrestricted				<u>2,822,588</u>
Total net assets				<u>\$ 2,968,852</u>

The accompanying notes are an integral part of the financial information.

NORTHEAST DUBOIS 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, 2006

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 2,288,128	\$ 583,215	\$ 19,200	\$ 758,445	\$ 685,219	\$ 66,783	\$ 659,296	\$ 5,060,286
Intermediate sources	232	-	-	-	-	-	281	513
State sources	3,375,595	-	-	-	-	-	39,140	3,414,735
Federal sources	-	-	-	-	-	-	157,789	157,789
Bonds and loans	500,000	-	-	-	-	-	-	500,000
Sale of property, adjustments and refunds	3,638	-	-	-	-	-	-	3,638
Total receipts	6,167,593	583,215	19,200	758,445	685,219	66,783	856,506	9,136,961
Disbursements:								
Current:								
Instruction	3,232,114	-	-	-	-	-	114,160	3,346,274
Support services	2,524,537	615,595	97,092	-	651,616	-	507,342	4,396,182
Community services	6,093	-	-	-	-	-	-	6,093
Nonprogrammed charges	59,629	-	-	-	-	-	73,299	132,928
Debt services	800,000	-	-	541,527	-	-	240,648	1,582,175
Total disbursements	6,622,373	615,595	97,092	541,527	651,616	-	935,449	9,463,652
Excess (deficiency) of receipts over disbursements	(454,780)	(32,380)	(77,892)	216,918	33,603	66,783	(78,943)	(326,691)
Other financing sources (uses):								
Transfers in	356,525	-	120,000	23,539	-	-	65,123	565,187
Transfers out	(89,257)	-	-	(78,816)	-	(45,000)	(14,073)	(227,146)
Total other financing sources (uses)	267,268	-	120,000	(55,277)	-	(45,000)	51,050	338,041
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(187,512)	(32,380)	42,108	161,641	33,603	21,783	(27,893)	11,350
Cash and investments - beginning	537,127	175,368	959,577	34,720	514,757	23,370	348,287	2,593,206
Cash and investments - ending	<u>\$ 349,615</u>	<u>\$ 142,988</u>	<u>\$ 1,001,685</u>	<u>\$ 196,361</u>	<u>\$ 548,360</u>	<u>\$ 45,153</u>	<u>\$ 320,394</u>	<u>\$ 2,604,556</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 349,615	\$ 142,988	\$ 1,001,685	\$ -	\$ 548,360	\$ 45,153	\$ 137,094	\$ 2,224,895
Restricted assets:								
Cash and investments	-	-	-	196,361	-	-	183,300	379,661
Total cash and investment assets - ending	<u>\$ 349,615</u>	<u>\$ 142,988</u>	<u>\$ 1,001,685</u>	<u>\$ 196,361</u>	<u>\$ 548,360</u>	<u>\$ 45,153</u>	<u>\$ 320,394</u>	<u>\$ 2,604,556</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 196,361	\$ -	\$ -	\$ 183,300	\$ 379,661
Unrestricted	349,615	142,988	1,001,685	-	548,360	45,153	137,094	2,224,895
Total cash and investment fund balance - ending	<u>\$ 349,615</u>	<u>\$ 142,988</u>	<u>\$ 1,001,685</u>	<u>\$ 196,361</u>	<u>\$ 548,360</u>	<u>\$ 45,153</u>	<u>\$ 320,394</u>	<u>\$ 2,604,556</u>

The accompanying notes are an integral part of the financial information.

NORTHEAST DUBOIS 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, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 2,386,672	\$ 636,465	\$ 554	\$ 801,144	\$ 780,207	\$ 96,856	\$ 727,382	\$ 5,429,280
Intermediate sources	232	-	-	-	-	-	375	607
State sources	3,349,013	-	-	-	-	-	45,147	3,394,160
Federal sources	-	-	-	-	-	-	155,966	155,966
Bonds and loans	600,000	-	-	-	-	-	-	600,000
Sale of property, adjustments and refunds	3,651	2,414	-	-	1,095	-	-	7,160
Total receipts	6,339,568	638,879	554	801,144	781,302	96,856	928,870	9,587,173
Disbursements:								
Current:								
Instruction	3,293,988	-	-	-	-	-	87,895	3,381,883
Support services	1,750,568	648,841	623,919	-	847,490	-	445,762	4,316,580
Community services	5,717	-	-	-	-	-	-	5,717
Nonprogrammed charges	101,294	-	-	-	-	-	401	101,695
Debt services	500,000	-	-	546,216	-	-	370,786	1,417,002
Total disbursements	5,651,567	648,841	623,919	546,216	847,490	-	904,844	9,222,877
Excess (deficiency) of receipts over disbursements	688,001	(9,962)	(623,365)	254,928	(66,188)	96,856	24,026	364,296
Other financing sources (uses):								
Transfers in	1,308	-	580,000	-	973	-	47,943	630,224
Transfers out	(41,170)	-	(163)	(446,385)	-	(140,000)	(2,506)	(630,224)
Total other financing sources (uses)	(39,862)	-	579,837	(446,385)	973	(140,000)	45,437	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	648,139	(9,962)	(43,528)	(191,457)	(65,215)	(43,144)	69,463	364,296
Cash and investments - beginning	349,615	142,988	1,001,685	196,361	548,360	45,153	320,394	2,604,556
Cash and investments - ending	<u>\$ 997,754</u>	<u>\$ 133,026</u>	<u>\$ 958,157</u>	<u>\$ 4,904</u>	<u>\$ 483,145</u>	<u>\$ 2,009</u>	<u>\$ 389,857</u>	<u>\$ 2,968,852</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 997,754	\$ 133,026	\$ 958,157	\$ -	\$ 483,145	\$ 2,009	\$ 248,497	\$ 2,822,588
Restricted assets:								
Cash and investments	-	-	-	4,904	-	-	141,360	146,264
Total cash and investment assets - ending	<u>\$ 997,754</u>	<u>\$ 133,026</u>	<u>\$ 958,157</u>	<u>\$ 4,904</u>	<u>\$ 483,145</u>	<u>\$ 2,009</u>	<u>\$ 389,857</u>	<u>\$ 2,968,852</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 4,904	\$ -	\$ -	\$ 141,360	\$ 146,264
Unrestricted	997,754	133,026	958,157	-	483,145	2,009	248,497	2,822,588
Total cash and investment fund balance - ending	<u>\$ 997,754</u>	<u>\$ 133,026</u>	<u>\$ 958,157</u>	<u>\$ 4,904</u>	<u>\$ 483,145</u>	<u>\$ 2,009</u>	<u>\$ 389,857</u>	<u>\$ 2,968,852</u>

The accompanying notes are an integral part of the financial information.

NORTHEAST DUBOIS COUNTY 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>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 4,000	
Deductions:			
Benefits	1,633,514	-	
Administrative and general	-	4,000	
Total deductions	<u>1,633,514</u>	<u>4,000</u>	
Deficiency of total additions over total deductions	(1,633,514)	-	
Cash and investment fund balance - beginning	<u>1,636,033</u>	-	
Cash and investment fund balance - ending	<u>\$ 2,519</u>	<u>\$ -</u>	
Net assets:			
Cash and investments	<u>\$ 2,519</u>	<u>\$ -</u>	<u>\$ 8,191</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,519</u>	<u>\$ -</u>	<u>\$ 8,191</u>

The accompanying notes are an integral part of the financial information.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 4,000	
Deductions:			
Administrative and general	-	3,000	
Excess (deficiency) of total additions over total deductions	-	1,000	
Cash and investment fund balance - beginning	2,519	-	
Cash and investment fund balance - ending	<u>\$ 2,519</u>	<u>\$ 1,000</u>	
Net assets:			
Cash and investments	<u>\$ 2,519</u>	<u>\$ 1,000</u>	<u>\$ 11,987</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,519</u>	<u>\$ 1,000</u>	<u>\$ 11,987</u>

The accompanying notes are an integral part of the financial information.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules 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.

Fund Financial Schedules

Fund financial schedules 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 schedules are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds are reported as separate columns in the fund financial schedules.

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 accounts for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

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.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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 pension trust funds account for the bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post retirement or severance benefits held by the School Corporation in a trustee capacity.

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

Agency funds account for assets held by the School Corporation as an agent for special projects, cafeteria payroll, and payroll withholdings of the School Corporation.

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial schedules 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.

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 schedules.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Debt Service Fund	\$ 23,539	\$ -
General Fund	Other governmental funds	61,307	41,170
General Fund	All others	4,411	-
Debt Service Fund	Other governmental funds	3,816	6,385
Debt Service Fund	Rainy Day Fund	75,000	440,000
School Bus Replacement Fund	Rainy Day Fund	45,000	140,000
Rainy Day Fund	Other governmental funds	-	163
Other governmental funds	General Fund	14,073	1,308
Other governmental funds	Capital Projects Fund	-	973
Other governmental funds	Other governmental funds	-	225
All others	General Fund	<u>342,452</u>	<u>-</u>
Totals		<u>\$ 569,598</u>	<u>\$ 630,224</u>

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

Note 7. Pension Plan

A. 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 this 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 members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That 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

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Funding Policy and Annual Pension Cost

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

B. 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 members' 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 and Annual Pension Cost

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

NORTHEAST DUBOIS 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, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Joint Services	Education License Plates
Receipts:						
Local sources	\$ 6,513	\$ 238,191	\$ 106,975	\$ 401	\$ -	\$ -
Intermediate sources	-	-	-	-	-	281
State sources	8,007	7,452	8,277	-	-	-
Federal sources	-	68,767	-	-	-	-
	14,520	314,410	115,252	401	-	281
Total receipts						
Disbursements:						
Current:						
Instruction	8,250	-	-	-	-	-
Support services	-	307,609	114,650	-	61,091	-
Nonprogrammed charges	-	-	-	73,299	-	-
Debt services	-	-	-	-	-	-
	8,250	307,609	114,650	73,299	61,091	-
Total disbursements						
Excess (deficiency) of receipts over disbursements	6,270	6,801	602	(72,898)	(61,091)	281
Other financing sources (uses):						
Transfers in	-	-	3,816	-	61,091	-
Transfers out	-	-	-	-	-	-
	-	-	3,816	-	61,091	-
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,270	6,801	4,418	(72,898)	-	281
Cash and investments - beginning	(5,200)	64,649	65,699	73,299	-	1,650
Cash and investments - ending	\$ 1,070	\$ 71,450	\$ 70,117	\$ 401	\$ -	\$ 1,931
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,070	\$ 71,450	\$ 70,117	\$ 401	\$ -	\$ 1,931
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,070	\$ 71,450	\$ 70,117	\$ 401	\$ -	\$ 1,931
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,070	71,450	70,117	401	-	1,931
Total cash and investment fund balance - ending	\$ 1,070	\$ 71,450	\$ 70,117	\$ 401	\$ -	\$ 1,931

NORTHEAST DUBOIS 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, 2006
 (Continued)

	Safe School Haven	Donations, Gifts and Trusts	Indiana Next	Gifted and Talented	State Medicaid	Non-English Speaking
Receipts:						
Local sources	\$ -	\$ 315	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,918	-	-	11,902	1,518	66
Federal sources	-	-	-	-	-	-
Total receipts	1,918	315	-	11,902	1,518	66
Disbursements:						
Current:						
Instruction	945	-	-	6,992	-	-
Support services	-	-	1,500	1,169	1,681	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	945	-	1,500	8,161	1,681	-
Excess (deficiency) of receipts over disbursements	973	315	(1,500)	3,741	(163)	66
Other financing sources (uses):						
Transfers in	-	-	-	216	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	216	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	973	315	(1,500)	3,957	(163)	66
Cash and investments - beginning	-	285	1,500	(3,957)	1,463	73
Cash and investments - ending	\$ 973	\$ 600	\$ -	\$ -	\$ 1,300	\$ 139
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 973	\$ 600	\$ -	\$ -	\$ 1,300	\$ 139
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 973	\$ 600	\$ -	\$ -	\$ 1,300	\$ 139
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	973	600	-	-	1,300	139
Total cash and investment fund balance - ending	\$ 973	\$ 600	\$ -	\$ -	\$ 1,300	\$ 139

NORTHEAST DUBOIS 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, 2006
 (Continued)

	Other Pilot Program	Title I	Title V, Part A 2004-05	Title V, Part A 2003-04	Flow Through Federal Grant	Drug Free Schools
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	21,946	-	-	41,916	2,420
Total receipts	-	21,946	-	-	41,916	2,420
Disbursements:						
Current:						
Instruction	359	19,552	-	-	34,397	3,514
Support services	-	3,332	5	2,941	5,823	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	359	22,884	5	2,941	40,220	3,514
Excess (deficiency) of receipts over disbursements	(359)	(938)	(5)	(2,941)	1,696	(1,094)
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	(359)	(938)	(5)	(2,941)	1,696	(1,094)
Cash and investments - beginning	4,188	607	3,847	2,941	-	2,294
Cash and investments - ending	<u>\$ 3,829</u>	<u>\$ (331)</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ 1,696</u>	<u>\$ 1,200</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 3,829	\$ (331)	\$ 3,842	\$ -	\$ 1,696	\$ 1,200
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,829</u>	<u>\$ (331)</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ 1,696</u>	<u>\$ 1,200</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,829	(331)	3,842	-	1,696	1,200
Total cash and investment fund balance - ending	<u>\$ 3,829</u>	<u>\$ (331)</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ 1,696</u>	<u>\$ 1,200</u>

NORTHEAST DUBOIS 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, 2006
 (Continued)

	Federal Medicaid	Title II Part A	Title II Part D	Severance Bond Debt	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 306,901	\$ 659,296
Intermediate sources	-	-	-	-	281
State sources	-	-	-	-	39,140
Federal sources	2,506	19,732	502	-	157,789
Total receipts	2,506	19,732	502	306,901	856,506
Disbursements:					
Current:					
Instruction	-	40,151	-	-	114,160
Support services	1,286	5,597	658	-	507,342
Nonprogrammed charges	-	-	-	-	73,299
Debt services	-	-	-	240,648	240,648
Total disbursements	1,286	45,748	658	240,648	935,449
Excess (deficiency) of receipts over disbursements	1,220	(26,016)	(156)	66,253	(78,943)
Other financing sources (uses):					
Transfers in	-	-	-	-	65,123
Transfers out	-	(14,073)	-	-	(14,073)
Total other financing sources (uses)	-	(14,073)	-	-	51,050
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,220	(40,089)	(156)	66,253	(27,893)
Cash and investments - beginning	1,570	16,176	156	117,047	348,287
Cash and investments - ending	<u>\$ 2,790</u>	<u>\$ (23,913)</u>	<u>\$ -</u>	<u>\$ 183,300</u>	<u>\$ 320,394</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 2,790	\$ (23,913)	\$ -	\$ -	\$ 137,094
Restricted assets:					
Cash and investments	-	-	-	183,300	183,300
Total cash and investment assets - ending	<u>\$ 2,790</u>	<u>\$ (23,913)</u>	<u>\$ -</u>	<u>\$ 183,300</u>	<u>\$ 320,394</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 183,300	\$ 183,300
Unrestricted	2,790	(23,913)	-	-	137,094
Total cash and investment fund balance - ending	<u>\$ 2,790</u>	<u>\$ (23,913)</u>	<u>\$ -</u>	<u>\$ 183,300</u>	<u>\$ 320,394</u>

NORTHEAST DUBOIS 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, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven	Donations, Gifts and Trusts
Receipts:							
Local sources	\$ 6,895	\$ 262,182	\$ 122,313	\$ 7,146	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	375	-	-
State sources	15,318	7,251	9,903	-	-	-	-
Federal sources	-	92,796	-	-	-	-	-
Total receipts	22,213	362,229	132,216	7,146	375	-	-
Disbursements:							
Current:							
Instruction	16,686	-	-	-	-	-	-
Support services	-	334,861	95,153	-	-	-	-
Nonprogrammed charges	-	-	-	401	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	16,686	334,861	95,153	401	-	-	-
Excess (deficiency) of receipts over disbursements	5,527	27,368	37,063	6,745	375	-	-
Other financing sources (uses):							
Transfers in	-	-	6,385	-	-	-	-
Transfers out	-	-	-	-	-	(973)	-
Total other financing sources (uses)	-	-	6,385	-	-	(973)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,527	27,368	43,448	6,745	375	(973)	-
Cash and investments - beginning	1,070	71,450	70,117	401	1,931	973	600
Cash and investments - ending	<u>\$ 6,597</u>	<u>\$ 98,818</u>	<u>\$ 113,565</u>	<u>\$ 7,146</u>	<u>\$ 2,306</u>	<u>\$ -</u>	<u>\$ 600</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,597	\$ 98,818	\$ 113,565	\$ 7,146	\$ 2,306	\$ -	\$ 600
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 6,597	\$ 98,818	\$ 113,565	\$ 7,146	\$ 2,306	\$ -	\$ 600
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,597	98,818	113,565	7,146	2,306	-	600
Total cash and investment fund balance - ending	\$ 6,597	\$ 98,818	\$ 113,565	\$ 7,146	\$ 2,306	\$ -	\$ 600

NORTHEAST DUBOIS 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, 2007
 (Continued)

	Gifted and Talented	State Medicaid	Non-English Speaking	Other Pilot Program	Title I	Title V, Part A 2004-05, 2006-07	Title V, Part A 2005-06
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	11,902	617	156	-	-	-	-
Federal sources	-	-	-	-	18,654	1,231	2,441
Total receipts	11,902	617	156	-	18,654	1,231	2,441
Disbursements:							
Current:							
Instruction	5,537	-	-	-	12,622	-	-
Support services	-	-	-	-	2,347	5,298	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	5,537	-	-	-	14,969	5,298	-
Excess (deficiency) of receipts over disbursements	6,365	617	156	-	3,685	(4,067)	2,441
Other financing sources (uses):							
Transfers in	-	-	-	-	-	225	-
Transfers out	-	(494)	-	-	-	-	(225)
Total other financing sources (uses)	-	(494)	-	-	-	225	(225)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,365	123	156	-	3,685	(3,842)	2,216
Cash and investments - beginning	-	1,300	139	3,829	(331)	3,842	-
Cash and investments - ending	\$ 6,365	\$ 1,423	\$ 295	\$ 3,829	\$ 3,354	\$ -	\$ 2,216
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,365	\$ 1,423	\$ 295	\$ 3,829	\$ 3,354	\$ -	\$ 2,216
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 6,365	\$ 1,423	\$ 295	\$ 3,829	\$ 3,354	\$ -	\$ 2,216
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,365	1,423	295	3,829	3,354	-	2,216
Total cash and investment fund balance - ending	\$ 6,365	\$ 1,423	\$ 295	\$ 3,829	\$ 3,354	\$ -	\$ 2,216

NORTHEAST DUBOIS 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, 2007
 (Continued)

	Flow Through Federal Grant	Drug Free Schools 2006-07	Federal Medicaid	Title II Part A	Severance Bond Debt	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 328,846	\$ 727,382
Intermediate sources	-	-	-	-	-	375
State sources	-	-	-	-	-	45,147
Federal sources	<u>18,187</u>	<u>1,882</u>	<u>1,018</u>	<u>19,757</u>	<u>-</u>	<u>155,966</u>
Total receipts	<u>18,187</u>	<u>1,882</u>	<u>1,018</u>	<u>19,757</u>	<u>328,846</u>	<u>928,870</u>
Disbursements:						
Current:						
Instruction	18,517	1,301	-	33,232	-	87,895
Support services	2,100	-	2,830	3,173	-	445,762
Nonprogrammed charges	-	-	-	-	-	401
Debt services	-	-	-	-	370,786	370,786
Total disbursements	<u>20,617</u>	<u>1,301</u>	<u>2,830</u>	<u>36,405</u>	<u>370,786</u>	<u>904,844</u>
Excess (deficiency) of receipts over disbursements	<u>(2,430)</u>	<u>581</u>	<u>(1,812)</u>	<u>(16,648)</u>	<u>(41,940)</u>	<u>24,026</u>
Other financing sources (uses):						
Transfers in	734	-	38	40,561	-	47,943
Transfers out	<u>-</u>	<u>-</u>	<u>(814)</u>	<u>-</u>	<u>-</u>	<u>(2,506)</u>
Total other financing sources (uses)	<u>734</u>	<u>-</u>	<u>(776)</u>	<u>40,561</u>	<u>-</u>	<u>45,437</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,696)</u>	<u>581</u>	<u>(2,588)</u>	<u>23,913</u>	<u>(41,940)</u>	<u>69,463</u>
Cash and investments - beginning	<u>1,696</u>	<u>1,200</u>	<u>2,790</u>	<u>(23,913)</u>	<u>183,300</u>	<u>320,394</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,781</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 141,360</u>	<u>\$ 389,857</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 1,781	\$ 202	\$ -	\$ -	\$ 248,497
Restricted assets:						
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,360</u>	<u>141,360</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 1,781</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 141,360</u>	<u>\$ 389,857</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 141,360	\$ 141,360
Unrestricted	<u>-</u>	<u>1,781</u>	<u>202</u>	<u>-</u>	<u>-</u>	<u>248,497</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,781</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 141,360</u>	<u>\$ 389,857</u>

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	<u>Project Lead the Way Clearing</u>	<u>School Lunch Clearing</u>	<u>Payroll Withholdings</u>	<u>Totals</u>
Net assets:				
Cash and investments	\$ (3,136)	\$ (888)	\$ 12,215	\$ 8,191
Total net assets - cash and investment basis held in trust	<u>\$ (3,136)</u>	<u>\$ (888)</u>	<u>\$ 12,215</u>	<u>\$ 8,191</u>

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	<u>Extra Curricular Clearing</u>	<u>Payroll Withholdings</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ (392)	\$ 12,379	\$ 11,987
Total net assets - cash and investment basis held in trust	<u>\$ (392)</u>	<u>\$ 12,379</u>	<u>\$ 11,987</u>

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION

Dan Balka, Superintendent
 Jack Cartwright, Trans. Director



Ruth Leistner, Treasurer
 DeAnn Meyer, Deputy Treasurer

 P.O. Box 158, 5379 E Main St.
 Dubois, IN 47527

 Phone # 812-678-2781
 Fax # 812-678-4418

NORTHEAST DUBOIS COUNTY 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:		
Middle School Building	\$ 5,015,000	\$ 530,535
Bonds payable:		
General obligation bonds:		
2004 Pension Bonds, Retirement	<u>4,255,000</u>	<u>365,386</u>
Total governmental activities debt	<u><u>\$ 9,270,000</u></u>	<u><u>\$ 895,921</u></u>

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated that the expenditures for the Capital Projects Fund for 2006 exceeded the budgeted appropriations by \$129,727. School Officials applied for an additional appropriation for the Capital Projects Fund but was denied by the Indiana Department of Local Government Finance due to the School Corporation not amending the capital projects plan as required.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSET RECORDS

Updated capital asset records were not maintained.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSIT OF EXTRA-CURRICULAR FUNDS INTO PERSONAL ACCOUNT
(Applies to Celestine Elementary)

The Celestine Elementary Extra-Curricular Treasurer wrote a check to herself on September 15, 2006, for \$5,365.06 out of the Extra-Curricular Bank Account in order to close the account and move the money to another bank. The check was signed by the Extra-Curricular Treasurer and deposited into her personal bank account. The check was not posted to the extra-curricular records. The Extra-Curricular Treasurer stated that she needed to have easy access to the money in case the School took a field trip to Holiday World. As of June 30, 2007, the \$5,365.06 was shown as cash necessary to balance the extra-curricular records to the bank. The Extra-Curricular Treasurer deposited \$5,436.77 back into the Extra-Curricular Account on October 30, 2007, which was the amount she originally withdrew plus \$71.71 in interest.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADVANCE PAYMENTS (Applies to Celestine Elementary)

The Extra-Curricular Treasurer wrote herself a check on December 2, 2005, for \$200 for reimbursement of expenses. However, the receipts attached to the SA-1 Payment Authorization Voucher were dated from December 16, 2005 to February 24, 2006, totaling \$195.20. Additionally, she wrote herself checks dated July 28, 2006 and October 31, 2006, for \$100 and \$300, respectively, for reimbursement of expenses. The receipts attached to those vouchers were dated from August 15, 2006 to April 12, 2007, totaling \$428.64. Dates of the transactions indicate that payments were made prior to the receipt of goods or services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

REPAYMENTS AND TRANSFERS (Applies to Celestine Elementary)

The Celestine Elementary Extra-Curricular Treasurer transferred \$5,000 on February 1, 2007, from the Instructional Fund (Textbook Rental) to the General Fund for cash flow purposes. Also, the Treasurer erroneously deposited \$1,831 and \$1,302.25 of Instructional Fund receipts into the General Fund on May 5, 2006 and May 18, 2007, respectively. The amount had not been reimbursed to the Instructional Fund as of June 30, 2007.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

EXTRA-CURRICULAR DISBURSEMENTS (Applies to Celestine Elementary)

Nine of the disbursements examined were General Fund disbursements that only benefitted school employees: gift cards for teacher appreciation gifts, teacher appreciation treats, in-service meals, gift cards for employee Christmas gifts, birthday cakes, flowers for funerals and illnesses.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra-curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees or administrators). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

A similar comment appeared in the prior report.

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS (Applies to Celestine Elementary)

The following deficiencies relating to the recordkeeping were noted.

- (1) Record balances were not reconciled to depository balances. Maintenance fees totaling \$130 were charged to the bank account from September 2006 to September 2007 and not posted to the records. The Extra-Curricular Treasurer thought the bank had reversed the fee but the bank had kept charging the fee. The account was closed October 30, 2007, and \$70 was reimbursed to the Extra-Curricular Account on December 14, 2007.

Indiana Code 5-13-6-1(e) states in part: "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."

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, deposits recorded for the wrong amount, checks not recorded, checks posted for incorrect amounts and non-sufficient funds charge and maintenance fees not posted.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

- (3) Receipts were not written at the time the money was received but at the time the money was deposited with the bank. Receipts were not written for all money received. Receipts were written out of order.

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

- (4) The Purchase Order and Accounts Payable Vouchers (SA-1) were not always adequately itemized. The SA-1 often lacked date paid, check number, check total, and supporting documentation such as receipts.

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

Supporting documentation such as receipts, cancelled checks, tickets, invoices, bills, contracts and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (5) The Form TBR-2, Official Receipt - Individual Textbook Rental List was not completed properly as follows: the forms were completed in alphabetical order prior to the date of registration; the form of money received as payment was not always noted; the date was not always filled in; and the amount paid was often difficult to determine.

Form TBR-2, Official Receipt - Individual Textbook Rental List is to be prenumbered and printed in triplicate. The form, one set for each student, is to be prepared when textbooks and related materials are issued to the student. The form provides for the date the textbooks were issued, the name of the student and the total fee collected. The original of Form TBR-2 is to be given the payer (student or parent). The duplicate is to be retained by the issuing officer and the triplicate is to remain intact in the book. The duplicate, together with rental fees collected, must be transmitted daily to the treasurer of the extra-curricular account. The treasurer may direct the issuing officer to deposit all fees collected each day and submit an acknowledged, duplicate deposit slip with the duplicate copies of Form TBR-2. A separate TBR-2 should be issued for each payment. (Accounting and Uniform Compliance Guidelines manual for Extra-Curricular Accounts, Chapter 4)

NORTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2007, with Ruth Leistner, Treasurer. The official concurred with our findings.

The contents of this report were discussed on December 19, 2007, with Bernard Knies, School Board Member; Kelly E. Knies, School Board Member; and Dan Balka, Superintendent of Schools.