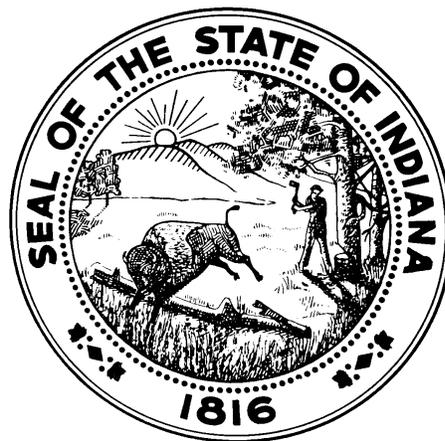


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF  
NORTHEASTERN WAYNE SCHOOL CORPORATION  
WAYNE COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**

05/02/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rose Kay Reed	07-01-05 to 06-30-08
Superintendent of Schools	Stephen L. Bailey	07-01-05 to 06-30-08
President of the School Board	Samuel Hubbell James Miller Idris Smith	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHEASTERN WAYNE  
SCHOOL CORPORATION, WAYNE COUNTY, INDIANA

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

STATE BOARD OF ACCOUNTS

February 27, 2008

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 3,907,421	\$ -	\$ 81,089	\$ (3,826,332)
Support services	4,338,420	388,801	116,822	(3,832,797)
Community services	13,262	-	-	(13,262)
Nonprogrammed charges	197,606	-	-	(197,606)
Debt service	1,235,955	-	-	(1,235,955)
<b>Total governmental activities</b>	<b><u>\$ 9,692,664</u></b>	<b><u>\$ 388,801</u></b>	<b><u>\$ 197,911</u></b>	<b><u>(9,105,952)</u></b>
General receipts:				
Property taxes				3,051,347
Other local sources				553,275
State aid				5,008,640
Grants and contributions not restricted to specific programs				297,577
Sale of property, adjustments, and refunds				605,794
Investment earnings				106,639
<b>Total general receipts</b>				<b><u>9,623,272</u></b>
Change in net assets				517,320
Net assets - beginning				<u>2,700,521</u>
Net assets - ending				<b><u>\$ 3,217,841</u></b>
<b>Assets</b>				
Cash and investments				\$ 3,030,078
Restricted assets:				
Cash and investments				<u>187,763</u>
<b>Total assets</b>				<b><u>\$ 3,217,841</u></b>
<b>Net Assets</b>				
Restricted for:				
Debt service				\$ 187,763
Unrestricted				<u>3,030,078</u>
<b>Total net assets</b>				<b><u>\$ 3,217,841</u></b>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>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	\$ 3,949,465	\$ -	\$ 70,771	\$ (3,878,694)
Support services	7,355,291	403,959	123,772	(6,827,560)
Community services	21,034	-	-	(21,034)
Nonprogrammed charges	208,181	-	-	(208,181)
Debt service	<u>1,048,505</u>	<u>-</u>	<u>-</u>	<u>(1,048,505)</u>
Total governmental activities	<u>\$ 12,582,476</u>	<u>\$ 403,959</u>	<u>\$ 194,543</u>	<u>(11,983,974)</u>
General receipts:				
Property taxes				1,969,417
Other local sources				371,253
State aid				4,841,931
Bonds and loans				3,334,896
Grants and contributions not restricted to specific programs				181,683
Sale of property, adjustments, and refunds				110,336
Investment earnings				<u>124,142</u>
Total general receipts				<u>10,933,658</u>
Change in net assets				(1,050,316)
Net assets - beginning				<u>3,217,841</u>
Net assets - ending				<u>\$ 2,167,525</u>
<u>Assets</u>				
Cash and investments				\$ 2,139,263
Restricted assets:				
Cash and investments				<u>28,262</u>
Total assets				<u>\$ 2,167,525</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 28,262
Unrestricted				<u>2,139,263</u>
Total net assets				<u>\$ 2,167,525</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Sale Proceeds Renovation Construction	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 1,680,891	\$ 511,259	\$ 897,322	\$ 256,444	\$ 87,153	\$ 6,115	\$ 660,246	\$ 4,099,430
Intermediate sources	256	-	-	-	-	-	375	631
State sources	5,077,557	-	-	-	-	-	172,895	5,250,452
Federal sources	-	-	-	-	-	-	253,676	253,676
Sale of property, adjustments and refunds	75,155	9,113	-	-	7,325	500,000	14,202	605,795
<b>Total receipts</b>	<b>6,833,859</b>	<b>520,372</b>	<b>897,322</b>	<b>256,444</b>	<b>94,478</b>	<b>506,115</b>	<b>1,101,394</b>	<b>10,209,984</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	3,623,599	-	-	-	-	-	283,822	3,907,421
Support services	2,594,219	538,404	-	575,443	81,056	-	549,297	4,338,419
Community services	13,262	-	-	-	-	-	-	13,262
Nonprogrammed charges	197,200	-	-	-	-	-	407	197,607
Debt services	-	-	984,066	-	-	-	251,889	1,235,955
<b>Total disbursements</b>	<b>6,428,280</b>	<b>538,404</b>	<b>984,066</b>	<b>575,443</b>	<b>81,056</b>	<b>-</b>	<b>1,085,415</b>	<b>9,692,664</b>
Excess (deficiency) of receipts over disbursements	405,579	(18,032)	(86,744)	(318,999)	13,422	506,115	15,979	517,320
<b>Other financing sources (uses):</b>								
Transfers in	-	62,606	-	-	-	-	43,737	106,343
Transfers out	(16,679)	(5,911)	(77,958)	(1,506)	(1,390)	-	(2,899)	(106,343)
<b>Total other financing sources (uses)</b>	<b>(16,679)</b>	<b>56,695</b>	<b>(77,958)</b>	<b>(1,506)</b>	<b>(1,390)</b>	<b>-</b>	<b>40,838</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	388,900	38,663	(164,702)	(320,505)	12,032	506,115	56,817	517,320
Cash and investments - beginning	823,248	53,661	361,134	1,142,240	139,491	-	180,747	2,700,521
Cash and investments - ending	\$ 1,212,148	\$ 92,324	\$ 196,432	\$ 821,735	\$ 151,523	\$ 506,115	\$ 237,564	\$ 3,217,841
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,212,148	\$ 92,324	\$ -	\$ 821,735	\$ 151,523	\$ 506,115	\$ 246,233	\$ 3,030,078
Restricted assets:								
Cash and investments	-	-	196,432	-	-	-	(8,669)	187,763
<b>Total cash and investment assets - ending</b>	<b>\$ 1,212,148</b>	<b>\$ 92,324</b>	<b>\$ 196,432</b>	<b>\$ 821,735</b>	<b>\$ 151,523</b>	<b>\$ 506,115</b>	<b>\$ 237,564</b>	<b>\$ 3,217,841</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ 196,432	\$ -	\$ -	\$ -	\$ (8,669)	\$ 187,763
Unrestricted	1,212,148	92,324	-	821,735	151,523	506,115	246,233	3,030,078
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,212,148</b>	<b>\$ 92,324</b>	<b>\$ 196,432</b>	<b>\$ 821,735</b>	<b>\$ 151,523</b>	<b>\$ 506,115</b>	<b>\$ 237,564</b>	<b>\$ 3,217,841</b>

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

NORTHEASTERN WAYNE 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	Debt Service	Capital Projects	School Bus Replacement	Renovation Construction	Sale Proceeds Renovation Construction	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 1,121,610	\$ 307,674	\$ 558,758	\$ 249,439	\$ 30,166	\$ -	\$ 17,789	\$ 582,480	\$ 2,867,916
Intermediate sources	256	-	-	-	-	-	-	600	856
State sources	4,900,529	-	-	-	-	-	-	54,661	4,955,190
Federal sources	-	-	-	-	-	-	-	262,966	262,966
Bonds and loans	-	233,599	51,331	-	-	2,929,723	-	120,243	3,334,896
Sale of property, adjustments and refunds	84,108	10,872	-	10,997	-	-	-	4,359	110,336
<b>Total receipts</b>	<b>6,106,503</b>	<b>552,145</b>	<b>610,089</b>	<b>260,436</b>	<b>30,166</b>	<b>2,929,723</b>	<b>17,789</b>	<b>1,025,309</b>	<b>11,532,160</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	3,738,619	-	-	-	-	-	-	210,846	3,949,465
Support services	2,796,943	511,459	-	482,758	91,564	2,929,723	-	542,844	7,355,291
Community services	21,034	-	-	-	-	-	-	-	21,034
Nonprogrammed charges	208,181	-	-	-	-	-	-	-	208,181
Debt services	-	-	800,025	-	-	-	-	248,480	1,048,505
<b>Total disbursements</b>	<b>6,764,777</b>	<b>511,459</b>	<b>800,025</b>	<b>482,758</b>	<b>91,564</b>	<b>2,929,723</b>	<b>-</b>	<b>1,002,170</b>	<b>12,582,476</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(658,274)	40,686	(189,936)	(222,322)	(61,398)	-	17,789	23,139	(1,050,316)
Cash and investments - beginning	1,212,148	92,324	196,432	821,735	151,523	-	506,115	237,564	3,217,841
Cash and investments - ending	\$ 553,874	\$ 133,010	\$ 6,496	\$ 599,413	\$ 90,125	\$ -	\$ 523,904	\$ 260,703	\$ 2,167,525
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 553,874	\$ 133,010	\$ -	\$ 599,413	\$ 90,125	\$ -	\$ 523,904	\$ 238,937	\$ 2,139,263
Restricted assets:									
Cash and investments	-	-	6,496	-	-	-	-	21,766	28,262
<b>Total cash and investment assets - ending</b>	<b>\$ 553,874</b>	<b>\$ 133,010</b>	<b>\$ 6,496</b>	<b>\$ 599,413</b>	<b>\$ 90,125</b>	<b>\$ -</b>	<b>\$ 523,904</b>	<b>\$ 260,703</b>	<b>\$ 2,167,525</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ 6,496	\$ -	\$ -	\$ -	\$ -	\$ 21,766	\$ 28,262
Unrestricted	553,874	133,010	-	599,413	90,125	-	523,904	238,937	2,139,263
<b>Total cash and investment fund balance - ending</b>	<b>\$ 553,874</b>	<b>\$ 133,010</b>	<b>\$ 6,496</b>	<b>\$ 599,413</b>	<b>\$ 90,125</b>	<b>\$ -</b>	<b>\$ 523,904</b>	<b>\$ 260,703</b>	<b>\$ 2,167,525</b>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 25,050
Total additions	<u>-</u>	<u>25,050</u>
Deductions:		
Benefits	74,881	-
Administrative and general	<u>-</u>	<u>2,949</u>
Total deductions	<u>74,881</u>	<u>2,949</u>
Excess (deficiency) of total additions over total deductions	(74,881)	22,101
Cash and investment fund balance - beginning	<u>765,801</u>	<u>1,485</u>
Cash and investment fund balance - ending	<u>\$ 690,920</u>	<u>\$ 23,586</u>
Net Assts		
Cash and investments	<u>\$ 690,920</u>	<u>\$ 23,586</u>
Total net assets - cash and investment basis held in trust	<u>\$ 690,920</u>	<u>\$ 23,586</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 3,950
Total additions	<u>-</u>	<u>3,950</u>
Deductions:		
Administrative and general	<u>-</u>	<u>23,842</u>
Total deductions	<u>-</u>	<u>23,842</u>
Deficiency of total additions over total deductions	-	(19,892)
Cash and investment fund balance - beginning	<u>690,920</u>	<u>23,586</u>
Cash and investment fund balance - ending	<u>\$ 690,920</u>	<u>\$ 3,694</u>
Net assets:		
Cash and investments	<u>\$ 690,920</u>	<u>\$ 3,694</u>
Total net assets - cash and investment basis held in trust	<u>\$ 690,920</u>	<u>\$ 3,694</u>

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

NORTHEASTERN WAYNE 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.

Joint Venture

The School Corporation is a participant with Richmond Community School in a joint venture to operate the Richmond Area Vocational Program (Co-op) which was created to provide vocational education programs. The School Corporation is obligated by contract to remit payments by semester to supplement the Co-op. The amounts paid to the Co-op during the fiscal years ended June 30, 2006 and June 30, 2007, were \$44,809 and \$45,706, respectively. Complete financial statements for the Co-op can be obtained from Richmond Community School Corporation, 300 Hub Etchison Parkway, Richmond, IN 47374.

The School Corporation is a participant with Union County School Corporation, Franklin County School Corporation, and Western Wayne School Corporation in a joint venture to operate the East Central Special Services District (Co-op), which was created to provide programs and services for exceptional children. The Co-op's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the Co-op. The amounts paid to the Co-op for the fiscal years ended June 30, 2006 and June 30, 2007, were \$147,609 and \$182,390, respectively. Complete financial statements for the Co-op can be obtained from Union County/College Corner School Corporation, 107 Layman Street, Liberty, IN 47353.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

The renovation construction fund is used to account for receipts and disbursements concerning the renovation of the Jr./Sr. High School.

The sale proceeds construction fund is used to account for receipts and disbursements of the proceeds from the holding corporation to be used for renovation of the Jr./Sr. High School.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the post retirement/severance future benefits fund, which accumulate resources for pension benefit payments.

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

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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. Cash and Investments

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

2. Property Taxes

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

3. Compensated Absences

a. Sick Leave

Certified personnel earn sick leave at the rate of 10 days the first year of employment and 8 days per school year thereafter. Unused sick leave may be accumulated to a maximum of 185 days.

Noncertified personnel who are 12 month employees earn sick leave at the rate of 7 days per school year. Unused sick leave may be accumulated to a maximum of 30 days.

Noncertified personnel who are less than 12 month employees earn sick leave at the rate of 5 days per school year. Unused sick leave may be accumulated to a maximum of 20 days.

Accumulated sick leave is not paid to employees.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation 12 month employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through cash payments upon termination. Non-certified personnel who are not 12 month employees do not earn vacation leave.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days to 4 days per year. Personal leave does not accumulate from year to year for noncertified employees, but does accumulate as sick leave for certified employees.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and 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 and balances in the fund financial statements have been eliminated or reclassified.

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 reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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

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

B. Cash and Investment Balance Deficits

At June 30, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2006
Retirement/Severance Bond Debt Service	\$ 8,669
2005-06 Title I	9

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The 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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2006
General Fund	Other governmental funds	\$ 16,679
Debt Service Fund	Transportation Operating Fund	62,606
Debt Service Fund	Other governmental funds	24,159
Other governmental funds	Other governmental funds	2,899
 Total		 \$ 106,343

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits

During 1990, the School Corporation joined with other governmental entities to form the East Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for eleven member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of employee group health insurance. The School Corporation pays an annual premium to the risk pool for its employee group health insurance coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporations

The School Corporation has entered into capital leases with Northeastern Wayne Multi-School Building Corporation and Northeastern Wayne Jr./Sr. High School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year 2006-2007 totaled \$289,000 and \$47,800, respectively.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment early retirement and health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. The teacher, at the time of retirement, must have been employed a minimum of 15 consecutive years with the School Corporation. Currently, 8 retirees meet these eligibility requirements. There will be no new teachers added to this amount because the pension/severance buyout agreement of 2005 ended this provision for all teachers except those that had agreed to retire under the old provision. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$139,377 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

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

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 46,973
Interest on net pension obligation	(7,071)
Adjustment to annual required contribution	8,058
Annual pension cost	47,960
Contributions made	48,447
Decrease in net pension obligation	(487)
Net pension obligation, beginning of year	(97,536)
Net pension obligation, end of year	\$ (98,023)
Contribution rates:	
School Corporation	4.6%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 37,282	139%	\$ (84,013)
	06-30-05	34,207	140%	(97,536)
	06-30-06	47,960	101%	(98,023)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$ 140,810, \$ 129,414, and \$ 119,571, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,101,597	\$ 909,953	\$ 191,644	121%	\$ 948,639	20%
07-01-05	1,139,078	1,089,111	49,967	105%	940,407	5%
07-01-06	1,279,415	1,018,599	260,816	126%	931,064	28%

NORTHEASTERN WAYNE 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	Education License Plates	School Library Printed Material
<b>Receipts:</b>						
Local sources	\$ 4,344	\$ 308,822	\$ 79,979	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	375	-
State sources	26,518	8,134	11,931	-	-	-
Federal sources	-	96,193	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>30,862</u>	<u>413,149</u>	<u>91,910</u>	<u>-</u>	<u>375</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	-
Support services	-	437,713	94,717	-	-	-
Nonprogrammed charges	407	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>407</u>	<u>437,713</u>	<u>94,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>30,455</u>	<u>(24,564)</u>	<u>(2,807)</u>	<u>-</u>	<u>375</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	5,291	38,446	-	-
Transfers out	(48)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(48)</u>	<u>-</u>	<u>5,291</u>	<u>38,446</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>30,407</u>	<u>(24,564)</u>	<u>2,484</u>	<u>38,446</u>	<u>375</u>	<u>-</u>
<b>Cash and investments - beginning</b>	<u>43,839</u>	<u>47,978</u>	<u>14,164</u>	<u>-</u>	<u>3,713</u>	<u>17</u>
<b>Cash and investments - ending</b>	<u>\$ 74,246</u>	<u>\$ 23,414</u>	<u>\$ 16,648</u>	<u>\$ 38,446</u>	<u>\$ 4,088</u>	<u>\$ 17</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 74,246	\$ 23,414	\$ 16,648	\$ 38,446	\$ 4,088	\$ 17
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 74,246</u>	<u>\$ 23,414</u>	<u>\$ 16,648</u>	<u>\$ 38,446</u>	<u>\$ 4,088</u>	<u>\$ 17</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	74,246	23,414	16,648	38,446	4,088	17
<b>Total cash and investment fund balance - ending</b>	<u>\$ 74,246</u>	<u>\$ 23,414</u>	<u>\$ 16,648</u>	<u>\$ 38,446</u>	<u>\$ 4,088</u>	<u>\$ 17</u>

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

	Early Intervention	2005-06 Gifted and Talented	2006-07 Gifted and Talented	Medicaid Reimbursement	School Technology	Technology Plan Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,000	12,172	-	210	-	-
Federal sources	-	-	-	354	-	-
Sale of property, adjustments and refunds	-	-	-	-	14,202	-
<b>Total receipts</b>	<b>1,000</b>	<b>12,172</b>	<b>-</b>	<b>564</b>	<b>14,202</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,000	4,121	1,000	-	6,520	833
Support services	-	-	-	29	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,000</b>	<b>4,121</b>	<b>1,000</b>	<b>29</b>	<b>6,520</b>	<b>833</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>8,051</b>	<b>(1,000)</b>	<b>535</b>	<b>7,682</b>	<b>(833)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>8,051</b>	<b>(1,000)</b>	<b>535</b>	<b>7,682</b>	<b>(833)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>3,346</b>	<b>30,135</b>	<b>1,317</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 8,051</b>	<b>\$ -</b>	<b>\$ 3,881</b>	<b>\$ 37,817</b>	<b>\$ 484</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 8,051	\$ -	\$ 3,881	\$ 37,817	\$ 484
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 8,051</b>	<b>\$ -</b>	<b>\$ 3,881</b>	<b>\$ 37,817</b>	<b>\$ 484</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	8,051	-	3,881	37,817	484
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 8,051</b>	<b>\$ -</b>	<b>\$ 3,881</b>	<b>\$ 37,817</b>	<b>\$ 484</b>

NORTHEASTERN WAYNE 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)

	Performance Based Awards	Latchkey	Indiana Access English Classroom	2005-06 Title I	2004-05 Title I	2004-05 Title II Part A
<b>Receipts:</b>						
Local sources	\$ -	\$ 14,346	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	112,930	-	-	-
Federal sources	-	-	-	120,158	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>14,346</b>	<b>112,930</b>	<b>120,158</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	9,828	112,930	104,051	4,765	1,015
Support services	-	653	-	16,116	-	69
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>10,481</b>	<b>112,930</b>	<b>120,167</b>	<b>4,765</b>	<b>1,084</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>3,865</b>	<b>-</b>	<b>(9)</b>	<b>(4,765)</b>	<b>(1,084)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>3,865</b>	<b>-</b>	<b>(9)</b>	<b>(4,765)</b>	<b>(1,084)</b>
<b>Cash and investments - beginning</b>	<b>1,477</b>	<b>27,667</b>	<b>-</b>	<b>-</b>	<b>5,216</b>	<b>1,084</b>
<b>Cash and investments - ending</b>	<b>\$ 1,477</b>	<b>\$ 31,532</b>	<b>\$ -</b>	<b>\$ (9)</b>	<b>\$ 451</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1,477	\$ 31,532	\$ -	\$ (9)	\$ 451	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,477</b>	<b>\$ 31,532</b>	<b>\$ -</b>	<b>\$ (9)</b>	<b>\$ 451</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,477	31,532	-	(9)	451	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,477</b>	<b>\$ 31,532</b>	<b>\$ -</b>	<b>\$ (9)</b>	<b>\$ 451</b>	<b>\$ -</b>

NORTHEASTERN WAYNE 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)

	2005-06 Title II Part A	2005-06 Title II Part D	2004-05 Title II Part D	Retirement/ Severance Bond Debt Service	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 252,637	\$ 118	\$ 660,246
Intermediate sources	-	-	-	-	-	375
State sources	-	-	-	-	-	172,895
Federal sources	34,034	2,937	-	-	-	253,676
Sale of property, adjustments and refunds	-	-	-	-	-	14,202
<b>Total receipts</b>	<b>34,034</b>	<b>2,937</b>	<b>-</b>	<b>252,637</b>	<b>118</b>	<b>1,101,394</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	33,612	2,937	1,210	-	-	283,822
Support services	-	-	-	-	-	549,297
Nonprogrammed charges	-	-	-	-	-	407
Debt services	-	-	-	251,889	-	251,889
<b>Total disbursements</b>	<b>33,612</b>	<b>2,937</b>	<b>1,210</b>	<b>251,889</b>	<b>-</b>	<b>1,085,415</b>
Excess (deficiency) of receipts over disbursements	422	-	(1,210)	748	118	15,979
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	43,737
Transfers out	-	-	-	(2,851)	-	(2,899)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,851)</b>	<b>-</b>	<b>40,838</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	422	-	(1,210)	(2,103)	118	56,817
Cash and investments - beginning	-	-	1,210	(6,566)	5,150	180,747
Cash and investments - ending	\$ 422	\$ -	\$ -	\$ (8,669)	\$ 5,268	\$ 237,564
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 422	\$ -	\$ -	\$ -	\$ 5,268	\$ 246,233
Restricted assets:						
Cash and investments	-	-	-	(8,669)	-	(8,669)
<b>Total cash and investment assets - ending</b>	<b>\$ 422</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,669)</b>	<b>\$ 5,268</b>	<b>\$ 237,564</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ (8,669)	\$ -	\$ (8,669)
Unrestricted	422	-	-	-	5,268	246,233
<b>Total cash and investment fund balance - ending</b>	<b>\$ 422</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,669)</b>	<b>\$ 5,268</b>	<b>\$ 237,564</b>

NORTHEASTERN WAYNE 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	School Library Printed Material
Receipts:						
Local sources	\$ 2,710	\$ 320,220	\$ 83,739	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	600	-
State sources	23,582	7,788	6,185	-	-	-
Federal sources	-	99,214	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>26,292</b>	<b>427,222</b>	<b>89,924</b>	<b>-</b>	<b>600</b>	<b>-</b>
Disbursements:						
Current:						
Instruction	31,539	-	-	-	-	-
Support services	-	441,183	86,706	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>31,539</b>	<b>441,183</b>	<b>86,706</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,247)	(13,961)	3,218	-	600	-
Cash and investments - beginning	74,246	23,414	16,648	38,446	4,088	17
Cash and investments - ending	<u>\$ 68,999</u>	<u>\$ 9,453</u>	<u>\$ 19,866</u>	<u>\$ 38,446</u>	<u>\$ 4,688</u>	<u>\$ 17</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 68,999	\$ 9,453	\$ 19,866	\$ 38,446	\$ 4,688	\$ 17
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 68,999</b>	<b>\$ 9,453</b>	<b>\$ 19,866</b>	<b>\$ 38,446</b>	<b>\$ 4,688</b>	<b>\$ 17</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	68,999	9,453	19,866	38,446	4,688	17
<b>Total cash and investment fund balance - ending</b>	<b>\$ 68,999</b>	<b>\$ 9,453</b>	<b>\$ 19,866</b>	<b>\$ 38,446</b>	<b>\$ 4,688</b>	<b>\$ 17</b>

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

	Early Intervention	2005-06 Gifted and Talented	2006-07 Gifted and Talented	Medicaid Reimbursement	School Technology	Technology Plan Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	1,000	-	12,172	3,934	-	-
Federal sources	-	-	-	6,651	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	4,359	-
<b>Total receipts</b>	<b>1,000</b>	<b>-</b>	<b>12,172</b>	<b>10,585</b>	<b>4,359</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,000	8,051	11,510	-	13,759	-
Support services	-	-	-	665	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,000</b>	<b>8,051</b>	<b>11,510</b>	<b>665</b>	<b>13,759</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,051)	662	9,920	(9,400)	-
Cash and investments - beginning	-	8,051	-	3,881	37,817	484
Cash and investments - ending	\$ -	\$ -	\$ 662	\$ 13,801	\$ 28,417	\$ 484
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 662	\$ 13,801	\$ 28,417	\$ 484
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 662</b>	<b>\$ 13,801</b>	<b>\$ 28,417</b>	<b>\$ 484</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	662	13,801	28,417	484
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 662</b>	<b>\$ 13,801</b>	<b>\$ 28,417</b>	<b>\$ 484</b>

NORTHEASTERN WAYNE 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)

	Performance Based Awards	Latchkey	2005-06 Title I	2006-07 Title I	2004-05 Title I	Title V
<b>Receipts:</b>						
Local sources	\$ -	\$ 17,139	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	9	117,873	-	3,468
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>17,139</b>	<b>9</b>	<b>117,873</b>	<b>-</b>	<b>3,468</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	8,001	-	103,980	451	3,468
Support services	-	397	-	13,893	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>8,398</b>	<b>-</b>	<b>117,873</b>	<b>451</b>	<b>3,468</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,741	9	-	(451)	-
Cash and investments - beginning	1,477	31,532	(9)	-	451	-
Cash and investments - ending	<u>\$ 1,477</u>	<u>\$ 40,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,477	\$ 40,273	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 1,477</u>	<u>\$ 40,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,477	40,273	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,477</u>	<u>\$ 40,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHEASTERN WAYNE 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)

	2004-05 Title II Part A	2005-06 Title II Part A	2004-05 Title II Part D	Retirement/ Severance Bond Debt Service	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 158,672	\$ -	\$ 582,480
Intermediate sources	-	-	-	-	-	600
State sources	-	-	-	-	-	54,661
Federal sources	33,505	-	2,246	-	-	262,966
Bonds and loans	-	-	-	120,243	-	120,243
Sale of property, adjustments and refunds	-	-	-	-	-	4,359
<b>Total receipts</b>	<b>33,505</b>	<b>-</b>	<b>2,246</b>	<b>278,915</b>	<b>-</b>	<b>1,025,309</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	28,665	422	-	-	-	210,846
Support services	-	-	-	-	-	542,844
Debt services	-	-	-	248,480	-	248,480
<b>Total disbursements</b>	<b>28,665</b>	<b>422</b>	<b>-</b>	<b>248,480</b>	<b>-</b>	<b>1,002,170</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,840	(422)	2,246	30,435	-	23,139
Cash and investments - beginning	-	422	-	(8,669)	5,268	237,564
<b>Cash and investments - ending</b>	<b>\$ 4,840</b>	<b>\$ -</b>	<b>\$ 2,246</b>	<b>\$ 21,766</b>	<b>\$ 5,268</b>	<b>\$ 260,703</b>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,840	\$ -	\$ 2,246	\$ -	\$ 5,268	\$ 238,937
Restricted assets:						
Cash and investments	-	-	-	21,766	-	21,766
<b>Total cash and investment assets - ending</b>	<b>\$ 4,840</b>	<b>\$ -</b>	<b>\$ 2,246</b>	<b>\$ 21,766</b>	<b>\$ 5,268</b>	<b>\$ 260,703</b>
x						
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 21,766	\$ -	\$ 21,766
Unrestricted	4,840	-	2,246	-	5,268	238,937
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,840</b>	<b>\$ -</b>	<b>\$ 2,246</b>	<b>\$ 21,766</b>	<b>\$ 5,268</b>	<b>\$ 260,703</b>

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

	Cape Grant	Renaissance Program	Totals
Additions:			
Contributions:			
Other	\$ 25,050	\$ -	\$ 25,050
Total additions	25,050	-	25,050
Deductions:			
Administrative and general	2,949	-	2,949
Excess of total additions over total deductions	22,101	-	22,101
Cash and investment fund balance - beginning	-	1,485	1,485
Cash and investments - June 30	\$ 22,101	\$ 1,485	\$ 23,586
Net assets:			
Cash and investments	\$ 22,101	\$ 1,485	\$ 23,586
Total net assets - cash and investment basis held in trust	\$ 22,101	\$ 1,485	\$ 23,586

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

	<u>Cape Grant</u>	<u>Renaissance Program</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ 3,950	\$ -	\$ 3,950
Total additions	<u>3,950</u>	<u>-</u>	<u>3,950</u>
Deductions:			
Administrative and general	<u>23,842</u>	<u>-</u>	<u>23,842</u>
Deficiency of total additions over total deductions	(19,892)	-	(19,892)
Cash and investment fund balance - beginning	<u>22,101</u>	<u>1,485</u>	<u>23,586</u>
Cash and investments - June 30	<u>\$ 2,209</u>	<u>\$ 1,485</u>	<u>\$ 3,694</u>
Net assets:			
Cash and investments	<u>\$ 2,209</u>	<u>\$ 1,485</u>	<u>\$ 3,694</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,209</u>	<u>\$ 1,485</u>	<u>\$ 3,694</u>

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 48,000
Buildings	11,160,814
Improvements other than buildings	1,181,054
Machinery and equipment	1,513,040
Construction in progress	<u>9,760,784</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 23,663,692</u></u>

NORTHEASTERN WAYNE 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
<b>Governmental Activities:</b>		
Capital leases:		
Elementary School	\$ 670,000	\$ 234,000
Jr./Sr. High School	10,005,000	47,800
Energy Conservation Renovations	319,851	100,000
Tax Anticipation Warrants	405,173	406,510
Notes and loans payable	2,929,723	N/A
Bonds payable:		
General obligation bonds:		
Pension Obligation	<u>2,765,000</u>	<u>244,725</u>
<b>Total governmental activities debt</b>	<u><u>\$ 17,094,747</u></u>	<u><u>\$ 1,033,035</u></u>

N/A - Information not yet available.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Retirement/Severance Bond Debt Service Fund and 2005-06 Title I Fund were overdrawn at June 30, 2006.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OUTSIDE ORGANIZATIONS - (Applies to Northeastern Jr./Sr. High School)

Financial records indicate that monies from Knight Boosters and Music Boosters were accounted for in the Extra-Curricular Accounts.

Indiana Code 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ." Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside organizations' monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

NORTHEASTERN WAYNE SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2008, with Stephen L. Bailey, Superintendent of Schools; Dennis Metzger, High School Principal; James Miller, Member of the School Board; and Rose Kay Reed, Treasurer.