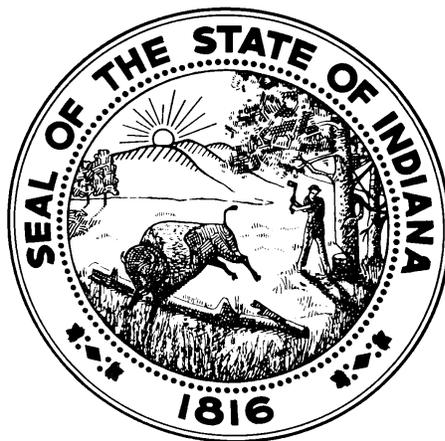


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

NORTHWEST INDIANA SPECIAL
EDUCATION COOPERATIVE
LAKE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

05/13/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Denise Bashore	07-01-06 to 06-30-09
Director of Cooperative	Patricia Pierce	07-01-06 to 06-30-09
President of the Board of Managers	Karen Schrum Sue Helton Larry Biggs	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE NORTHWEST INDIANA SPECIAL
EDUCATION COOPERATIVE, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Indiana Special Education Cooperative (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 9, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The Schedules of Funding Progress, as listed in the Table of Contents, are not required parts 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.

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

April 9, 2009



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

TO: THE OFFICIALS OF THE NORTHWEST INDIANA SPECIAL
EDUCATION COOPERATIVE, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Indiana Special Education Cooperative (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated April 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

April 9, 2009

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
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	\$ 18,717,241	\$ -	\$ 15,930	\$ (18,701,311)
Support services	3,037,176	7,187	-	(3,029,989)
Community services	<u>395</u>	<u>-</u>	<u>-</u>	<u>(395)</u>
Total government	<u>\$ 21,754,812</u>	<u>\$ 7,187</u>	<u>\$ 15,930</u>	<u>(21,731,695)</u>
 General receipts:				
Property taxes				207,606
Other local sources				14,891,835
State aid				17,270
Grants and contributions not restricted to specific programs				7,083,621
Sale of property, adjustments, and refunds				234
Investment earnings				<u>128,590</u>
Total general receipts, interfund loans, transfers, and special items				<u>22,329,156</u>
 Change in net assets				 597,461
 Net assets - beginning				 <u>3,142,825</u>
 Net assets - ending				 <u>\$ 3,740,286</u>
 <u>Assets</u>				
 Cash and investments				 <u>\$ 3,740,286</u>
 <u>Net Assets</u>				
 Unrestricted				 <u>\$ 3,740,286</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<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	\$ 18,898,032	\$ -	\$ 660	\$ (18,897,372)
Support services	3,431,221	5,718	-	(3,425,503)
Community services	379	-	-	(379)
Nonprogrammed charges	<u>34,000</u>	<u>-</u>	<u>-</u>	<u>(34,000)</u>
Total government	<u>\$ 22,363,632</u>	<u>\$ 5,718</u>	<u>\$ 660</u>	<u>(22,357,254)</u>
General receipts:				
Property taxes				260,632
Other local sources				15,351,133
State aid				5,772
Grants and contributions not restricted to specific programs				6,918,097
Sale of property, adjustments, and refunds				16,317
Investment earnings				<u>98,145</u>
Total general receipts, interfund loans, transfers, and special items				<u>22,650,096</u>
Change in net assets				292,842
Net assets - beginning				<u>3,740,286</u>
Net assets - ending				<u>\$ 4,033,128</u>
<u>Assets</u>				
Cash and investments				<u>\$ 4,033,128</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 4,033,128</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
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	Special Education Grant I	Special Education Grant II	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 14,929,226	\$ 32,346	\$ -	\$ -	\$ 207,606	\$ 34,478	\$ 31,562	\$ 15,235,218
State sources	448,770	-	-	-	-	-	15,930	464,700
Federal sources	-	-	5,750,000	-	-	-	902,121	6,652,121
Sale of property, adjustments and refunds	234	-	-	-	-	-	-	234
Total receipts	15,378,230	32,346	5,750,000	-	207,606	34,478	949,613	22,352,273
Disbursements:								
Current:								
Instruction	12,447,516	-	5,372,550	-	-	-	897,175	18,717,241
Support services	2,228,352	31,320	341,630	-	189,069	-	246,805	3,037,176
Community services	-	-	-	-	-	-	395	395
Total disbursements	14,675,868	31,320	5,714,180	-	189,069	-	1,144,375	21,754,812
Excess (deficiency) of receipts over disbursements	702,362	1,026	35,820	-	18,537	34,478	(194,762)	597,461
Other financing sources (uses):								
Transfers in	108,527	-	5,615	-	-	-	294,668	408,810
Transfers out	(114,583)	-	(185,195)	-	-	-	(109,032)	(408,810)
Total other financing sources (uses)	(6,056)	-	(179,580)	-	-	-	185,636	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	696,306	1,026	(143,760)	-	18,537	34,478	(9,126)	597,461
Cash and investments - beginning	2,472,178	21,026	279,187	-	229,770	22,814	117,850	3,142,825
Cash and investments - ending	<u>\$ 3,168,484</u>	<u>\$ 22,052</u>	<u>\$ 135,427</u>	<u>\$ -</u>	<u>\$ 248,307</u>	<u>\$ 57,292</u>	<u>\$ 108,724</u>	<u>3,740,286</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
Net assets of governmental activities								<u>\$ 3,740,286</u>
Cash and Investment Assets - Ending								
Cash and investments	<u>\$ 3,168,484</u>	<u>\$ 22,052</u>	<u>\$ 135,427</u>	<u>\$ -</u>	<u>\$ 248,307</u>	<u>\$ 57,292</u>	<u>\$ 108,724</u>	<u>\$ 3,740,286</u>
Cash and Investment Fund Balance - Ending								
Unrestricted	<u>\$ 3,168,484</u>	<u>\$ 22,052</u>	<u>\$ 135,427</u>	<u>\$ -</u>	<u>\$ 248,307</u>	<u>\$ 57,292</u>	<u>\$ 108,724</u>	<u>\$ 3,740,286</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
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, 2008

	General	Transportation Operating	Special Education Grant I	Special Education Grant II	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 15,304,561	\$ 41,494	\$ -	\$ -	\$ 260,632	\$ 23,705	\$ 85,236	\$ 15,715,628
State sources	437,272	-	-	-	-	-	660	437,932
Federal sources	-	-	3,112,369	3,053,707	-	-	320,521	6,486,597
Sale of property, adjustments and refunds	16,317	-	-	-	-	-	-	16,317
Total receipts	15,758,150	41,494	3,112,369	3,053,707	260,632	23,705	406,417	22,656,474
Disbursements:								
Current:								
Instruction	13,051,804	-	2,636,714	2,989,803	-	-	219,711	18,898,032
Support services	2,523,360	28,660	224,592	258,698	202,816	-	193,095	3,431,221
Community services	-	-	-	-	-	-	379	379
Nonprogrammed charges	-	-	-	-	-	-	34,000	34,000
Total disbursements	15,575,164	28,660	2,861,306	3,248,501	202,816	-	447,185	22,363,632
Excess (deficiency) of receipts over disbursements	182,986	12,834	251,063	(194,794)	57,816	23,705	(40,768)	292,842
Other financing sources (uses):								
Transfers in	775,928	-	2,521	787,237	-	5,757	116,572	1,688,015
Transfers out	(798,844)	(5,757)	(389,011)	(398,225)	-	-	(96,178)	(1,688,015)
Total other financing sources (uses)	(22,916)	(5,757)	(386,490)	389,012	-	5,757	20,394	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	160,070	7,077	(135,427)	194,218	57,816	29,462	(20,374)	292,842
Cash and investments - beginning	3,168,484	22,052	135,427	-	248,307	57,292	108,724	3,740,286
Cash and investments - ending	<u>\$ 3,328,554</u>	<u>\$ 29,129</u>	<u>\$ -</u>	<u>\$ 194,218</u>	<u>\$ 306,123</u>	<u>\$ 86,754</u>	<u>\$ 88,350</u>	<u>4,033,128</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
Net assets of governmental activities								<u>\$ 4,033,128</u>
Cash and Investment Assets - Ending								
Cash and investments	<u>\$ 3,328,554</u>	<u>\$ 29,129</u>	<u>\$ -</u>	<u>\$ 194,218</u>	<u>\$ 306,123</u>	<u>\$ 86,754</u>	<u>\$ 88,350</u>	<u>\$ 4,033,128</u>
Cash and Investment Fund Balance - Ending								
Unrestricted	<u>\$ 3,328,554</u>	<u>\$ 29,129</u>	<u>\$ -</u>	<u>\$ 194,218</u>	<u>\$ 306,123</u>	<u>\$ 86,754</u>	<u>\$ 88,350</u>	<u>\$ 4,033,128</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Employer	\$ 408,946	
Investment earnings:		
Interest	1,172	
Total additions	410,118	
Deductions:	-	
Excess (deficiency) of total additions over total deductions	410,118	
Cash and investment fund balance - beginning	300,075	
Cash and investment fund balance - ending	\$ 710,193	\$ 57,157
Net assets:		
Cash and investments	\$ 710,193	
Total net assets - cash and investment basis held in trust	\$ 710,193	

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Employer	\$ 167,332	
Plan members	304,681	
Total contributions	472,013	
Investment earnings:		
Interest	6,932	
Total additions	478,945	
Deductions:		
Benefits	141,806	
Excess (deficiency) of total additions over total deductions	337,139	
Cash and investment fund balance - beginning	710,193	
Cash and investment fund balance - ending	\$ 1,047,332	\$ 34,742
Net assets:		
Cash and investments	\$ 1,047,332	
Total net assets - cash and investment basis held in trust	\$ 1,047,332	

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Northwest Indiana Special Education Cooperative

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities to report.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 for actual community learning experiences for students with significant needs.

The special education grant I fund and the special education grant II fund account for the major annual grant expenditures related to special education.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(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 fund accounts for the activities of the postretirement or severance future benefits fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the School Corporation as an agent for federal, state, and other local governmental and nongovernmental entities.

C. Measurement Focus and Basis of Accounting

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

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. All government-wide financials would be presented on the accrual basis of accounting.

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (Indiana Code 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

3. Capital Assets

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

4. 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 other financing sources and payment of principal and interest reported as disbursements.

5. 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.

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.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Government-Wide Financial Statements

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

1. 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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

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.

The fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. The budget is not advertised. In June of each year, the governing board, through the passage of a resolution, approves the budget for the next calendar year. This is when the budget becomes legally enacted. Copies of the budget resolution are sent to each of the member school corporations so they can include their portion of the budget within their own budgets.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The 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.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2008, the School Corporation had deposit balances in the amount of \$5,115,202. 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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006-2007</u>	<u>2007-2008</u>
General	Special Education Grant I	\$ 5,616	\$ 2,521
	Special Education Grant II	-	744,517
	Other governmental funds	108,967	51,806
Special Education Grant I	General	3,401	346,293
	Special Education Grant II	-	42,719
	Other governmental funds	181,794	-
Special Education Grant II	General	-	398,225
Transportation Operating	School Bus Replacement	-	5,757
Other governmental funds	General	105,126	31,411
	Other governmental funds	3,906	64,766
Totals		<u>\$ 408,810</u>	<u>\$ 1,688,015</u>

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

IV. Other Information

A. Risk Management

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Subsequent Events

Withdrawal of One School Corporation

On October 27, 2008, the Northwest Indiana Special Education Cooperative (NISEC) was officially informed of Crown Point Community School Corporation's (CPCSC) intent to withdraw from NISEC as of July 1, 2010. CPCSC is one of the ten school corporations that belong to NISEC. At their December 10, 2008, board meeting, NISEC Board of Managers approved the letter of withdrawal by CPCSC.

Federal Stimulus

The American Recovery and Reinvestment Act of 2009 (ARRA) appropriates significant new funding for programs under Parts B and C of the Individuals with Disabilities Education Act (IDEA). The IDEA recovery funds under ARRA will provide an unprecedented opportunity for states, LEAs (Local Educational Agencies), and early intervention service providers to implement innovative strategies to improve outcomes for infants, toddlers, children, and youths with disabilities while stimulating the economy. NISEC was informed in March, 2009 that its estimated share of the Part B IDEA Recovery will be \$8,500,824. NISEC is in the process of putting grant proposals together to apply for the IDEA recovery funds. The funding will be released in April and September, 2009, and must be obligated by September 30, 2011.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The Healthcare Plan is a single-employer defined benefit healthcare plan administered by Anthem Blue Cross Blue Shield. The plan provides medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation. The Healthcare Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Anthem Blue Cross Blue Shield
PO Box 37010
Louisville, KY 40233-7010
Ph. (800) 280-7293

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for The Healthcare Plan are established by the School Corporation's Board of Managers. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2008, the School Corporation contributed \$52,225 to the plan for current premiums (approximately 78% of total premiums). Plan members receiving benefits contributed \$14,595, or approximately 22% of the total premiums, through their required contribution of \$48.82 to \$230.22 per month for retiree-only coverage.

Annual OPEB Cost and Net OPEB Obligation

The School Corporation's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the School Corporation's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Corporation's net OPEB obligation to the plan:

	Postemployment Healthcare Plan
Annual required contribution	\$ 52,225
Interest on net OPEB obligation	-
Adjustment to annual required contribution	41,888
Annual OPEB cost	94,113
Contributions made	52,225
Increase in net OPEB obligation	41,888
Net OPEB obligation, beginning of year	142,927
Net OPEB obligation, end of year	\$ 184,815

The School Corporation's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2008, and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-08	\$ 94,113	55%	\$ 184,815
06-30-07	86,105	51%	142,927
06-30-06	99,924	58%	101,038

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funded Status and Funding Progress

As of September 1, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$184,815, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$184,815. Since these are all retirees, there is no covered payroll.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 1, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (Indiana Code 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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 211,106
Interest on net pension obligation	7,894
Adjustment to annual required contribution	(8,996)
Annual pension cost	210,004
Contributions made	184,850
Increase in net pension obligation	25,154
Net pension obligation, beginning of year	108,882
Net pension obligation, end of year	\$ 134,036

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	6.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 187,710	88%	\$ 68,653
	06-30-06	215,082	81%	108,882
	06-30-07	210,004	88%	134,036

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 (Indiana Code 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.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2008, 2007, and 2006, were \$555,255, \$501,819, and \$485,776, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,757,844	\$ 2,269,821	\$ (511,977)	77%	\$ 3,213,875	(16%)
07-01-06	2,185,820	2,328,428	(142,608)	94%	3,019,197	(5%)
07-01-07	2,515,381	2,569,421	(54,040)	98%	3,170,552	(2%)

Postemployment Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
09-01-05	\$ -	\$ 101,038	\$ (101,038)	0%	N/A	N/A
09-01-06	*	*	*	*	N/A	N/A
09-01-07	-	184,815	(184,815)	0%	N/A	N/A

* = Not available

N/A = All retirees, no covered payroll

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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

	<u>Food Service</u>	<u>Textbook</u>	<u>Instructional Support</u>	<u>Summer Enrichment Program United Way</u>	<u>Continuing Education School</u>
Receipts:					
Local sources	\$ 5,562	\$ 5,275	\$ 593	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
 Total receipts	<u>5,562</u>	<u>5,275</u>	<u>593</u>	<u>-</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	6,543	4,404	1,149	-	-
Community services	-	-	-	-	-
 Total disbursements	<u>6,543</u>	<u>4,404</u>	<u>1,149</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(981)</u>	<u>871</u>	<u>(556)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	981	-	-	-	-
Transfers out	-	-	-	-	-
 Total other financing sources (uses)	<u>981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>871</u>	<u>(556)</u>	<u>-</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>5,396</u>	<u>8,030</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,267</u>	<u>\$ 7,474</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 6,267</u>	<u>\$ 7,474</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 6,267</u>	<u>\$ 7,474</u>	<u>\$ -</u>	<u>\$ -</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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)

	<u>Recreational Activities</u>	<u>Miscellaneous Programs</u>	<u>Smart Desktop Grant</u>	<u>Inservice</u>	<u>Teacher Quality Improvement</u>
Receipts:					
Local sources	\$ 2,897	\$ 220	\$ -	\$ 9,860	\$ 5,280
State sources	-	-	-	-	-
Federal sources	-	-	2,441	-	-
	<u>2,897</u>	<u>220</u>	<u>2,441</u>	<u>9,860</u>	<u>5,280</u>
Total receipts					
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	780	-	763	8,009	13,381
Community services	-	144	-	-	-
	<u>780</u>	<u>144</u>	<u>763</u>	<u>8,009</u>	<u>13,381</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>2,117</u>	<u>76</u>	<u>1,678</u>	<u>1,851</u>	<u>(8,101)</u>
Other financing sources (uses):					
Transfers in	-	8	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,117	84	1,678	1,851	(8,101)
Cash and investments - beginning	<u>4,011</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>15,292</u>
Cash and investments - ending	<u>\$ 6,128</u>	<u>\$ 220</u>	<u>\$ 1,678</u>	<u>\$ 1,851</u>	<u>\$ 7,191</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 6,128</u>	<u>\$ 220</u>	<u>\$ 1,678</u>	<u>\$ 1,851</u>	<u>\$ 7,191</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 6,128</u>	<u>\$ 220</u>	<u>\$ 1,678</u>	<u>\$ 1,851</u>	<u>\$ 7,191</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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)

	Teacher Quality Improvement Workshop	Paraprofessional Testing	Very Special Arts	Contributions	Contributions 7
Receipts:					
Local sources	\$ -	\$ 1,625	\$ 100	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
 Total receipts	 -	 1,625	 100	 -	 -
Disbursements:					
Current:					
Instruction	-	-	-	31,134	-
Support services	-	1,270	-	3,111	-
Community services	-	-	251	-	-
 Total disbursements	 -	 1,270	 251	 34,245	 -
Excess (deficiency) of receipts over disbursements	-	355	(151)	(34,245)	-
Other financing sources (uses):					
Transfers in	-	-	-	14	-
Transfers out	-	-	-	-	-
 Total other financing sources (uses)	 -	 -	 -	 14	 -
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	355	(151)	(34,231)	-
Cash and investments - beginning	-	-	477	47,166	-
Cash and investments - ending	\$ -	\$ 355	\$ 326	\$ 12,935	\$ -
 <u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 355	\$ 326	\$ 12,935	\$ -
 <u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ -	\$ 355	\$ 326	\$ 12,935	\$ -

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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)

	Beginning Teacher Internship Program	Lake County Summit	Art Department Grant	PATINS I	PATINS II
Receipts:					
Local sources	\$ -	\$ -	\$ 150	\$ -	\$ -
State sources	15,930	-	-	-	-
Federal sources	-	-	-	158,083	-
Total receipts	<u>15,930</u>	<u>-</u>	<u>150</u>	<u>158,083</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	17,933	-	-	22,537	-
Support services	-	-	1,062	115,393	-
Community services	-	-	-	-	-
Total disbursements	<u>17,933</u>	<u>-</u>	<u>1,062</u>	<u>137,930</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,003)</u>	<u>-</u>	<u>(912)</u>	<u>20,153</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	10,463	-	-	279	-
Transfers out	<u>(8,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,003</u>	<u>-</u>	<u>-</u>	<u>279</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(912)	20,432	-
Cash and investments - beginning	<u>-</u>	<u>524</u>	<u>1,226</u>	<u>28,607</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 314</u>	<u>\$ 49,039</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 314</u>	<u>\$ 49,039</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 314</u>	<u>\$ 49,039</u>	<u>\$ -</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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)

	Special Education Carryover	Special Education Early Childhood I	Special Education Early Childhood II	Special Education Early Childhood Carryover	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 31,562
State sources	-	-	-	-	15,930
Federal sources	584,671	156,926	-	-	902,121
Total receipts	584,671	156,926	-	-	949,613
Disbursements:					
Current:					
Instruction	675,612	145,583	-	4,376	897,175
Support services	90,940	-	-	-	246,805
Community services	-	-	-	-	395
Total disbursements	766,552	145,583	-	4,376	1,144,375
Excess (deficiency) of receipts over disbursements	(181,881)	11,343	-	(4,376)	(194,762)
Other financing sources (uses):					
Transfers in	278,547	-	-	4,376	294,668
Transfers out	(96,666)	(3,906)	-	-	(109,032)
Total other financing sources (uses)	181,881	(3,906)	-	4,376	185,636
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,437	-	-	(9,126)
Cash and investments - beginning	-	6,985	-	-	117,850
Cash and investments - ending	\$ -	\$ 14,422	\$ -	\$ -	\$ 108,724
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 14,422	\$ -	\$ -	\$ 108,724
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ -	\$ 14,422	\$ -	\$ -	\$ 108,724

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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, 2008

	Food Service	Textbook	Instructional Support	Summer Enrichment Program United Way	Continuing Education School
Receipts:					
Local sources	\$ 4,493	\$ 3,916	\$ 1,782	\$ 44,726	\$ 575
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
 Total receipts	 <u>4,493</u>	 <u>3,916</u>	 <u>1,782</u>	 <u>44,726</u>	 <u>575</u>
Disbursements:					
Current:					
Instruction	-	-	673	-	-
Support services	6,320	2,152	3,419	-	523
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	34,000	-
 Total disbursements	 <u>6,320</u>	 <u>2,152</u>	 <u>4,092</u>	 <u>34,000</u>	 <u>523</u>
Excess (deficiency) of receipts over disbursements	 <u>(1,827)</u>	 <u>1,764</u>	 <u>(2,310)</u>	 <u>10,726</u>	 <u>52</u>
Other financing sources (uses):					
Transfers in	1,827	-	-	-	-
Transfers out	-	-	-	-	-
 Total other financing sources (uses)	 <u>1,827</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 <u>-</u>	 <u>1,764</u>	 <u>(2,310)</u>	 <u>10,726</u>	 <u>52</u>
Cash and investments - beginning	<u>-</u>	<u>6,267</u>	<u>7,474</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 8,031</u>	<u>\$ 5,164</u>	<u>\$ 10,726</u>	<u>\$ 52</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 8,031</u>	<u>\$ 5,164</u>	<u>\$ 10,726</u>	<u>\$ 52</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 8,031</u>	<u>\$ 5,164</u>	<u>\$ 10,726</u>	<u>\$ 52</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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, 2008
 (Continued)

	Recreational Activities	Miscellaneous Programs	Smart Desktop Grant	Inservice	Teacher Quality Improvement
Receipts:					
Local sources	\$ 2,189	\$ -	\$ -	\$ -	\$ 240
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Total receipts	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	633	-	1,678	693	1,904
Community services	113	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>746</u>	<u>-</u>	<u>1,678</u>	<u>693</u>	<u>1,904</u>
Excess (deficiency) of receipts over disbursements	<u>1,443</u>	<u>-</u>	<u>(1,678)</u>	<u>(693)</u>	<u>(1,664)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,235)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,235)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,443	-	(1,678)	(693)	(2,899)
Cash and investments - beginning	<u>6,128</u>	<u>220</u>	<u>1,678</u>	<u>1,851</u>	<u>7,191</u>
Cash and investments - ending	<u>\$ 7,571</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 1,158</u>	<u>\$ 4,292</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 7,571</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 1,158</u>	<u>\$ 4,292</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 7,571</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 1,158</u>	<u>\$ 4,292</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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, 2008
 (Continued)

	Teacher Quality Improvement Workshop	Paraprofessional Testing	Very Special Arts	Contributions	Contributions 7
Receipts:					
Local sources	\$ 120	\$ 1,225	\$ 100	\$ 25,000	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Total receipts	<u>120</u>	<u>1,225</u>	<u>100</u>	<u>25,000</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	-	19,317	-
Support services	1,307	925	-	163	12,478
Community services	-	-	266	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>1,307</u>	<u>925</u>	<u>266</u>	<u>19,480</u>	<u>12,478</u>
Excess (deficiency) of receipts over disbursements	<u>(1,187)</u>	<u>300</u>	<u>(166)</u>	<u>5,520</u>	<u>(12,478)</u>
Other financing sources (uses):					
Transfers in	1,235	-	-	278	18,455
Transfers out	-	-	-	(18,733)	-
Total other financing sources (uses)	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>(18,455)</u>	<u>18,455</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	48	300	(166)	(12,935)	5,977
Cash and investments - beginning	-	355	326	12,935	-
Cash and investments - ending	<u>\$ 48</u>	<u>\$ 655</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 5,977</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 48</u>	<u>\$ 655</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 5,977</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 48</u>	<u>\$ 655</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 5,977</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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, 2008
 (Continued)

	Beginning Teacher Internship Program	Lake County Summit	Art Department Grant	PATINS I	PATINS II
Receipts:					
Local sources	\$ -	\$ -	\$ 870	\$ -	\$ -
State sources	660	-	-	-	-
Federal sources	-	-	-	36,000	128,083
Total receipts	<u>660</u>	<u>-</u>	<u>870</u>	<u>36,000</u>	<u>128,083</u>
Disbursements:					
Current:					
Instruction	19,099	-	-	15,972	-
Support services	-	-	314	90,569	70,017
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>19,099</u>	<u>-</u>	<u>314</u>	<u>106,541</u>	<u>70,017</u>
Excess (deficiency) of receipts over disbursements	<u>(18,439)</u>	<u>-</u>	<u>556</u>	<u>(70,541)</u>	<u>58,066</u>
Other financing sources (uses):					
Transfers in	18,439	-	-	30,877	22,036
Transfers out	-	-	-	(9,375)	(43,413)
Total other financing sources (uses)	<u>18,439</u>	<u>-</u>	<u>-</u>	<u>21,502</u>	<u>(21,377)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>556</u>	<u>(49,039)</u>	<u>36,689</u>
Cash and investments - beginning	<u>-</u>	<u>524</u>	<u>314</u>	<u>49,039</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 36,689</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 36,689</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 36,689</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 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, 2008
 (Continued)

	Special Education Carryover	Special Education Early Childhood I	Special Education Early Childhood II	Special Education Early Childhood Carryover	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 85,236
State sources	-	-	-	-	660
Federal sources	-	67,000	89,438	-	320,521
Total receipts	-	67,000	89,438	-	406,417
Disbursements:					
Current:					
Instruction	-	58,003	106,647	-	219,711
Support services	-	-	-	-	193,095
Community services	-	-	-	-	379
Nonprogrammed charges	-	-	-	-	34,000
Total disbursements	-	58,003	106,647	-	447,185
Excess (deficiency) of receipts over disbursements	-	8,997	(17,209)	-	(40,768)
Other financing sources (uses):					
Transfers in	-	3	23,422	-	116,572
Transfers out	-	(23,422)	-	-	(96,178)
Total other financing sources (uses)	-	(23,419)	23,422	-	20,394
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(14,422)	6,213	-	(20,374)
Cash and investments - beginning	-	14,422	-	-	108,724
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,213</u>	<u>\$ -</u>	<u>\$ 88,350</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,213</u>	<u>\$ -</u>	<u>\$ 88,350</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,213</u>	<u>\$ -</u>	<u>\$ 88,350</u>

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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	\$ 40,000
Buildings	3,015,634
Improvements other than buildings	121,220
Machinery and equipment	<u>502,212</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,679,066</u>

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 35,694	\$ 14,278

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE NORTHWEST INDIANA SPECIAL
EDUCATION COOPERATIVE, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Northwest Indiana Special Education Cooperative (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

STATE BOARD OF ACCOUNTS

April 9, 2009

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
Individuals with Disabilities Education Act (IDEA)		14206-047-PY02	\$ 766,467	\$ -
		14207-047-PN01	5,716,551	449,525
		14208-047-PN01	-	5,661,645
PATINS		14205-088-DY11	10,313	-
		14206-021-DY12	140,169	17,914
		14207-088-DY13	-	143,629
Total for program			<u>6,633,500</u>	<u>6,272,713</u>
Special Education - Preschool Grants	84.173			
IDEA Preschool		45706-047-PY02	3,906	-
		45707-047-PN01	144,385	12,541
		45708-047-PN01	-	153,823
Total for program			<u>148,291</u>	<u>166,364</u>
Total for federal grantor agency			<u>6,781,791</u>	<u>6,439,077</u>
Total federal awards expended			<u>\$ 6,781,791</u>	<u>\$ 6,439,077</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

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

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

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

Name of Federal Program or Cluster

Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$396,626

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No items are reportable.

NORTHWEST INDIANA SPECIAL EDUCATION COOPERATIVE
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2009, with Patricia Pierce, Director of Cooperative; Denise Bashore, Treasurer; Larry Biggs, President of the Board of Managers; Becky Krumwied, Financial Assistant; and Doris Handley, Payroll Assistant. Our audit disclosed no material items that warrant comment at this time.