

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

AUDIT REPORT
OF
EASTERN HOWARD SCHOOL CORPORATION
HOWARD COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
02/28/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Teresa Vester	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Tracy Caddell	07-01-08 to 06-30-11
President of the School Board	Charles Blankenship Mark Lantz Matthew Adams	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE EASTERN HOWARD SCHOOL
CORPORATION, HOWARD COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated January 27, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

January 27, 2011



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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 EASTERN HOWARD SCHOOL
CORPORATION, HOWARD COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Howard School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 27, 2011. 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, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 27, 2011

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,024,685	\$ -	\$ 130,111	\$ (4,894,574)
Support services	3,964,243	508,075	157,686	(3,298,482)
Noninstructional services	725,084	-	-	(725,084)
Facilities acquisition and construction	374,966	-	-	(374,966)
Debt service	2,843,758	-	-	(2,843,758)
Nonprogrammed charges	72,226	-	-	(72,226)
Total governmental activities	<u>\$ 13,004,962</u>	<u>\$ 508,075</u>	<u>\$ 287,797</u>	<u>(12,209,090)</u>
General receipts:				
Property taxes				5,558,597
Other local sources				873,338
State aid				5,573,988
Grants and contributions not restricted to specific programs				840,833
Sale of property				377
Investment earnings				26,138
Other				25,897
Total general receipts				<u>12,899,168</u>
Change in net assets				690,078
Net assets - beginning				<u>3,017,900</u>
Net assets - ending				<u>\$ 3,707,978</u>
<u>Assets</u>				
Cash and investments				\$ 3,252,925
Restricted assets:				
Cash and investments				<u>455,053</u>
Total assets				<u>\$ 3,707,978</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 455,053
Unrestricted				<u>3,252,925</u>
Total net assets				<u>\$ 3,707,978</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<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	\$ 5,133,638	\$ -	\$ 102,914	\$ (5,030,724)
Support services	4,153,749	499,762	193,140	(3,460,847)
Noninstructional services	718,773	-	-	(718,773)
Facilities acquisition and construction	416,592	-	-	(416,592)
Debt service	2,441,257	-	-	(2,441,257)
Nonprogrammed charges	<u>129,871</u>	<u>-</u>	<u>-</u>	<u>(129,871)</u>
Total governmental activities	<u>\$ 12,993,880</u>	<u>\$ 499,762</u>	<u>\$ 296,054</u>	<u>(12,198,064)</u>
General receipts:				
Property taxes				5,152,156
Other local sources				637,572
State aid				7,196,094
Bonds and loans				151,850
Grants and contributions not restricted to specific programs				650,932
Sale of property				35
Investment earnings				20,051
Other				<u>23,201</u>
Total general receipts				<u>13,831,891</u>
Change in net assets				1,633,827
Net assets - beginning				<u>3,707,978</u>
Net assets - ending				<u>\$ 5,341,805</u>
<u>Assets</u>				
Cash and investments				\$ 4,063,510
Restricted assets:				
Cash and investments				<u>1,278,295</u>
Total assets				<u>\$ 5,341,805</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,278,295
Unrestricted				<u>4,063,510</u>
Total net assets				<u>\$ 5,341,805</u>

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

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

	General	Rainy Day	Fiscal Stabilization	Debt Service	Other	Totals
Receipts:						
Local sources	\$ 2,417,586	\$ -	\$ -	\$ 2,322,786	\$ 2,225,217	\$ 6,965,589
Intermediate sources	240	-	-	-	319	559
State sources	5,672,901	-	-	-	88,746	5,761,647
Federal sources	-	-	622,196	-	318,775	940,971
Other	19,338	-	-	5,000	1,559	25,897
Total receipts	8,110,065	-	622,196	2,327,786	2,634,616	13,694,663
Disbursements:						
Current:						
Instruction	4,814,664	-	-	-	210,021	5,024,685
Support services	2,611,958	-	-	-	1,352,285	3,964,243
Noninstructional services	188,814	-	-	-	536,270	725,084
Facilities acquisition and construction	-	14,314	-	-	360,652	374,966
Debt services	-	-	-	2,417,148	426,610	2,843,758
Nonprogrammed charges	72,226	-	-	-	-	72,226
Total disbursements	7,687,662	14,314	-	2,417,148	2,885,838	13,004,962
Excess (deficiency) of receipts over disbursements	422,403	(14,314)	622,196	(89,362)	(251,222)	689,701
Other financing sources (uses):						
Sale of capital assets	377	-	-	-	-	377
Transfers in	-	50,000	-	-	1,033	51,033
Transfers out	(221)	-	-	-	(50,812)	(51,033)
Total other financing sources (uses)	156	50,000	-	-	(49,779)	377
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	422,559	35,686	622,196	(89,362)	(301,001)	690,078
Cash and investments - beginning	1,123,402	698,354	-	525,537	670,607	3,017,900
Cash and investments - ending	<u>\$ 1,545,961</u>	<u>\$ 734,040</u>	<u>\$ 622,196</u>	<u>\$ 436,175</u>	<u>\$ 369,606</u>	<u>\$ 3,707,978</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,545,961	\$ 734,040	\$ 622,196	\$ -	\$ 350,728	\$ 3,252,925
Restricted assets:						
Cash and investments	-	-	-	436,175	18,878	455,053
Total cash and investment assets - ending	<u>\$ 1,545,961</u>	<u>\$ 734,040</u>	<u>\$ 622,196</u>	<u>\$ 436,175</u>	<u>\$ 369,606</u>	<u>\$ 3,707,978</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 436,175	\$ 18,878	\$ 455,053
Unrestricted	1,545,961	734,040	622,196	-	350,728	3,252,925
Total cash and investment fund balance - ending	<u>\$ 1,545,961</u>	<u>\$ 734,040</u>	<u>\$ 622,196</u>	<u>\$ 436,175</u>	<u>\$ 369,606</u>	<u>\$ 3,707,978</u>

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

EASTERN HOWARD SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Rainy Day	Fiscal Stabilization	Debt Service	Other	Totals
Receipts:						
Local sources	\$ 271,701	\$ -	\$ -	\$ 3,124,742	\$ 2,912,530	\$ 6,308,973
Intermediate sources	361	-	-	-	207	568
State sources	7,268,313	-	-	-	94,840	7,363,153
Federal sources	-	-	265,102	-	514,825	779,927
Temporary loans	-	-	-	-	151,850	151,850
Other	10,178	-	-	5,000	8,023	23,201
Total receipts	7,550,553	-	265,102	3,129,742	3,682,275	14,627,672
Disbursements:						
Current:						
Instruction	4,260,710	-	627,950	-	244,978	5,133,638
Support services	2,287,626	-	250,970	-	1,615,153	4,153,749
Noninstructional services	181,440	-	8,378	-	528,955	718,773
Facilities acquisition and construction	-	-	-	-	416,592	416,592
Debt services	-	-	-	2,339,036	102,221	2,441,257
Nonprogrammed charges	76,228	-	-	-	53,643	129,871
Total disbursements	6,806,004	-	887,298	2,339,036	2,961,542	12,993,880
Excess (deficiency) of receipts over disbursements	744,549	-	(622,196)	790,706	720,733	1,633,792
Other financing sources (uses):						
Sale of capital assets	35	-	-	-	-	35
Transfers in	51,994	36,000	-	-	5,746	93,740
Transfers out	(5,746)	-	-	-	(87,994)	(93,740)
Total other financing sources (uses)	46,283	36,000	-	-	(82,248)	35
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	790,832	36,000	(622,196)	790,706	638,485	1,633,827
Cash and investments - beginning	1,545,961	734,040	622,196	436,175	369,606	3,707,978
Cash and investments - ending	\$ 2,336,793	\$ 770,040	\$ -	\$ 1,226,881	\$ 1,008,091	\$ 5,341,805
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,336,793	\$ 770,040	\$ -	\$ -	\$ 956,677	\$ 4,063,510
Restricted assets:						
Cash and investments	-	-	-	1,226,881	51,414	1,278,295
Total cash and investment assets - ending	\$ 2,336,793	\$ 770,040	\$ -	\$ 1,226,881	\$ 1,008,091	\$ 5,341,805
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 1,226,881	\$ 51,414	\$ 1,278,295
Unrestricted	2,336,793	770,040	-	-	956,677	4,063,510
Total cash and investment fund balance - ending	\$ 2,336,793	\$ 770,040	\$ -	\$ 1,226,881	\$ 1,008,091	\$ 5,341,805

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ 468	\$ 24,011	
Investment earnings:			
Interest	370	-	
Total additions	<u>838</u>	<u>24,011</u>	
Deductions:			
Benefits	15,097	-	
Administrative and general	-	11,258	
Total deductions	<u>15,097</u>	<u>11,258</u>	
Excess (deficiency) of total additions over total deductions	(14,259)	12,753	
Cash and investment fund balance - beginning	<u>62,398</u>	<u>1,852</u>	
Cash and investment fund balance - ending	<u>\$ 48,139</u>	<u>\$ 14,605</u>	<u>\$ 53,673</u>
Net assets:			
Cash and investments	<u>\$ 48,139</u>	<u>\$ 14,605</u>	<u>\$ 53,673</u>
Total net assets - cash and investment basis held in trust	<u>\$ 48,139</u>	<u>\$ 14,605</u>	<u>\$ 53,673</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 63,531	
Deductions:			
Benefits	20,325	-	
Administrative and general	-	53,363	
Total deductions	20,325	53,363	
Excess (deficiency) of total additions over total deductions	(20,325)	10,168	
Cash and investment fund balance - beginning	48,139	14,605	
Cash and investment fund balance - ending	\$ 27,814	\$ 24,773	\$ 52,520
Net assets:			
Cash and investments	\$ 27,814	\$ 24,773	\$ 52,520
Total net assets - cash and investment basis held in trust	\$ 27,814	\$ 24,773	\$ 52,520

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

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Eastern Howard School Corporation

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

Joint Venture

The School Corporation is a participant in a joint venture to operate Kokomo Area Special Education Cooperative which was created to educate special education students. The Kokomo Area Special Education Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Kokomo Area Special Education Cooperative can be obtained from Kokomo Center Township Consolidated School Corporation, Administrative Service Center, 100 West Lincoln Road, Kokomo IN 46901.

The School Corporation is a participant in a joint venture to operate Kokomo Area Career Center which was created to provide vocational education to students. The Kokomo Area Career Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Kokomo Area Career Center can be obtained from Kokomo Center Township Consolidated School Corporation, Administrative Service Center, 100 West Lincoln Road, Kokomo IN 46901.

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.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The fiscal stabilization fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the drama productions, leadership training and building improvements.

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

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.

EASTERN HOWARD 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. Restricted Assets

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

2. Cash and Investments

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

3. Property Taxes

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

4. Capital Assets

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

5. Long-Term Debt

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

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Activities

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

Fund Financial Statements

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

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

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

G. Rounding Differences

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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.

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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$5,446,912.

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.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

EASTERN HOWARD SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
General Fund	Other Governmental Funds	\$ 221	\$ 5,746
Other Governmental Funds	General Fund	-	51,994
	Rainy Day Fund	50,000	36,000
	Other Governmental Funds	812	-
Totals		<u>\$ 51,033</u>	<u>\$ 93,740</u>

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

IV. Other Information

A. Risk Management

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

EASTERN HOWARD SCHOOL CORPORATION
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; and natural disasters are covered by commercial insurance from independent third parties.

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

Medical Benefits to Employees, Retirees, and Dependents

During 2002, the School Corporation joined with other governmental entities in the North Central Indiana School Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for 7 member governmental entities. This risk pool was formed in 2001. The purpose of the risk pool is to provide a medium for the funding and administration of Medical benefits to employees, dependent and retirees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, dependents and retirees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$125,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit. Settled claim resulting from the risk did not exceed commercial insurance coverage in the past three years.

B. Holding Corporations

The School Corporation has entered into a capital lease with 2002 Eastern Howard Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$310,000 and \$310,000, respectively.

The School Corporation has entered into a capital lease with 2003 Eastern Howard Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$489,000 and \$489,000, respectively.

The School Corporation has entered into a capital lease with 2005 Eastern Howard Third Millennium School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$1,504,000 and \$1,502,000, respectively.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Eastern Howard School Corporation retirees continue to be a part of the healthcare plan the school corporation participates in called the North Central Indiana School Insurance Consortium which is administered by Anthem. The plan for retirees and eligible spouses stipulates that the

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Corporation pay a set amount towards the total cost of the healthcare plan. IC 5-10-8-5 assigns the authority to establish and amend benefit provisions to the School Corporation. The North Central Indiana School Insurance Consortium 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
220 Virginia Avenue
Indianapolis, IN 46204
(317) 287-5225

Funding Policy

The contribution requirements of plan members for the North Central Indiana School Insurance Consortium are established by the School Corporation's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the School Corporation contributed \$61,034 to the plan for current premiums of eligible retirees and spouses. Plan members receiving benefits contributed \$33,230, or approximately 35.3% of the total premiums, through their required contribution of \$212 per month for retiree-only coverage and \$712 for retiree and spouse coverage. For the year ended June 30, 2010, the School Corporation contributed \$41,243 to the plan for current premiums of eligible retirees and spouses. Plan members receiving benefits contributed \$28,974, or approximately 35.3% of the total premiums, through their required contribution of \$212 per month for retiree-only coverage and \$712 for retiree and spouse coverage.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

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:

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$120,367.

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

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

The School Corporation's contributions to the plan during the period were \$405,338.

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Defined Contribution Pension Plan

Plan Description

The School Corporation has a defined contribution pension plan administered by Nationwide to meet the requirements of Indiana Public Law 253-2001. The plan, 401(a) provides retirement benefits to certified staff of the school corporation. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Nationwide Retirement Plans
P.O. Box 183046
Columbus, OH 43218-3046
Ph. (800) 548-6436

Funding Policy

The contribution requirements of the school corporation are scheduled by tiers. Those in Tier 1 are at least 55 years old with 15 years experience at Eastern Howard School Corporation by June 30, 2006. Tier 2 are certified staff hired on or before June 30, 1995, but not eligible for Tier 1. Those in Tier 3 are certified staff hired after June 30, 1995, but before June 30, 2002. Tier 4 is certified staff hired for school year on or after July 1, 2002. The funding for the 401(a) plan for the certified staff members is dependent on tier and hiring date. The school corporation will make a one-time contribution to the 401(a) Plan for each eligible certified staff in Tiers 1, 2, and 3 equal to the present value of each eligible Certified Staff's accrued benefit under the Early Retirement Incentive Program as of June 30, 2001, plus the present value of the unused sick days of each certified staff member over 180 days as of June 30, 2001.

The school corporation will make an annual contribution of .15% of the base contract amount each year until the teacher reaches 30 years of State teaching experience.

EASTERN HOWARD 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)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 861,955	\$ 904,095	\$ (42,140)	95%	\$ 764,449	(6%)
07-01-08	937,589	983,025	(45,436)	95%	802,180	(6%)
07-01-09	887,117	942,154	(55,037)	94%	871,206	(6%)

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

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plates	Safe Haven
Receipts:						
Local sources	\$ 613,978	\$ 5,433	\$ 395,071	\$ 75,478	\$ -	\$ -
Intermediate sources	-	-	-	-	319	-
State sources	-	32,987	7,441	17,120	-	-
Federal sources	-	-	133,125	-	-	-
Other	790	-	551	218	-	-
Total receipts	614,768	38,420	536,188	92,816	319	-
Disbursements:						
Current:						
Instruction	-	28,730	-	-	-	-
Support services	548,186	10,771	3,172	190,498	-	2,017
Noninstructional services	-	-	536,270	-	-	-
Facilities acquisition and construction	-	-	433	-	-	-
Debt services	34,880	-	-	-	-	-
Total disbursements	583,066	39,501	539,875	190,498	-	2,017
Excess (deficiency) of receipts over disbursements	31,702	(1,081)	(3,687)	(97,682)	319	(2,017)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(50,000)	-	-	-	-	-
Total other financing sources (uses)	(50,000)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,298)	(1,081)	(3,687)	(97,682)	319	(2,017)
Cash and investments - beginning	101,886	44,163	38,807	134,727	1,122	2,017
Cash and investments - ending	\$ 83,588	\$ 43,082	\$ 35,120	\$ 37,045	\$ 1,441	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 83,588	\$ 43,082	\$ 35,120	\$ 37,045	\$ 1,441	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 83,588	\$ 43,082	\$ 35,120	\$ 37,045	\$ 1,441	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	83,588	43,082	35,120	37,045	1,441	-
Total cash and investment fund balance - ending	\$ 83,588	\$ 43,082	\$ 35,120	\$ 37,045	\$ 1,441	\$ -

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

	Gifted Talented	Education Technology	Non-English Speaking Grant	School Technology	Tech Plan Buddy	Technology Grants
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	30,899	-	299	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>30,899</u>	<u>-</u>	<u>299</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	26,383	-	772	-	-	-
Support services	-	-	-	-	-	97
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>26,383</u>	<u>-</u>	<u>772</u>	<u>-</u>	<u>-</u>	<u>97</u>
Excess (deficiency) of receipts over disbursements	<u>4,516</u>	<u>-</u>	<u>(473)</u>	<u>-</u>	<u>-</u>	<u>(97)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,516</u>	<u>-</u>	<u>(473)</u>	<u>-</u>	<u>-</u>	<u>(97)</u>
Cash and investments - beginning	<u>11,922</u>	<u>-</u>	<u>619</u>	<u>20,600</u>	<u>68</u>	<u>5,293</u>
Cash and investments - ending	<u>\$ 16,438</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 20,600</u>	<u>\$ 68</u>	<u>\$ 5,196</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 16,438	\$ -	\$ 146	\$ 20,600	\$ 68	\$ 5,196
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 16,438</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 20,600</u>	<u>\$ 68</u>	<u>\$ 5,196</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	16,438	-	146	20,600	68	5,196
Total cash and investment fund balance - ending	<u>\$ 16,438</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 20,600</u>	<u>\$ 68</u>	<u>\$ 5,196</u>

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

	Title 1	Title V Innovative Programs	Drug Free Schools	ATOD Prevention	Title II Part A
Receipts:					
Local sources	\$ 2,150	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	105,734	2,259	3,600	10,429	63,194
Other	-	-	-	-	-
Total receipts	<u>107,884</u>	<u>2,259</u>	<u>3,600</u>	<u>10,429</u>	<u>63,194</u>
Disbursements:					
Current:					
Instruction	109,780	-	-	-	44,356
Support services	1,500	-	4,109	9,525	19,650
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>111,280</u>	<u>-</u>	<u>4,109</u>	<u>9,525</u>	<u>64,006</u>
Excess (deficiency) of receipts over disbursements	<u>(3,396)</u>	<u>2,259</u>	<u>(509)</u>	<u>904</u>	<u>(812)</u>
Other financing sources (uses):					
Transfers in	-	-	-	221	812
Transfers out	-	(812)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(812)</u>	<u>-</u>	<u>221</u>	<u>812</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,396)</u>	<u>1,447</u>	<u>(509)</u>	<u>1,125</u>	<u>-</u>
Cash and investments - beginning	<u>25,256</u>	<u>-</u>	<u>509</u>	<u>11,749</u>	<u>-</u>
Cash and investments - ending	<u>\$ 21,860</u>	<u>\$ 1,447</u>	<u>\$ -</u>	<u>\$ 12,874</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 21,860	\$ 1,447	\$ -	\$ 12,874	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 21,860</u>	<u>\$ 1,447</u>	<u>\$ -</u>	<u>\$ 12,874</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>21,860</u>	<u>1,447</u>	<u>-</u>	<u>12,874</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 21,860</u>	<u>\$ 1,447</u>	<u>\$ -</u>	<u>\$ 12,874</u>	<u>\$ -</u>

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

	Title III Language Instruction	Retirement Bond	Capital Projects	Transportation Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 95,026	\$ 955,431	\$ 82,650	\$ 2,225,217
Intermediate sources	-	-	-	-	319
State sources	-	-	-	-	88,746
Federal sources	434	-	-	-	318,775
Other	-	-	-	-	1,559
Total receipts	434	95,026	955,431	82,650	2,634,616
Disbursements:					
Current:					
Instruction	-	-	-	-	210,021
Support services	-	-	465,209	97,551	1,352,285
Noninstructional services	-	-	-	-	536,270
Facilities acquisition and construction	-	-	360,219	-	360,652
Debt services	-	95,842	295,888	-	426,610
Total disbursements	-	95,842	1,121,316	97,551	2,885,838
Excess (deficiency) of receipts over disbursements	434	(816)	(165,885)	(14,901)	(251,222)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,033
Transfers out	-	-	-	-	(50,812)
Total other financing sources (uses)	-	-	-	-	(49,779)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	434	(816)	(165,885)	(14,901)	(301,001)
Cash and investments - beginning	-	19,694	191,901	60,274	670,607
Cash and investments - ending	\$ 434	\$ 18,878	\$ 26,016	\$ 45,373	\$ 369,606
Cash and Investment Assets - Ending					
Cash and investments	\$ 434	\$ -	\$ 26,016	\$ 45,373	\$ 350,728
Restricted assets:					
Cash and investments	-	18,878	-	-	18,878
Total cash and investment assets - ending	\$ 434	\$ 18,878	\$ 26,016	\$ 45,373	\$ 369,606
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ 18,878	\$ -	\$ -	\$ 18,878
Unrestricted	434	-	26,016	45,373	350,728
Total cash and investment fund balance - ending	\$ 434	\$ 18,878	\$ 26,016	\$ 45,373	\$ 369,606

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Plates
Receipts:						
Local sources	\$ 849,170	\$ -	\$ 399,242	\$ 69,864	\$ -	\$ -
Intermediate sources	-	-	-	-	-	207
State sources	-	17,875	7,061	18,338	15,759	-
Federal sources	-	-	167,741	-	-	-
Temporary loans	-	-	-	-	-	-
Other	7,373	-	550	100	-	-
Total receipts	856,543	17,875	574,594	88,302	15,759	207
Disbursements:						
Current:						
Instruction	-	6,020	-	-	-	-
Support services	548,126	5,433	8,403	85,249	-	1,499
Noninstructional services	-	-	528,955	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	548,126	11,453	537,358	85,249	-	1,499
Excess (deficiency) of receipts over disbursements	308,417	6,422	37,236	3,053	15,759	(1,292)
Other financing sources (uses):						
Transfers in	-	-	-	3,256	-	-
Transfers out	(36,000)	(49,504)	-	-	-	-
Total other financing sources (uses)	(36,000)	(49,504)	-	3,256	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	272,417	(43,082)	37,236	6,309	15,759	(1,292)
Cash and investments - beginning	83,588	43,082	35,120	37,045	-	1,441
Cash and investments - ending	<u>\$ 356,005</u>	<u>\$ -</u>	<u>\$ 72,356</u>	<u>\$ 43,354</u>	<u>\$ 15,759</u>	<u>\$ 149</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 356,005	\$ -	\$ 72,356	\$ 43,354	\$ 15,759	\$ 149
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 356,005</u>	<u>\$ -</u>	<u>\$ 72,356</u>	<u>\$ 43,354</u>	<u>\$ 15,759</u>	<u>\$ 149</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	356,005	-	72,356	43,354	15,759	149
Total cash and investment fund balance - ending	<u>\$ 356,005</u>	<u>\$ -</u>	<u>\$ 72,356</u>	<u>\$ 43,354</u>	<u>\$ 15,759</u>	<u>\$ 149</u>

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Safe Haven	Early Intervention Grant	Gifted Talented	Education Technology	Non-English Speaking Grant	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	5,112	30,695	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	151,850	-	-
Other	-	-	-	-	-	-
Total receipts	-	5,112	30,695	151,850	-	-
Disbursements:						
Current:						
Instruction	-	-	37,638	-	146	-
Support services	-	5,112	225	151,850	-	15,062
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	179
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	5,112	37,863	151,850	146	15,241
Excess (deficiency) of receipts over disbursements	-	-	(7,168)	-	(146)	(15,241)
Other financing sources (uses):						
Transfers in	-	-	2,490	-	-	-
Transfers out	-	-	(2,490)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(7,168)	-	(146)	(15,241)
Cash and investments - beginning	-	-	16,438	-	146	20,600
Cash and investments - ending	\$ -	\$ -	\$ 9,270	\$ -	\$ -	\$ 5,359
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 9,270	\$ -	\$ -	\$ 5,359
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 9,270	\$ -	\$ -	\$ 5,359
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	9,270	-	-	5,359
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 9,270	\$ -	\$ -	\$ 5,359

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Tech Plan Buddy	Technology Grants	Title 1	Title V Innovative Programs	Drug Free Schools
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	118,563	-	2,880
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	-	-	118,563	-	2,880
Disbursements:					
Current:					
Instruction	-	-	120,619	1,431	-
Support services	68	5,196	1,650	-	1,516
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	5,342	-	-
Total disbursements	68	5,196	127,611	1,431	1,516
Excess (deficiency) of receipts over disbursements	(68)	(5,196)	(9,048)	(1,431)	1,364
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(68)	(5,196)	(9,048)	(1,431)	1,364
Cash and investments - beginning	68	5,196	21,860	1,447	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,812</u>	<u>\$ 16</u>	<u>\$ 1,364</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ 12,812	\$ 16	\$ 1,364
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,812</u>	<u>\$ 16</u>	<u>\$ 1,364</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	12,812	16	1,364
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,812</u>	<u>\$ 16</u>	<u>\$ 1,364</u>

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	ATOD Prevention	Title II Part A	Title III Language Instruction	Title I Grants Stimulus	Special Ed Part B Stimulus
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	44,205	-	37,096	141,092
Temporary loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	<u>-</u>	<u>44,205</u>	<u>-</u>	<u>37,096</u>	<u>141,092</u>
Disbursements:					
Current:					
Instruction	-	44,205	434	20,307	10,930
Support services	1,326	-	-	6,058	80,417
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	48,301
Total disbursements	<u>1,326</u>	<u>44,205</u>	<u>434</u>	<u>26,365</u>	<u>139,648</u>
Excess (deficiency) of receipts over disbursements	<u>(1,326)</u>	<u>-</u>	<u>(434)</u>	<u>10,731</u>	<u>1,444</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,326)</u>	<u>-</u>	<u>(434)</u>	<u>10,731</u>	<u>1,444</u>
Cash and investments - beginning	<u>12,874</u>	<u>-</u>	<u>434</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 11,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,731</u>	<u>\$ 1,444</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 11,548	\$ -	\$ -	\$ 10,731	\$ 1,444
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 11,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,731</u>	<u>\$ 1,444</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>11,548</u>	<u>-</u>	<u>-</u>	<u>10,731</u>	<u>1,444</u>
Total cash and investment fund balance - ending	<u>\$ 11,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,731</u>	<u>\$ 1,444</u>

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Part B Preschool Stimulus	Retirement Bond	Capital Projects	Transportation Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 134,757	\$ 1,225,638	\$ 233,859	\$ 2,912,530
Intermediate sources	-	-	-	-	207
State sources	-	-	-	-	94,840
Federal sources	3,248	-	-	-	514,825
Temporary loans	-	-	-	-	151,850
Other	-	-	-	-	8,023
Total receipts	<u>3,248</u>	<u>134,757</u>	<u>1,225,638</u>	<u>233,859</u>	<u>3,682,275</u>
Disbursements:					
Current:					
Instruction	3,248	-	-	-	244,978
Support services	-	-	517,306	180,657	1,615,153
Noninstructional services	-	-	-	-	528,955
Facilities acquisition and construction	-	-	416,413	-	416,592
Debt services	-	102,221	-	-	102,221
Nonprogrammed charges	-	-	-	-	53,643
Total disbursements	<u>3,248</u>	<u>102,221</u>	<u>933,719</u>	<u>180,657</u>	<u>2,961,542</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>32,536</u>	<u>291,919</u>	<u>53,202</u>	<u>720,733</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	5,746
Transfers out	-	-	-	-	(87,994)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,248)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>32,536</u>	<u>291,919</u>	<u>53,202</u>	<u>638,485</u>
Cash and investments - beginning	<u>-</u>	<u>18,878</u>	<u>26,016</u>	<u>45,373</u>	<u>369,606</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 51,414</u>	<u>\$ 317,935</u>	<u>\$ 98,575</u>	<u>\$ 1,008,091</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ 317,935	\$ 98,575	\$ 956,677
Restricted assets:					
Cash and investments	-	51,414	-	-	51,414
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 51,414</u>	<u>\$ 317,935</u>	<u>\$ 98,575</u>	<u>\$ 1,008,091</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ 51,414	\$ -	\$ -	\$ 51,414
Unrestricted	-	-	317,935	98,575	956,677
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 51,414</u>	<u>\$ 317,935</u>	<u>\$ 98,575</u>	<u>\$ 1,008,091</u>

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

	Eastern Top Ten Dinner	Imagination Library	Thanksgiving Dinner Sponsored	Elementary Library/Peters Book	Wellness Grant	Totals
Additions:						
Contributions:						
Other	\$ 1,000	\$ 13,181	\$ 1,500	\$ 630	\$ 7,700	\$ 24,011
Deductions:						
Administrative and general	512	1,266	1,500	328	7,652	11,258
Excess (deficiency) of total additions over total deductions	488	11,915	-	302	48	12,753
Cash and investment fund balance - beginning	-	-	-	1,852	-	1,852
Cash and investments - June 30	<u>\$ 488</u>	<u>\$ 11,915</u>	<u>\$ -</u>	<u>\$ 2,154</u>	<u>\$ 48</u>	<u>\$ 14,605</u>
Net assets:						
Cash and investments	<u>\$ 488</u>	<u>\$ 11,915</u>	<u>\$ -</u>	<u>\$ 2,154</u>	<u>\$ 48</u>	<u>\$ 14,605</u>
Total net assets - cash and investment basis held in trust	<u>\$ 488</u>	<u>\$ 11,915</u>	<u>\$ -</u>	<u>\$ 2,154</u>	<u>\$ 48</u>	<u>\$ 14,605</u>

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

	<u>Eastern Top Ten Dinner</u>	<u>Opening Day Donations</u>	<u>Hope for Haitians</u>	<u>Imagination Library</u>	<u>Thanksgiving Dinner Sponsored</u>	<u>Elementary Library/Peters Book</u>
Additions:						
Contributions:						
Other	\$ 750	\$ 1,195	\$ 2,979	\$ 4,879	\$ 2,200	\$ 580
Deductions:						
Administrative and general	<u>1,238</u>	<u>1,019</u>	<u>2,979</u>	<u>5,740</u>	<u>2,200</u>	<u>2,052</u>
Excess (deficiency) of total additions over total deductions	(488)	176	-	(861)	-	(1,472)
Cash and investment fund balance - beginning	<u>488</u>	<u>-</u>	<u>-</u>	<u>11,915</u>	<u>-</u>	<u>2,154</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ 11,054</u>	<u>\$ -</u>	<u>\$ 682</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ 11,054</u>	<u>\$ -</u>	<u>\$ 682</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ 11,054</u>	<u>\$ -</u>	<u>\$ 682</u>

EASTERN HOWARD SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Wellness Grant	2010 Surplus Reserve Grant	E-Rate - Tech Rebates	Lowe's Toolbox Grant	Totals
Additions:					
Contributions:					
Other	\$ 10,125	\$ 30,750	\$ 7,373	\$ 2,700	\$ 63,531
Deductions:					
Administrative and general	7,385	30,750	-	-	53,363
Excess (deficiency) of total additions over total deductions	2,740	-	7,373	2,700	10,168
Cash and investment fund balance - beginning	48	-	-	-	14,605
Cash and investments - June 30	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 7,373</u>	<u>\$ 2,700</u>	<u>\$ 24,773</u>
Net assets:					
Cash and investments	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 7,373</u>	<u>\$ 2,700</u>	<u>\$ 24,773</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 7,373</u>	<u>\$ 2,700</u>	<u>\$ 24,773</u>

EASTERN HOWARD SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2002 Multi-School Building Corporation	\$ 689,875	\$ 310,000
2002 Multi-School Building Corporation	1,780,000	489,000
2005 Millenium School Building Corporation	13,195,000	1,504,000
Notes and loans payable	159,350	47,241
Bonds payable:		
General obligation bonds:		
Pension Obligation Bonds	<u>875,000</u>	<u>99,791</u>
Total governmental activities debt	<u>\$ 16,699,225</u>	<u>\$ 2,450,032</u>

EASTERN HOWARD SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES (Applies to Jr./Sr. High School)

The Yearbook Fund, General Fund, and Textbook Fund were overdrawn at June 30, 2009, and the Yearbook Fund and General Fund were overdrawn at June 30, 2010.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 EASTERN HOWARD SCHOOL
CORPORATION, HOWARD COUNTY, INDIANA

Compliance

We have audited the compliance of the Eastern Howard School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 27, 2011

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	3480	\$ 21,333	\$ -
		3480	-	26,678
National School Lunch Program	10.555	3480	139,271	-
		3480	-	168,054
Total for cluster			<u>160,604</u>	<u>194,732</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title 1, Part A Cluster Title 1 Grants to Local Educational Agencies	84.010		111,280	-
		09-3480	-	127,611
		10-3480	-	-
Total for program			<u>111,280</u>	<u>127,611</u>
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	84.389	10-3480	-	26,365
Total for cluster			<u>111,280</u>	<u>153,976</u>
Pass-Through Kokomo Area Special Education Cooperative Special Education Cluster (IDEA) ARRA - Special Education - Grants to States, Recovery Act	84.391	14209-035-PY02	-	139,648
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	45709-035-PY02	-	3,248
Total for cluster			<u>-</u>	<u>142,896</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	08-3480	4,109	-
		09-3480	-	1,516
Total for program			<u>4,109</u>	<u>1,516</u>
State Grants for Innovative Programs	84.298	FY 09-10	-	1,431
English Language Acquisition Grants	84.365	FY 09-10	-	434
Improving Teacher Quality State Grants	84.367	FY 08-09	44,356	-
		FY 09-10	-	44,205
Total for program			<u>44,356</u>	<u>44,205</u>
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY 09-10	-	887,298
Total for federal grantor agency			<u>159,745</u>	<u>1,231,756</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Purdue University, Indiana Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY 08-09	9,525	-
		FY 09-10	-	1,326
Total for federal grantor agency			<u>9,525</u>	<u>1,326</u>
Total federal awards expended			<u>\$ 329,874</u>	<u>\$ 1,427,814</u>

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

EASTERN HOWARD SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 3,650.14	\$ 3,697.62
National School Lunch Program	10.555	23,829.76	23,293.06

EASTERN HOWARD SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? None reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

EASTERN HOWARD SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

EASTERN HOWARD SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2011, with Dr. Tracy Caddell, Superintendent of Schools, and Teresa Vester, Treasurer. The officials concurred with our audit findings.