

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
FOUNTAIN COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/24/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	16-26
Schedule of Capital Assets	27
Schedule of Long-Term Debt	29
Supplemental Audit of Federal Awards: 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	32-33
Schedule of Expenditures of Federal Awards	36-37
Notes to Schedule of Expenditures of Federal Awards	38
Schedule of Findings and Questioned Costs	39
Auditee Prepared Schedule: Summary Schedule of Prior Audit Findings	40
Exit Conference	41

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cynthia C. Alward	07-01-09 to 06-30-12
Superintendent of Schools	Corey Austin	07-01-09 to 06-30-12
President of the School Board	Gary B. Pate Nick Davis Jeff Fishero Doug Davenport	01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTHEAST FOUNTAIN SCHOOL
CORPORATION, FOUNTAIN COUNTY, INDIANA

We have audited the accompanying financial statement of the Southeast Fountain School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 30, 2012, 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 30, 2012



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

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

TO: THE OFFICIALS OF THE SOUTHEAST FOUNTAIN SCHOOL
CORPORATION, FOUNTAIN COUNTY, INDIANA

We have audited the financial statement of the Southeast Fountain School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 30, 2012. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is 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, others within the entity, 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 30, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

(This page intentionally left blank.)

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 1,194,376	\$ 7,719,024	\$ 7,466,210	\$ 13,541	\$ 1,460,731	\$ 7,844,623	\$ 7,779,339	\$ 5,284	\$ 1,531,299
Debt Service	40,258	1,251,084	799,638	(1,039)	490,665	591,431	804,888	(81)	277,127
Capital Projects	44,028	1,532,487	1,061,640	-	514,875	1,068,383	1,250,465	11,402	344,195
School Transportation	5,276	1,172,283	641,445	(72,000)	464,114	801,865	736,738	(46,039)	483,202
School Bus Replacement	44,244	242,492	245,556	-	41,180	268,516	214,835	2,398	97,259
Special Education Preschool	47,748	26,125	49,203	(24,670)	-	-	-	-	-
Rainy Day	1,821,770	16,509	-	55,491	1,893,770	-	-	70,000	1,963,770
Construction	41,971	-	4,364	-	37,607	-	-	-	37,607
School Lunch	42,567	707,488	609,254	-	140,801	705,059	662,376	-	183,484
Textbook Rental	147,835	142,361	202,136	-	88,060	149,751	148,533	-	89,278
Self-Insurance	198,159	326	144,713	-	53,772	-	53,772	-	-
Voc Ed Welding 2009-10	-	106,752	89,918	6,512	23,346	-	23,346	-	-
Voc Ed Welding 2008-09	21,491	107	15,086	(6,512)	-	113,340	96,399	-	16,941
Pharmacy Tech 2009-10	-	6,730	5,115	1,451	3,066	-	3,066	-	-
Pharmacy Tech 2008-09	2,045	-	594	(1,451)	-	8,000	6,290	-	1,710
Educational License Plates	2,979	112	-	-	3,091	188	592	-	2,687
Alternative Education	9,915	-	4,526	-	5,389	-	5,389	-	-
Cultural Arts	17	5,000	3,307	-	1,710	4,999	6,567	-	142
German Exchange Program	4,988	18,225	20,256	-	2,957	24,300	25,693	-	1,564
Scholarships and Awards	100,026	3,815	3,500	-	100,341	1,950	1,900	-	100,391
David Sanders Scholarship Fund	5,292	24	1,500	-	3,816	76	1,500	-	2,392
Miscellaneous Programs	-	-	-	-	-	2,572	2,572	-	-
Walmart Grant	1,000	-	1,000	-	-	-	-	-	-
Dollar General Back to School	-	5,000	5,000	-	-	-	-	-	-
MAC Grant	415	-	-	-	415	-	414	-	1
Elem Needy Children Fund	1,859	-	332	-	1,527	-	293	-	1,234
National Recess Week Grant	10,000	-	9,929	-	71	-	71	-	-
Elementary Pond Project	86	-	-	-	86	-	-	-	86
Dynegy Grant	469	-	469	-	-	-	-	-	-
Gifted and Talented Grant 2008-09	2,599	29,185	22,647	(9,137)	-	30,226	30,226	-	-
Gifted and Talented Grant 2009-10	-	1,501	10,621	9,137	17	-	17	-	-
Drug Free Communities	180	-	-	-	180	-	-	-	180
Prescription Drug Abuse Awareness	-	-	-	-	-	200	200	-	-
Medicaid Reimbursement	-	1,645	-	(1,645)	-	7,801	-	(5,284)	2,517
Non-English Speaking Programs P.L. 273-1999	-	3,219	3,219	-	-	2,776	2,776	-	-
Technology Grants [IC 20-40-15]	9,564	-	9,564	-	-	4,110	4,110	-	-
Excess PTRC Distributions	-	-	-	29,283	29,283	15,020	-	(44,303)	-
Title I 2008-09	41,536	-	21,395	(20,141)	-	141,575	156,047	14,472	-
Title I 2009-10	-	169,632	173,162	20,141	16,611	6,000	8,139	(14,472)	-
Title V, Part A	-	822	822	-	-	-	-	-	-
IDEA 2008-09	33,796	-	33,796	-	-	245,956	245,955	-	1
IDEA 2009-10	-	246,548	243,033	-	3,515	27,369	30,884	-	-
Federal Assistance Educational Preschool Handicapped 2008-2009	3,748	-	3,748	-	-	13,221	13,221	-	-
Federal Assistance Educational Preschool Handicapped 2009-2010	-	12,502	12,309	-	193	1,388	1,581	-	-
Drug Free Schools 2009-10	978	1,354	1,232	-	1,100	-	1,100	-	-
Drug Free Schools 2010-11	423	2,580	1,111	-	1,892	430	2,114	-	208
Department of Workforce Development 2009-10	(1,597)	6,319	4,721	-	1	8,681	8,682	-	-
Department of Workforce Development 2010-11	-	-	-	-	-	45,001	45,001	-	-
Medicaid Reimbursement - Federal	412	4,543	1,131	-	3,824	19,239	5,173	-	17,890
Improving Teaching Quality, No Child Left, Title II, Part A	4,002	20,000	24,002	-	-	56,442	56,442	-	-
Title II Part A Grant	-	37,044	30,309	-	6,735	25,800	32,535	-	-
Title III, Language Instruction	-	2,119	2,119	-	-	2,823	2,823	-	-
Fiscal Stabilization - Education	15,155	263,750	278,905	-	-	-	-	-	-
Title I - Grants to LEAs	56,167	56,160	105,985	-	6,342	-	6,342	-	-
Special Education - Part B	-	285,818	285,818	-	-	-	-	-	-
Special Education - Part B - Preschool	-	11,094	11,094	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	106,427	105,963	-	464
Totals	\$ 3,955,777	\$ 14,111,779	\$ 12,665,434	\$ (1,039)	\$ 5,401,083	\$ 12,345,538	\$ 12,584,369	\$ (6,623)	\$ 5,155,629

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. *Deposits and Investments*

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 6. *Pension Plans*

A. Public Employees' Retirement Fund

Plan Description

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

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,194,376	\$ 40,258	\$ 44,028	\$ 5,276	\$ 44,244	\$ 47,748	\$ 1,821,770	\$ 41,971	\$ 42,567
Receipts:									
Local sources	104,850	1,251,084	1,472,056	1,172,014	242,492	-	16,509	-	337,796
Intermediate sources	412	-	-	-	-	-	-	-	-
State sources	7,599,246	-	-	-	-	26,125	-	-	-
Federal sources	-	-	-	-	-	-	-	-	366,554
Other	14,516	-	60,431	269	-	-	-	-	3,138
Total receipts	<u>7,719,024</u>	<u>1,251,084</u>	<u>1,532,487</u>	<u>1,172,283</u>	<u>242,492</u>	<u>26,125</u>	<u>16,509</u>	<u>-</u>	<u>707,488</u>
Disbursements:									
Current:									
Instruction	4,661,675	-	-	-	-	49,203	-	-	-
Support services	2,270,178	-	527,652	641,445	245,556	-	-	4,364	600
Noninstructional services	170,213	-	-	-	-	-	-	-	608,654
Facilities acquisition and construction	-	-	533,988	-	-	-	-	-	-
Debt services	-	799,638	-	-	-	-	-	-	-
Nonprogrammed charges	364,144	-	-	-	-	-	-	-	-
Total disbursements	<u>7,466,210</u>	<u>799,638</u>	<u>1,061,640</u>	<u>641,445</u>	<u>245,556</u>	<u>49,203</u>	<u>-</u>	<u>4,364</u>	<u>609,254</u>
Excess (deficiency) of receipts over disbursements	<u>252,814</u>	<u>451,446</u>	<u>470,847</u>	<u>530,838</u>	<u>(3,064)</u>	<u>(23,078)</u>	<u>16,509</u>	<u>(4,364)</u>	<u>98,234</u>
Other financing sources (uses):									
Transfers in	26,365	-	-	-	-	-	72,000	-	-
Transfers out	(12,824)	(1,039)	-	(72,000)	-	(24,670)	(16,509)	-	-
Total other financing sources (uses)	<u>13,541</u>	<u>(1,039)</u>	<u>-</u>	<u>(72,000)</u>	<u>-</u>	<u>(24,670)</u>	<u>55,491</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>266,355</u>	<u>450,407</u>	<u>470,847</u>	<u>458,838</u>	<u>(3,064)</u>	<u>(47,748)</u>	<u>72,000</u>	<u>(4,364)</u>	<u>98,234</u>
Cash and investments - ending	<u>\$ 1,460,731</u>	<u>\$ 490,665</u>	<u>\$ 514,875</u>	<u>\$ 464,114</u>	<u>\$ 41,180</u>	<u>\$ -</u>	<u>\$ 1,893,770</u>	<u>\$ 37,607</u>	<u>\$ 140,801</u>

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Textbook Rental	Self- Insurance	Voc Ed Welding 2009-10	Voc Ed Welding 2008-09	Pharmacy Tech 2009-10	Pharmacy Tech 2008-09	Educational License Plates	Alternative Education	Cultural Arts
Cash and investments - beginning	\$ 147,835	\$ 198,159	\$ -	\$ 21,491	\$ -	\$ 2,045	\$ 2,979	\$ 9,915	\$ 17
Receipts:									
Local sources	99,100	326	106,752	107	6,730	-	-	-	5,000
Intermediate sources	-	-	-	-	-	-	112	-	-
State sources	42,661	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	600	-	-	-	-	-	-	-	-
Total receipts	142,361	326	106,752	107	6,730	-	112	-	5,000
Disbursements:									
Current:									
Instruction	-	-	89,918	15,086	5,115	50	-	4,526	3,307
Support services	202,136	144,713	-	-	-	544	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	202,136	144,713	89,918	15,086	5,115	594	-	4,526	3,307
Excess (deficiency) of receipts over disbursements	(59,775)	(144,387)	16,834	(14,979)	1,615	(594)	112	(4,526)	1,693
Other financing sources (uses):									
Transfers in	-	-	6,512	-	1,451	-	-	-	-
Transfers out	-	-	-	(6,512)	-	(1,451)	-	-	-
Total other financing sources (uses)	-	-	6,512	(6,512)	1,451	(1,451)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(59,775)	(144,387)	23,346	(21,491)	3,066	(2,045)	112	(4,526)	1,693
Cash and investments - ending	\$ 88,060	\$ 53,772	\$ 23,346	\$ -	\$ 3,066	\$ -	\$ 3,091	\$ 5,389	\$ 1,710

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	German Exchange Program	Scholarships and Awards	David Sanders Scholarship Fund	Walmart Grant	Dollar General Back to School	MAC Grant	Elem Needy Children Fund	National Recess Week Grant	Elementary Pond Project
Cash and investments - beginning	\$ 4,988	\$ 100,026	\$ 5,292	\$ 1,000	\$ -	\$ 415	\$ 1,859	\$ 10,000	\$ 86
Receipts:									
Local sources	10,225	3,815	24	-	5,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	8,000	-	-	-	-	-	-	-	-
Total receipts	<u>18,225</u>	<u>3,815</u>	<u>24</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	20,256	-	-	1,000	5,000	-	-	9,929	-
Support services	-	-	-	-	-	-	332	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,500	1,500	-	-	-	-	-	-
Total disbursements	<u>20,256</u>	<u>3,500</u>	<u>1,500</u>	<u>1,000</u>	<u>5,000</u>	<u>-</u>	<u>332</u>	<u>9,929</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,031)</u>	<u>315</u>	<u>(1,476)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(332)</u>	<u>(9,929)</u>	<u>-</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>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,031)</u>	<u>315</u>	<u>(1,476)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(332)</u>	<u>(9,929)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,957</u>	<u>\$ 100,341</u>	<u>\$ 3,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415</u>	<u>\$ 1,527</u>	<u>\$ 71</u>	<u>\$ 86</u>

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Dynegy Grant	Gifted and Talented Grant 2008-09	Gifted and Talented Grant 2009-10	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Technology Grants [IC 20-40-15]	Excess PTRC Distributions	Title I 2008-09
Cash and investments - beginning	\$ 469	\$ 2,599	\$ -	\$ 180	\$ -	\$ -	\$ 9,564	\$ -	\$ 41,536
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	29,185	1,501	-	1,645	3,219	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	29,185	1,501	-	1,645	3,219	-	-	-
Disbursements:									
Current:									
Instruction	-	22,647	10,621	-	-	3,219	-	-	19,629
Support services	469	-	-	-	-	-	9,564	-	1,056
Noninstructional services	-	-	-	-	-	-	-	-	710
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	469	22,647	10,621	-	-	3,219	9,564	-	21,395
Excess (deficiency) of receipts over disbursements	(469)	6,538	(9,120)	-	1,645	-	(9,564)	-	(21,395)
Other financing sources (uses):									
Transfers in	-	-	9,137	-	-	-	-	29,283	-
Transfers out	-	(9,137)	-	-	(1,645)	-	-	-	(20,141)
Total other financing sources (uses)	-	(9,137)	9,137	-	(1,645)	-	-	29,283	(20,141)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(469)	(2,599)	17	-	-	-	(9,564)	29,283	(41,536)
Cash and investments - ending	\$ -	\$ -	\$ 17	\$ 180	\$ -	\$ -	\$ -	\$ 29,283	\$ -

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I 2009-10	Title V Part A	IDEA 2008-09	IDEA 2009-10	Federal Assistance Educational Preschool Handicapped 2008-09	Federal Assistance Educational Preschool Handicapped 2009-10	Drug Free Schools 2009-10	Drug Free Schools 2010-11	Department of Workforce Development 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ 33,796	\$ -	\$ 3,748	\$ -	\$ 978	\$ 423	\$ (1,597)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,319
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	169,632	822	-	246,548	-	12,502	1,354	2,580	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	169,632	822	-	246,548	-	12,502	1,354	2,580	6,319
Disbursements:									
Current:									
Instruction	155,800	822	33,796	218,111	3,748	12,309	-	423	4,721
Support services	17,004	-	-	-	-	-	1,232	688	-
Noninstructional services	358	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	24,922	-	-	-	-	-
Total disbursements	173,162	822	33,796	243,033	3,748	12,309	1,232	1,111	4,721
Excess (deficiency) of receipts over disbursements	(3,530)	-	(33,796)	3,515	(3,748)	193	122	1,469	1,598
Other financing sources (uses):									
Transfers in	20,141	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	20,141	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,611	-	(33,796)	3,515	(3,748)	193	122	1,469	1,598
Cash and investments - ending	\$ 16,611	\$ -	\$ -	\$ 3,515	\$ -	\$ 193	\$ 1,100	\$ 1,892	\$ 1

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A Grant	Title III Language Instruction	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Totals
Cash and investments - beginning	\$ 412	\$ 4,002	\$ -	\$ -	\$ 15,155	\$ 56,167	\$ -	\$ -	\$ 3,955,777
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,840,199
Intermediate sources	-	-	-	-	-	-	-	-	524
State sources	-	-	-	-	-	-	-	-	7,703,582
Federal sources	4,543	20,000	37,044	2,119	263,750	56,160	285,818	11,094	1,480,520
Other	-	-	-	-	-	-	-	-	86,954
Total receipts	4,543	20,000	37,044	2,119	263,750	56,160	285,818	11,094	14,111,779
Disbursements:									
Current:									
Instruction	663	20,891	30,309	-	278,905	92,800	259,965	-	6,034,444
Support services	468	3,111	-	2,119	-	13,185	25,853	11,094	4,123,363
Noninstructional services	-	-	-	-	-	-	-	-	779,935
Facilities acquisition and construction	-	-	-	-	-	-	-	-	533,988
Debt services	-	-	-	-	-	-	-	-	799,638
Nonprogrammed charges	-	-	-	-	-	-	-	-	394,066
Total disbursements	1,131	24,002	30,309	2,119	278,905	105,985	285,818	11,094	12,665,434
Excess (deficiency) of receipts over disbursements	3,412	(4,002)	6,735	-	(15,155)	(49,825)	-	-	1,446,345
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	164,889
Transfers out	-	-	-	-	-	-	-	-	(165,928)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(1,039)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,412	(4,002)	6,735	-	(15,155)	(49,825)	-	-	1,445,306
Cash and investments - ending	\$ 3,824	\$ -	\$ 6,735	\$ -	\$ -	\$ 6,342	\$ -	\$ -	\$ 5,401,083

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental	Self-Insurance
Cash and investments - beginning	\$ 1,460,731	\$ 490,665	\$ 514,875	\$ 464,114	\$ 41,180	\$ 1,893,770	\$ 37,607	\$ 140,801	\$ 88,060	\$ 53,772
Receipts:										
Local sources	92,717	591,431	1,054,763	801,615	208,501	-	-	339,146	102,491	-
Intermediate sources	412	-	-	-	-	-	-	-	-	-
State sources	7,737,767	-	-	-	-	-	-	-	46,141	-
Federal sources	-	-	-	-	-	-	-	364,416	-	-
Other	13,727	-	13,620	250	60,015	-	-	1,497	1,119	-
Total receipts	7,844,623	591,431	1,068,383	801,865	268,516	-	-	705,059	149,751	-
Disbursements:										
Current:										
Instruction	5,127,344	-	-	-	-	-	-	-	-	-
Support services	2,147,265	-	547,956	736,738	214,835	-	-	600	148,533	53,772
Noninstructional services	150,176	-	-	-	-	-	-	661,776	-	-
Facilities acquisition and construction	-	-	702,509	-	-	-	-	-	-	-
Debt services	-	804,888	-	-	-	-	-	-	-	-
Nonprogrammed charges	354,554	-	-	-	-	-	-	-	-	-
Total disbursements	7,779,339	804,888	1,250,465	736,738	214,835	-	-	662,376	148,533	53,772
Excess (deficiency) of receipts over disbursements	65,284	(213,457)	(182,082)	65,127	53,681	-	-	42,683	1,218	(53,772)
Other financing sources (uses):										
Transfers in	5,284	6,541	11,402	23,961	2,398	70,000	-	-	-	-
Transfers out	-	(6,622)	-	(70,000)	-	-	-	-	-	-
Total other financing sources (uses)	5,284	(81)	11,402	(46,039)	2,398	70,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	70,568	(213,538)	(170,680)	19,088	56,079	70,000	-	42,683	1,218	(53,772)
Cash and investments - ending	\$ 1,531,299	\$ 277,127	\$ 344,195	\$ 483,202	\$ 97,259	\$ 1,963,770	\$ 37,607	\$ 183,484	\$ 89,278	\$ -

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Voc Ed Welding 2009-10	Voc Ed Welding 2008-09	Pharmacy Tech 2009-10	Pharmacy Tech 2008-09	Educational License Plates	Alternative Education	Cultural Arts	German Exchange Program	Scholarships and Awards	David Sanders Scholarship Fund
Cash and investments - beginning	\$ 23,346	\$ -	\$ 3,066	\$ -	\$ 3,091	\$ 5,389	\$ 1,710	\$ 2,957	\$ 100,341	\$ 3,816
Receipts:										
Local sources	-	113,340	-	8,000	-	-	4,999	14,300	1,950	76
Intermediate sources	-	-	-	-	188	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	10,000	-	-
Total receipts	-	113,340	-	8,000	188	-	4,999	24,300	1,950	76
Disbursements:										
Current:										
Instruction	20,748	96,399	-	6,290	-	5,389	6,567	25,693	-	-
Support services	2,598	-	3,066	-	592	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,900	1,500
Total disbursements	23,346	96,399	3,066	6,290	592	5,389	6,567	25,693	1,900	1,500
Excess (deficiency) of receipts over disbursements	(23,346)	16,941	(3,066)	1,710	(404)	(5,389)	(1,568)	(1,393)	50	(1,424)
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	(23,346)	16,941	(3,066)	1,710	(404)	(5,389)	(1,568)	(1,393)	50	(1,424)
Cash and investments - ending	\$ -	\$ 16,941	\$ -	\$ 1,710	\$ 2,687	\$ -	\$ 142	\$ 1,564	\$ 100,391	\$ 2,392

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Miscellaneous Programs	MAC Grant	Elem Needy Children Fund	National Recess Week Grant	Elementary Pond Project	Gifted and Talented Grant 2008-09	Gifted and Talented Grant 2009-10	Drug Free Communities	Prescription Drug Abuse Awareness	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 415	\$ 1,527	\$ 71	\$ 86	\$ -	\$ 17	\$ 180	\$ -	\$ -
Receipts:										
Local sources	2,572	-	-	-	-	-	-	-	200	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	30,226	-	-	-	7,801
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,572	-	-	-	-	30,226	-	-	200	7,801
Disbursements:										
Current:										
Instruction	1,200	414	-	71	-	30,226	17	-	200	-
Support services	1,372	-	293	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,572	414	293	71	-	30,226	17	-	200	-
Excess (deficiency) of receipts over disbursements	-	(414)	(293)	(71)	-	-	(17)	-	-	7,801
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(5,284)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(5,284)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(414)	(293)	(71)	-	-	(17)	-	-	2,517
Cash and investments - ending	\$ -	\$ 1	\$ 1,234	\$ -	\$ 86	\$ -	\$ -	\$ 180	\$ -	\$ 2,517

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	Technology Grants [IC 20-40-15]	Excess PTRC Distributions	Title I 2008-09	Title I 2009-10	IDEA 2008-09	IDEA 2009-10	Federal Assistance Educational Preschool Handicapped 2008-09	Federal Assistance Educational Preschool Handicapped 2009-10	Drug Free Schools 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ 29,283	\$ -	\$ 16,611	\$ -	\$ 3,515	\$ -	\$ 193	\$ 1,100
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	2,776	4,110	15,020	-	-	-	-	-	-	-
Federal sources	-	-	-	141,575	6,000	245,956	27,369	13,221	1,388	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,776	4,110	15,020	141,575	6,000	245,956	27,369	13,221	1,388	-
Disbursements:										
Current:										
Instruction	2,776	-	-	128,157	8,139	182,760	30,884	13,221	1,581	1,100
Support services	-	4,110	-	27,880	-	53,229	-	-	-	-
Noninstructional services	-	-	-	10	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	9,966	-	-	-	-
Total disbursements	2,776	4,110	-	156,047	8,139	245,955	30,884	13,221	1,581	1,100
Excess (deficiency) of receipts over disbursements	-	-	15,020	(14,472)	(2,139)	1	(3,515)	-	(193)	(1,100)
Other financing sources (uses):										
Transfers in	-	-	-	14,472	-	-	-	-	-	-
Transfers out	-	-	(44,303)	-	(14,472)	-	-	-	-	-
Total other financing sources (uses)	-	-	(44,303)	14,472	(14,472)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(29,283)	-	(16,611)	1	(3,515)	-	(193)	(1,100)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Drug Free Schools 2010-11	Department of Workforce Development 2009-10	Department of Workforce Development 2010-11	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A Grant	Title III Language Instruction	Title I Grants to LEAs	Education Jobs	Totals
Cash and investments - beginning	\$ 1,892	\$ 1	\$ -	\$ 3,824	\$ -	\$ 6,735	\$ -	\$ 6,342	\$ -	\$ 5,401,083
Receipts:										
Local sources	-	8,681	33,748	-	-	-	-	-	-	3,378,530
Intermediate sources	-	-	-	-	-	-	-	-	-	600
State sources	-	-	-	-	-	-	-	-	-	7,843,841
Federal sources	430	-	11,253	19,239	56,442	25,800	2,823	-	106,427	1,022,339
Other	-	-	-	-	-	-	-	-	-	100,228
Total receipts	430	8,681	45,001	19,239	56,442	25,800	2,823	-	106,427	12,345,538
Disbursements:										
Current:										
Instruction	509	8,682	45,001	3,741	56,442	32,535	2,823	6,342	84,049	5,929,300
Support services	1,605	-	-	1,432	-	-	-	-	21,914	3,967,790
Noninstructional services	-	-	-	-	-	-	-	-	-	811,962
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	702,509
Debt services	-	-	-	-	-	-	-	-	-	804,888
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	367,920
Total disbursements	2,114	8,682	45,001	5,173	56,442	32,535	2,823	6,342	105,963	12,584,369
Excess (deficiency) of receipts over disbursements	(1,684)	(1)	-	14,066	-	(6,735)	-	(6,342)	464	(238,831)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	134,058
Transfers out	-	-	-	-	-	-	-	-	-	(140,681)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(6,623)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,684)	(1)	-	14,066	-	(6,735)	-	(6,342)	464	(245,454)
Cash and investments - ending	\$ 208	\$ -	\$ -	\$ 17,890	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ 5,155,629

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

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:	
Buildings	\$ 20,944,355
Improvements other than buildings	1,471,413
Machinery and equipment	<u>2,093,892</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 24,509,660</u></u>

(This page intentionally left blank.)

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

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:		
Elementary	\$ 3,520,000	\$ 223,000
High School	945,000	496,500
Energy Savings	432,842	302,000
Notes and loans payable:		
Common School Loan	<u>37,500</u>	<u>38,438</u>
Total governmental activities debt	<u>\$ 4,935,342</u>	<u>\$ 1,059,938</u>

(This page intentionally left blank.)

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 SOUTHEAST FOUNTAIN SCHOOL
CORPORATION, FOUNTAIN COUNTY, INDIANA

Compliance

We have audited the compliance of the Southeast Fountain 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, 2010 and 2011. 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, 2010 and 2011.

Internal Control Over Compliance

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

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)

to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 30, 2012

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 09-10 FY 10-11	\$ 78,160 -	\$ - 88,388
Total for program			<u>78,160</u>	<u>88,388</u>
National School Lunch Program	10.555	FY 09-10 FY 10-11	- 288,972	- 306,281
Total for program			<u>288,972</u>	<u>306,281</u>
Total for cluster			<u>367,132</u>	<u>394,669</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	09-2435 10-2435 11-2435	41,356 153,021 -	- 22,611 141,575
Total for program			<u>194,377</u>	<u>164,186</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-2435 11-2435	105,985 -	- 6,342
Total for program			<u>105,985</u>	<u>6,342</u>
Total for cluster			<u>300,362</u>	<u>170,528</u>
Pass-Through Indiana Department of Education Special Education Cluster Special Education - Grants to States	84.027	14210-062-PN01 14211-076-PN01	276,829 -	- 276,839
Total for program			<u>276,829</u>	<u>276,839</u>
Special Education - Preschool Grants	84.173	45710-062-PN01 45711-076-PN01	3,748 -	- 13,221
Total for program			<u>3,748</u>	<u>13,221</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391		<u>285,818</u>	-
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		<u>11,094</u>	-
Total for cluster			<u>577,489</u>	<u>290,060</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY 08-09 FY 09-10	15,155 263,750	- -
Total for cluster			<u>278,905</u>	-

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	08-2455 09-2455	2,343 -	- 3,214
Total for program			<u>2,343</u>	<u>3,214</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	PLTW-9-721 PLTW-10-721	15,000 -	- 45,000
Total for program			<u>15,000</u>	<u>45,000</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	07-2455	<u>822</u>	-
Pass-Through Wabash Valley Education Center English Language Acquisition Grants	84.365	FY 09-10 FY 10-11	2,119 -	- 2,823
Total for program			<u>2,119</u>	<u>2,823</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	08-2455 09-2455 10-2455	4,002 54,311 -	- - 88,977
Total for program			<u>58,313</u>	<u>88,977</u>
Pass-Through Indiana Department of Education ARRA - Education Jobs Fund	84.410		-	105,963
Total for federal grantor agency			<u>1,235,353</u>	<u>706,565</u>
Total federal awards expended			<u>\$ 1,602,485</u>	<u>\$ 1,101,234</u>

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

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southeast Fountain School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009-2010	2010-2011
National School Lunch Program	10.555	\$ 36,977	\$ 38,171

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster State Fiscal Stabilization Fund Cluster ARRA - Education Jobs Fund

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTHEAST FOUNTAIN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2012 with Corey Austin, Superintendent of Schools; Jeff Fishero, School Board member; Cynthia C. Alward, Treasurer; and Tammy Allen, Deputy Treasurer. Our audit disclosed no material items that warrant comment at this time.