

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION
JOHNSON COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

02/01/2012

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 Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	16-27
Schedule of Long-Term Debt	29
Audit Results and Comments:	
Timely Recordkeeping	30
Old Outstanding Checks (Warrants).....	30
ECA Deposits	30
Penalties and Interest.....	31
Academic Honors Diplomas - Incorrect Reporting to the State.....	31
Overdrawn Fund Balances	31-32
Capital Asset Records	32
Internal Controls Over Financial Transactions and Reporting	32
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.....	34-35
Schedule of Expenditures of Federal Awards	38-39
Notes to Schedule of Expenditures of Federal Awards.....	40
Schedule of Findings and Questioned Costs	41-42
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	43
Corrective Action Plan.....	44
Exit Conference.....	45

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sandra J. West (deceased) Debbie Carter	07-01-09 to 11-07-11 11-08-11 to 06-30-12
Superintendent of Schools	Mark Millis I. E. Lewis Matthew J. Prusiecki	07-01-09 to 01-27-11 01-28-11 to 06-14-11 06-15-11 to 06-30-12
President of the School Board	Ed Harvey Larry Kinser Kathy Vest	01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statement of the Nineveh-Hensley-Jackson United 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 November 7, 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 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 Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis 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

November 7, 2011



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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 NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the financial statement of the Nineveh-Hensley-Jackson United School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated November 7, 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 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. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

November 7, 2011

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.

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NINEVEH-HENSLEY-JACKSON UNITED 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		Other Financing		Cash and Investments		Other Financing		Cash and Investments	
	07-01-09	Receipts	Disbursements	Sources (Uses)	06-30-10	Receipts	Disbursements	Sources (Uses)	06-30-11	
General	\$ 255,376	\$ 10,339,885	\$ 10,175,540	\$ 45,833	\$ 465,554	\$ 10,412,278	\$ 10,354,078	\$ 50,574	\$ 574,328	
Debt Service	654,447	3,627,310	2,839,980	-	1,441,777	2,839,405	2,776,991	(813)	1,503,378	
Retirement/Severance Bond Debt Service	26,462	331,595	215,874	-	142,183	240,410	252,591	-	130,002	
Capital Projects	1,998,148	2,105,433	2,402,396	(699,984)	1,001,201	1,265,874	1,603,408	-	663,667	
School Transportation	277,637	1,802,352	1,415,745	194	664,438	1,049,330	1,403,035	-	310,733	
School Bus Replacement	905,702	176,068	308,459	-	773,311	40,623	205,902	(50,000)	558,032	
Special Education Preschool	50,476	22,000	28,875	(43,601)	-	-	-	-	-	
Rainy Day	130,134	-	-	701,353	831,487	-	274,370	-	557,117	
Retirement/Severance Bond	46,159	-	10,723	-	35,436	-	35,436	-	-	
Construction	1,405,963	-	488,004	-	917,959	-	241,305	-	676,654	
School Lunch	(12,578)	420,991	338,113	650	70,950	774,779	731,994	(3)	113,732	
Textbook Rental	24,746	235,798	-	-	260,544	189,972	58,203	816	393,129	
Levy Excess	-	-	-	-	-	26,341	-	-	26,341	
Educational License Plates	980	394	-	-	1,374	263	-	-	1,637	
Early Literacy Intervention	-	6,400	506	-	5,894	-	2,522	-	3,372	
Literacy Grant	-	-	-	-	-	2,300	-	-	2,300	
Bryan Pitcher Gift	7,144	128	-	-	7,272	144	-	-	7,416	
Greer Family Gift	5,877	87	-	-	5,964	87	-	-	6,051	
McNeely Gift (8000)	8,000	-	-	-	8,000	-	-	-	8,000	
McNeely Gift (21500)	21,500	-	-	-	21,500	-	-	-	21,500	
McNeely Gift(26092)	26,092	-	-	-	26,092	-	-	-	26,092	
McNeely Gift Usable Interest	6,434	6,964	3,895	-	9,503	5,174	575	-	14,102	
McNeely Gift/Hilliard Lyons	46,060	-	-	-	46,060	-	-	-	46,060	
NASA & Life Science Grant	22,812	3,185	17,632	-	8,365	15,296	14,498	-	9,163	
FFA Gift	4,000	-	-	-	4,000	-	-	-	4,000	
Cape Grant	13,706	-	-	(6,378)	7,328	-	-	-	7,328	
Cape Grant 2009	-	-	2,320	6,377	4,057	-	-	-	4,057	
For Such A Time As This Grant	452	-	452	-	-	-	-	-	-	
History Grant	(1,561)	2,248	687	-	-	-	-	-	-	
Ball State Math Grant	-	-	-	-	-	-	-	-	-	
High Ability Learners Grant	30,434	32,990	30,613	-	32,811	32,496	24,273	-	41,034	
Step Ahead	-	-	-	-	-	-	-	-	-	
Drug Free Comm. Grant-JCCASA	4,092	2,426	3,550	28	2,996	2,152	510	-	4,638	
School Technology Fund	19,573	13,502	13,555	77	19,597	19,059	24,343	-	14,313	
Robotics EDS-C1-0-CPR-9-813	-	5,764	5,515	-	249	2,680	2,741	-	188	
Environment Scientist Grant	-	-	-	-	-	-	-	-	-	
Title 1	30,531	181,724	179,708	165	32,712	111,408	144,120	-	-	
Title V - Supplemental	-	895	175	-	720	-	720	-	-	
Title V Part A NCLB	632	-	-	-	632	-	632	-	-	
Title V NCLB 2003-2004	-	-	-	-	-	-	-	-	-	
Drug Free	(1,693)	5,278	144	-	3,441	-	3,441	-	-	
Science and Math Award	9,109	-	-	-	9,109	-	-	-	9,109	
Indiana Cares (Suicide Prevention)	-	-	2,206	-	(2,206)	2,206	-	-	-	
Title 2 NCLB Teacher Q	-	77,667	77,667	-	-	-	-	-	-	
Fiscal Stabilization	519,716	376,984	896,700	-	-	-	-	-	-	
Title I - Stimulus	18,395	73,561	86,278	-	5,678	18,390	24,068	-	-	
Special Education - Part B Stimulus	15,512	62,050	73,241	-	4,321	45,921	50,242	-	-	
Technology Grant - Stimulus Edinburgh	-	30,438	30,438	-	-	23,561	23,561	-	-	
Payroll Withholding	32,773	2,681,433	2,617,568	-	96,639	2,596,517	2,626,447	-	66,708	
Totals	\$ 6,603,242	\$ 22,625,550	\$ 22,266,559	\$ 4,714	\$ 6,966,948	\$ 19,716,666	\$ 20,880,006	\$ 574	\$ 5,804,181	

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

NINEVEH-HENSLEY-JACKSON UNITED 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.

NINEVEH-HENSLEY-JACKSON UNITED 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.

NINEVEH-HENSLEY-JACKSON UNITED 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.

NINEVEH-HENSLEY-JACKSON UNITED 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 statement and required supplementary information for the 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) 526-1687

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement 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 Report 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 prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

NINEVEH-HENSLEY-JACKSON UNITED 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 255,376	\$ 654,447	\$ 26,462	\$ 1,998,148	\$ 277,637	\$ 905,702	\$ 50,476	\$ 130,134	\$ 46,159
Receipts:									
Local sources	287,761	3,541,464	265,323	1,604,471	1,392,940	176,068	-	-	-
Intermediate sources	26	-	-	-	-	-	-	-	-
State sources	10,002,451	-	-	-	-	-	22,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	81,846	66,272	500,942	381,115	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	49,647	4,000	-	20	28,297	-	-	-	-
Total receipts	10,339,885	3,627,310	331,595	2,105,433	1,802,352	176,068	22,000	-	-
Disbursements:									
Current:									
Instruction	5,779,485	-	-	-	-	-	-	-	-
Support services	3,549,317	-	-	842,052	1,029,930	308,459	-	-	10,723
Noninstructional services	98,126	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	302,068	-	-	-	-	-
Debt services	416,465	2,839,980	215,874	1,258,276	385,815	-	-	-	-
Nonprogrammed charges	332,147	-	-	-	-	-	28,875	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	10,175,540	2,839,980	215,874	2,402,396	1,415,745	308,459	28,875	-	10,723
Excess (deficiency) of receipts over disbursements	164,345	787,330	115,721	(296,963)	386,607	(132,391)	(6,875)	-	(10,723)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	2,232	-	-	1,369	194	-	-	-	-
Transfers in	43,601	-	-	-	-	-	-	701,353	-
Transfers out	-	-	-	(701,353)	-	-	(43,601)	-	-
Total other financing sources (uses)	45,833	-	-	(699,984)	194	-	(43,601)	701,353	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	210,178	787,330	115,721	(996,947)	386,801	(132,391)	(50,476)	701,353	(10,723)
Cash and investments - ending	\$ 465,554	\$ 1,441,777	\$ 142,183	\$ 1,001,201	\$ 664,438	\$ 773,311	\$ -	\$ 831,487	\$ 35,436

NINEVEH-HENSLEY-JACKSON UNITED 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)

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Literacy Intervention	Literacy Grant	Bryan Pitcher Gift	Greer Family Gift
Cash and investments - beginning	\$ 1,405,963	\$ (12,578)	\$ 24,746	\$ -	\$ 980	\$ -	\$ -	\$ 7,144	\$ 5,877
Receipts:									
Local sources	-	119,822	154,172	-	-	-	-	128	87
Intermediate sources	-	-	-	-	394	-	-	-	-
State sources	-	11,074	31,231	-	-	6,400	-	-	-
Federal sources	-	290,062	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	33	50,395	-	-	-	-	-	-
Total receipts	-	420,991	235,798	-	394	6,400	-	128	87
Disbursements:									
Current:									
Instruction	-	-	-	-	-	506	-	-	-
Support services	146,770	1,419	-	-	-	-	-	-	-
Noninstructional services	-	336,694	-	-	-	-	-	-	-
Facilities acquisition and construction	341,234	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	488,004	338,113	-	-	-	506	-	-	-
Excess (deficiency) of receipts over disbursements	(488,004)	82,878	235,798	-	394	5,894	-	128	87
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	650	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	650	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(488,004)	83,528	235,798	-	394	5,894	-	128	87
Cash and investments - ending	\$ 917,959	\$ 70,950	\$ 260,544	\$ -	\$ 1,374	\$ 5,894	\$ -	\$ 7,272	\$ 5,964

NINEVEH-HENSLEY-JACKSON UNITED 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)

	McNeely Gift(8000)	McNeely Gift(21500)	McNeely Gift(26092)	McNeely Gift Usable Interest	McNeely Gift/Hilliard Lyons	NASA & Life Science Grant	FFA Gift	Cape Grant	Cape Grant 2009
Cash and investments - beginning	\$ 8,000	\$ 21,500	\$ 26,092	\$ 6,434	\$ 46,060	\$ 22,812	\$ 4,000	\$ 13,706	\$ -
Receipts:									
Local sources	-	-	-	6,964	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	3,185	-	-	-
Total receipts	-	-	-	6,964	-	3,185	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	3,895	-	17,632	-	-	2,314
Support services	-	-	-	-	-	-	-	-	6
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	3,895	-	17,632	-	-	2,320
Excess (deficiency) of receipts over disbursements	-	-	-	3,069	-	(14,447)	-	-	(2,320)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	6,377
Transfers out	-	-	-	-	-	-	-	(6,378)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(6,378)	6,377
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	3,069	-	(14,447)	-	(6,378)	4,057
Cash and investments - ending	\$ 8,000	\$ 21,500	\$ 26,092	\$ 9,503	\$ 46,060	\$ 8,365	\$ 4,000	\$ 7,328	\$ 4,057

NINEVEH-HENSLEY-JACKSON UNITED 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)

	For Such A Time As This Grant	History Grant	Ball State Math Grant	High Ability Learners Grant	Step Ahead	Drug Free Comm. Grant-JCCASA	School Technology Fund	Robotics EDS-C1-0- CPR-9-813
Cash and investments - beginning	\$ 452	\$ (1,561)	\$ -	\$ 30,434	\$ -	\$ 4,092	\$ 19,573	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	13,502	-
Federal sources	-	-	-	32,990	-	2,426	-	5,764
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	2,248	-	-	-	-	-	-
Total receipts	-	2,248	-	32,990	-	2,426	13,502	5,764
Disbursements:								
Current:								
Instruction	-	-	-	-	-	1,797	-	5,515
Support services	452	687	-	30,613	-	1,753	13,555	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	452	687	-	30,613	-	3,550	13,555	5,515
Excess (deficiency) of receipts over disbursements	(452)	1,561	-	2,377	-	(1,124)	(53)	249
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	28	77	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	28	77	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(452)	1,561	-	2,377	-	(1,096)	24	249
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 32,811	\$ -	\$ 2,996	\$ 19,597	\$ 249

NINEVEH-HENSLEY-JACKSON UNITED 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)

	Environment Scientist Grant	Title 1	Title V - Supplemental	Title V Part A NCLB	Title V NCLB 2003-2004	Drug Free	Science and Math Award	Indiana Cares (Suicide Prevention)
Cash and investments - beginning	\$ -	\$ 30,531	\$ -	\$ 632	\$ -	\$ (1,693)	\$ 9,109	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	181,724	895	-	-	5,278	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	181,724	895	-	-	5,278	-	-
Disbursements:								
Current:								
Instruction	-	179,033	-	-	-	144	-	-
Support services	-	-	175	-	-	-	-	2,206
Noninstructional services	-	675	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	179,708	175	-	-	144	-	2,206
Excess (deficiency) of receipts over disbursements	-	2,016	720	-	-	5,134	-	(2,206)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	165	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	165	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,181	720	-	-	5,134	-	(2,206)
Cash and investments - ending	\$ -	\$ 32,712	\$ 720	\$ 632	\$ -	\$ 3,441	\$ 9,109	\$ (2,206)

NINEVEH-HENSLEY-JACKSON UNITED 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 2 NCLB Teacher Q	Technology Title II, Part D	Fiscal Stabilization	Title I Stimulus	Special Education Part B Stimulus	Technology Grant - Stimulus Edinburgh	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 519,716	\$ 18,395	\$ 15,512	\$ -	\$ 32,773	\$ 6,603,242
Receipts:								
Local sources	-	-	-	-	-	-	2,681,433	10,230,633
Intermediate sources	-	-	-	-	-	-	-	420
State sources	-	-	-	-	-	-	-	10,086,658
Federal sources	77,667	-	376,984	73,561	62,050	30,438	-	1,139,839
Temporary loans	-	-	-	-	-	-	-	1,030,175
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	137,825
Total receipts	77,667	-	376,984	73,561	62,050	30,438	2,681,433	22,625,550
Disbursements:								
Current:								
Instruction	77,667	-	896,700	86,278	73,241	30,438	2,617,568	9,772,213
Support services	-	-	-	-	-	-	-	5,938,117
Noninstructional services	-	-	-	-	-	-	-	435,495
Facilities acquisition and construction	-	-	-	-	-	-	-	643,302
Debt services	-	-	-	-	-	-	-	5,116,410
Nonprogrammed charges	-	-	-	-	-	-	-	361,022
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	77,667	-	896,700	86,278	73,241	30,438	2,617,568	22,266,559
Excess (deficiency) of receipts over disbursements	-	-	(519,716)	(12,717)	(11,191)	-	63,866	358,992
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	4,715
Transfers in	-	-	-	-	-	-	-	751,331
Transfers out	-	-	-	-	-	-	-	(751,332)
Total other financing sources (uses)	-	-	-	-	-	-	-	4,714
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(519,716)	(12,717)	(11,191)	-	63,866	363,706
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 5,678	\$ 4,321	\$ -	\$ 96,639	\$ 6,966,948

NINEVEH-HENSLEY-JACKSON UNITED 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 465,554	\$ 1,441,777	\$ 142,183	\$ 1,001,201	\$ 664,438	\$ 773,311	\$ -	\$ 831,487	\$ 35,436
Receipts:									
Local sources	80,486	2,839,405	240,410	1,265,874	1,021,073	40,623	-	-	-
Intermediate sources	22	-	-	-	-	-	-	-	-
State sources	10,304,091	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	27,679	-	-	-	28,257	-	-	-	-
Total receipts	10,412,278	2,839,405	240,410	1,265,874	1,049,330	40,623	-	-	-
Disbursements:									
Current:									
Instruction	6,429,024	-	-	-	-	-	-	103,388	-
Support services	3,574,050	-	-	897,939	1,080,120	205,902	-	22,823	35,436
Noninstructional services	93,577	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	335,696	-	-	-	-	-
Debt services	-	2,776,991	252,591	369,773	322,915	-	-	-	-
Nonprogrammed charges	257,427	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	148,159	-
Total disbursements	10,354,078	2,776,991	252,591	1,603,408	1,403,035	205,902	-	274,370	35,436
Excess (deficiency) of receipts over disbursements	58,200	62,414	(12,181)	(337,534)	(353,705)	(165,279)	-	(274,370)	(35,436)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	574	-	-	-	-	-	-	-	-
Transfers in	50,000	-	-	-	-	-	-	-	-
Transfers out	-	(813)	-	-	-	(50,000)	-	-	-
Total other financing sources (uses)	50,574	(813)	-	-	-	(50,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	108,774	61,601	(12,181)	(337,534)	(353,705)	(215,279)	-	(274,370)	(35,436)
Cash and investments - ending	\$ 574,328	\$ 1,503,378	\$ 130,002	\$ 663,667	\$ 310,733	\$ 558,032	\$ -	\$ 557,117	\$ -

NINEVEH-HENSLEY-JACKSON UNITED 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)

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Literacy Intervention	Literacy Grant	Bryan Pitcher Gift	Greer Family Gift
Cash and investments - beginning	\$ 917,959	\$ 70,950	\$ 260,544	\$ -	\$ 1,374	\$ 5,894	\$ -	\$ 7,272	\$ 5,964
Receipts:									
Local sources	-	471,777	148,302	26,341	-	-	-	144	87
Intermediate sources	-	-	-	-	263	-	-	-	-
State sources	-	11,072	36,670	-	-	-	2,300	-	-
Federal sources	-	290,317	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	1,613	5,000	-	-	-	-	-	-
Total receipts	-	774,779	189,972	26,341	263	-	2,300	144	87
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	11,526	504	58,203	-	-	2,522	-	-	-
Noninstructional services	-	731,490	-	-	-	-	-	-	-
Facilities acquisition and construction	229,779	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	241,305	731,994	58,203	-	-	2,522	-	-	-
Excess (deficiency) of receipts over disbursements	(241,305)	42,785	131,769	26,341	263	(2,522)	2,300	144	87
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	(3)	816	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(3)	816	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(241,305)	42,782	132,585	26,341	263	(2,522)	2,300	144	87
Cash and investments - ending	\$ 676,654	\$ 113,732	\$ 393,129	\$ 26,341	\$ 1,637	\$ 3,372	\$ 2,300	\$ 7,416	\$ 6,051

NINEVEH-HENSLEY-JACKSON UNITED 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)

	McNeely Gift(8000)	McNeely Gift(21500)	McNeely Gift(26092)	McNeely Gift Usable Interest	McNeely Gift/Hilliard Lyons	NASA & Life Science Grant	FFA Gift	Cape Grant	Cape Grant 2009
Cash and investments - beginning	\$ 8,000	\$ 21,500	\$ 26,092	\$ 9,503	\$ 46,060	\$ 8,365	\$ 4,000	\$ 7,328	\$ 4,057
Receipts:									
Local sources	-	-	-	5,174	-	15,296	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	5,174	-	15,296	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	575	-	14,498	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	575	-	14,498	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	4,599	-	798	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	4,599	-	798	-	-	-
Cash and investments - ending	\$ 8,000	\$ 21,500	\$ 26,092	\$ 14,102	\$ 46,060	\$ 9,163	\$ 4,000	\$ 7,328	\$ 4,057

NINEVEH-HENSLEY-JACKSON UNITED 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)

	For Such A Time As This Grant	History Grant	Ball State Math Grant	High Ability Learners Grant	Step Ahead	Drug Free Comm. Grant-JCCASA	School Technology Fund	Robotics EDS-C1-0- CPR-9-813
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 32,811	\$ -	\$ 2,996	\$ 19,597	\$ 249
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	19,059	-
Federal sources	-	-	-	32,496	-	2,152	-	2,680
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	32,496	-	2,152	19,059	2,680
Disbursements:								
Current:								
Instruction	-	-	-	-	-	510	-	2,741
Support services	-	-	-	24,273	-	-	24,343	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	24,273	-	510	24,343	2,741
Excess (deficiency) of receipts over disbursements	-	-	-	8,223	-	1,642	(5,284)	(61)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	8,223	-	1,642	(5,284)	(61)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 41,034	\$ -	\$ 4,638	\$ 14,313	\$ 188

NINEVEH-HENSLEY-JACKSON UNITED 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)

	Environment Scientist Grant	Title 1	Title V - Supplemental	Title V Part A NCLB	Title V NCLB 2003-2004	Drug Free	Science and Math Award	Indiana Cares (Suicide Prevention)
Cash and investments - beginning	\$ -	\$ 32,712	\$ 720	\$ 632	\$ -	\$ 3,441	\$ 9,109	\$ (2,206)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	2,206
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	111,408	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	111,408	-	-	-	-	-	2,206
Disbursements:								
Current:								
Instruction	-	143,903	-	-	-	3,441	-	-
Support services	-	-	720	632	-	-	-	-
Noninstructional services	-	217	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	144,120	720	632	-	3,441	-	-
Excess (deficiency) of receipts over disbursements	-	(32,712)	(720)	(632)	-	(3,441)	-	2,206
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(32,712)	(720)	(632)	-	(3,441)	-	2,206
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,109	\$ -

NINEVEH-HENSLEY-JACKSON UNITED 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)

	Title 2 NCLB Teacher Q	Technology Title II, Part D	Fiscal Stabilization	Title I Stimulus	Special Education Part B Stimulus	Technology Grant - Stimulus Edinburgh	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 5,678	\$ 4,321	\$ -	\$ 96,639	\$ 6,966,948
Receipts:								
Local sources	-	-	-	-	-	-	2,596,517	8,751,509
Intermediate sources	-	-	-	-	-	-	-	285
State sources	-	-	-	-	-	-	-	10,373,192
Federal sources	-	-	-	5,759	21,800	23,561	-	380,971
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	12,631	24,121	-	-	148,160
Other	-	-	-	-	-	-	-	62,549
Total receipts	-	-	-	18,390	45,921	23,561	2,596,517	19,716,666
Disbursements:								
Current:								
Instruction	-	-	-	24,068	50,242	23,561	2,626,447	9,422,398
Support services	-	-	-	-	-	-	-	5,938,993
Noninstructional services	-	-	-	-	-	-	-	825,284
Facilities acquisition and construction	-	-	-	-	-	-	-	565,475
Debt services	-	-	-	-	-	-	-	3,722,270
Nonprogrammed charges	-	-	-	-	-	-	-	257,427
Interfund loans	-	-	-	-	-	-	-	148,159
Total disbursements	-	-	-	24,068	50,242	23,561	2,626,447	20,880,006
Excess (deficiency) of receipts over disbursements	-	-	-	(5,678)	(4,321)	-	(29,930)	(1,163,340)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	574
Transfers in	-	-	-	-	-	-	-	50,813
Transfers out	-	-	-	-	-	-	-	(50,813)
Total other financing sources (uses)	-	-	-	-	-	-	-	574
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(5,678)	(4,321)	-	(29,930)	(1,162,766)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,708	\$ 5,804,181

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NINEVEH-HENSLEY-JACKSON UNITED 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:		
Intermediate SBC Refunding Bonds Series 2003	\$ 521,500	\$ 547,800
Intermediate SBC Refunding Bonds Series 2009	1,739,000	249,000
Intermediate SBC 2011 A&B refunding	12,165,000	1,026,000
Intermediate SBC 2011 C	1,688,750	262,656
Notes and loans payable	187,500	83,438
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bond	1,315,000	201,799
Capital Improvements G.O.	<u>1,125,000</u>	<u>793,375</u>
Total governmental activities debt	<u>\$ 18,741,750</u>	<u>\$ 3,164,068</u>

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

TIMELY RECORDKEEPING

We noted that all receipts and expenditures were posted to the records approximately one month after the original date of the transactions.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OLD OUTSTANDING CHECKS (WARRANTS) (Applies to Intermediate School)

Our review of the bank reconciliements as of May 31, 2011, revealed 15 checks (for amounts less than \$15 each) outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

ECA DEPOSITS (Applies to High School)

Receipts were not always deposited within a reasonable time. Receipts, in two instances, were held for 6 business days, and in two other instances 11 business days before they were deposited.

Indiana Code 20-41-1-9(a) states in part: ". . . receipts shall be deposited without unreasonable delay."

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

PENALTIES AND INTEREST

Penalties and interest totaling \$9,333.46 and \$1,089.08 were owed for the tax periods ending September 30, 2010, and December 31, 2010, respectively, to the Internal Revenue Service because tax deposits were not made in sufficient amounts by the dates required. The request by the School Corporation to remove the penalties and interest was granted by the Internal Revenue Service in April 2011 for the period ending September 30, 2010, but not for the period ending December 31, 2010.

Officials and employees have the duty to remit taxes in a timely fashion. Failure to remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ACADEMIC HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

Information presented for audit indicates Honors Diplomas reported to the state were incorrect for the school years ending June 30, 2010 and 2011. A similar comment appeared in prior reports.

The difference between the count reported to the state and the verified figures are shown below:

School Year	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2009-2010	Academic Honors	44	42	2
2010-2011	Academic Honors	26	28	(2)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN FUND BALANCES

On the financial statement, various payroll withholding funds were combined and presented as the Payroll Withholding Fund. The balance of the Federal Withholding Tax Fund, FICA Fund, State Income Tax Fund, Local Income Tax (County) Fund, Teachers Retirement Fund (TRF), Public Employees Retirement Fund (PERF), and Employee Prepaid Accounts Fund were overdrawn in the amounts of \$1,313.89, \$529.00, \$1,420.55, \$78.00, \$4,118.91, \$300.00, and \$75.04, respectively, at June 30, 2011.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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 Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets using General Form No. 369. A similar comment appeared in prior audit reports. The School Corporation has compiled a listing of equipment for each school but has no record of land, buildings, and improvements.

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

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Bank Reconcilements: Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. Bank Reconcilements were not reviewed by the appropriate level of management or another appropriate person (such as a governing body member). Failure to review bank reconcilements and correct reconciling items by the unit on a timely basis could result in a material misstatement.
3. Payroll Withholdings: Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. Payments were not made to the proper authority in the subsequent period. Penalties and interest were paid. The failure to establish these controls could enable material misstatements to be undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Nineveh-Hensley-Jackson United 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 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.

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 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

November 7, 2011

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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.

NINEVEH-HENSLEY-JACKSON UNITED 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.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 29,695	\$ -
School Year 2009-2010			-	37,669
School Year 2010-2011			-	-
Total for program			<u>29,695</u>	<u>37,669</u>
National School Lunch Program	10.555		264,183	-
School Year 2009-2010			-	298,289
School Year 2010-2011			-	-
Total for program			<u>264,183</u>	<u>298,289</u>
Total for cluster			<u>293,878</u>	<u>335,958</u>
Total for federal grantor agency			<u>293,878</u>	<u>335,958</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010		173,205	-
Title I 2009-2010			-	144,119
Title I 2010-2011			-	-
Total for program			<u>173,205</u>	<u>144,119</u>
ARRA -Title I Grants to Local Educational Agencies. Recovery Act	84.389		86,278	-
Title I 2009-2010			-	5,759
Title I 2010-2011			-	-
Total for program			<u>86,278</u>	<u>5,759</u>
Total for cluster			<u>259,483</u>	<u>149,878</u>
Pass-Through Special Services, Johnson County and Surrounding Schools				
Special Education Cluster (IDEA)				
ARRA -Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391		73,239	-
Special Education 2009-2010			-	21,800
Special Education 2010-2011			-	-
Total for cluster			<u>73,239</u>	<u>21,800</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
Title IV, Part A, Safe and Drug-Free Schools 2009-2010			144	-
Title IV, Part A, Safe and Drug-Free Schools 2010-2011			-	3,441
Total for program			<u>144</u>	<u>3,441</u>

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

NINEVEH-HENSLEY-JACKSON UNITED 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 EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Grants for Innovative Programs	84.298			
Title V, Part A, Innovative Programs 2009-2010			175	-
Title V, Part A, Innovative Programs 2010-2011			-	1,351
Total for program			<u>175</u>	<u>1,351</u>
Improving Teacher Quality State Grants	84.367			
Title II, Part A, Teacher Quality LEA 2009-2010			<u>77,667</u>	-
Education Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386		30,438	-
Enhancing Education through Technology 2009-2010			-	23,562
Enhancing Education through Technology 2010-2011			-	-
Total for cluster			<u>30,438</u>	<u>23,562</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>726,530</u>	-
School Year 2009-2010				
Total for federal grantor agency			<u>1,167,676</u>	<u>200,032</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Purdue University				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243			
Indiana Cares Youth Suicide Prevention Project				
School Year 2009-2010			-	2,206
Total for federal grantor agency			-	<u>2,206</u>
Total federal awards expended			<u>\$ 1,461,554</u>	<u>\$ 538,196</u>

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

NINEVEH-HENSLEY-JACKSON UNITED SCHOOLS
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 Nineveh-Hensley-Jackson United Schools (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	2010	2011
National School Lunch Program	10.555	\$ 43,476	\$ 44,492

NINEVEH-HENSLEY-JACKSON UNITED 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?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency 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:

Name of Federal Program or Cluster

Title I, Part A 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

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to cash and investment balances. The failure to establish these controls could enable material mis-statements or irregularities to undetected.

We recommended that the duties for cash and investments be segregated or mitigated by adequate monitoring or effective oversight by management.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Bank Reconcilements: Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. Bank Reconcilements were not reviewed by the appropriate level of management or another appropriate person. Failure to review bank reconcilements and correct reconciling items by the unit on a timely basis could result in a material misstatement.

We recommended that bank reconcilements and correct reconciling items be reviewed on timely basis by management or another appropriate person (such as a governing body member).

3. Payroll Withholdings: Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. Payments were not made to the proper authority in the subsequent period. Penalties and interest were paid. The failure to establish these controls could enable material misstatements to be undetected

We recommended that payments made to the proper authority be verified in a timely manner by management or another appropriate person (such as a governing body member).

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NINEVEH- HENSLEY- JACKSON UNITED SCHOOL CORPORATION

802 South Indian Creek Drive
Trafalgar, Indiana 46181
Phone: 317-878-2100 Fax: 317-878-5765

Nineveh-Hensley-Jackson United School Corporation Corrective Action Plan

Finding No. 2011-1, Internal Controls Over Financial Transaction and Reporting

Auditee Contact Person: Debra E. Carter

Title of Contact Person: Business Manager/Treasurer

Phone Number: 317-878-2103

Expected Completion Date: February 2012

Corrective Action:

A meeting has been set to address the deficiencies in the internal control. The segregation of duties related to cash and investment balances, receipting, disbursing and recording will be shared among the administrative office staff and reviewed by the superintendent. Controls have been set up to eliminate any risk with payments associated with payroll. These will also be reviewed by a second party.

Debra E. Carter
Debra E. Carter, Business Manager/Treasurer

12-7-11
Date

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2011, with Debbie Carter, Treasurer, and Matthew J. Prusiecki, Superintendent of Schools. The officials concurred with our audit findings.