

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHEAST SCHOOL CORPORATION
SULLIVAN COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
02/16/2012

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.....	16-24
Schedule of Capital Assets.....	25
Schedule of Long-Term Debt	27
Audit Results and Comments: Official Bond	28
ECA Deposits	28
ECA PTO Funds.....	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
Notes to Schedule of Expenditures of Federal Awards.....	37
Schedule of Findings and Questioned Costs	38
Auditee Prepared Schedule: Summary Schedule of Prior Audit Findings	39
Exit Conference.....	40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vikki Huntworth	07-01-09 to 06-30-12
Superintendent of Schools	Dr. Mark A. Baker	08-01-08 to 07-31-20
President of the School Board	W.E. Keith Drake Angela M. Grove	01-01-09 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 NORTHEAST SCHOOL CORPORATION, SULLIVAN COUNTY, INDIANA

We have audited the accompanying financial statement of the Northeast School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the 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 December 20, 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 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, the Board of School Trustees, 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

December 20, 2011



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 NORTHEAST SCHOOL CORPORATION, SULLIVAN COUNTY, INDIANA

We have audited the financial statement of the Northeast School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated December 20, 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.

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, the Board of School Trustees, 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

December 20, 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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NORTHEAST 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		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 2,190,631	\$ 11,318,524	\$ 10,384,146	\$ (2,190)	\$ 3,122,819	\$ 11,477,893	\$ 11,532,628	\$ (25,000)	\$ 3,043,084	
Debt Service	(686)	818,100	485,841	(51,691)	279,882	552,940	473,070	(152,653)	207,099	
Retirement/Severance Bond Debt Service	(112,599)	481,744	342,016	(1,305)	25,824	346,698	345,666	(1,598)	25,258	
Capital Projects	(304,791)	1,429,132	918,400	(38,809)	167,132	999,929	876,434	(29,604)	261,023	
School Transportation	144,677	1,921,735	1,508,347	55,358	613,423	1,503,736	1,529,355	8,084	595,888	
School Bus Replacement	(137,644)	233,750	73,597	(2,708)	19,801	135,905	126,095	(776)	28,835	
Special Education Preschool	17,318	42,625	59,394	(549)	-	-	-	-	-	
Rainy Day	317,266	-	28,449	86,506	375,323	-	5,552	200,000	569,771	
Retirement/Severance Bond	550,912	-	162,700	-	388,212	-	94,952	-	293,260	
School Lunch	106,308	626,212	615,559	-	116,961	607,802	650,264	-	74,499	
Textbook Rental	94,460	110,520	81,682	-	123,298	126,822	129,498	-	120,622	
Levy Excess	56,691	-	-	(44,612)	12,079	12,466	-	1,547	26,092	
Educational License Plates	44	-	44	-	-	-	-	-	-	
Early Intervention Grant	500	-	500	-	-	-	-	-	-	
Pupil Medical Services	753	126	548	-	331	765	301	-	795	
NCHS Grant	-	12,740	12,740	-	-	-	-	-	-	
Speech Donations	-	100	100	-	-	-	-	-	-	
High Ability Grant 09-10	-	31,489	31,489	-	-	-	-	-	-	
High Ability Grant 10-11	-	-	-	-	-	31,017	30,726	-	291	
Education Technology	-	31,609	31,609	-	-	-	-	-	-	
Medicaid Reimbursement	706	2,945	400	-	3,251	1,747	149	-	4,849	
School Technology	9,847	19,274	17,789	-	11,332	29,793	19,216	-	21,909	
Professional Development	-	7,500	3,506	-	3,994	-	636	-	3,358	
Title I 09-10	(109)	351,124	325,418	37,556	63,153	-	32,747	(30,406)	-	
Title I 10-11	37,556	-	-	(37,556)	-	197,061	251,340	30,406	(23,873)	
Title I Summer Academy 08-09	5,852	-	5,852	-	-	-	-	-	-	
Title I Part A ARRA 09-10	-	104,590	62,826	-	41,764	10,199	51,963	-	-	
Title I SIG 10-11	-	-	-	-	-	54,540	71,443	-	(16,903)	
Innovative Education Program Strategies Title V Part A 07-08	-	1,001	1,001	-	-	-	-	-	-	
Safe and Drug Free 09-10	-	6,863	1,296	-	5,567	-	5,567	-	-	
Safe and Drug Free 08-09	4,309	-	4,309	-	-	-	-	-	-	
AAE Grant 08-09	3,680	-	3,680	-	-	-	-	-	-	
AAE Grant 09-10	-	12,974	8,268	-	4,706	-	4,706	-	-	
AAE Grant 10-11	-	-	-	-	-	10,700	8,442	-	2,258	
Improving Teaching Quality Title II Part A 07-08	5,829	-	5,829	-	-	-	-	-	-	
Title II 08-09	-	87,821	74,364	-	13,457	-	13,457	-	-	
Title II Part A 09-10	-	-	-	-	-	88,371	88,371	-	-	
Tobacco Grant	547	-	547	-	-	-	-	-	-	
Fiscal Stabilization - Education	816,102	299,142	1,115,244	-	-	-	-	-	-	
Title I Grants to LEAs	-	151,568	150,141	-	1,427	16,233	17,710	-	(50)	
Special Education Part B	(8,448)	118,532	106,606	-	3,478	136,215	161,250	-	(21,557)	
Special Education Part B Preschool	-	13,088	13,088	-	-	-	-	-	-	
Education Technology	-	110,344	110,344	-	-	50,058	50,058	-	-	
School Lunch Equipment	-	21,611	21,611	-	-	-	-	-	-	
Totals	\$ 3,799,711	\$ 18,366,783	\$ 16,769,280	\$ -	\$ 5,397,214	\$ 16,390,890	\$ 16,571,596	\$ -	\$ 5,216,508	

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

NORTHEAST 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.

NORTHEAST 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.

NORTHEAST 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.

NORTHEAST 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:

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

NORTHEAST 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	\$ 2,190,631	\$ (686)	\$ (112,599)	\$ (304,791)	\$ 144,677	\$ (137,644)	\$ 17,318	\$ 317,266	\$ 550,912
Receipts:									
Local sources	89,563	818,100	481,744	1,413,513	1,417,335	233,750	-	-	-
Intermediate sources	252	-	-	-	-	-	-	-	-
State sources	9,557,806	-	-	-	-	-	42,625	-	-
Federal sources	167,304	-	-	-	-	-	-	-	-
Temporary loans	1,500,000	-	-	-	500,000	-	-	-	-
Other	3,599	-	-	15,619	4,400	-	-	-	-
Total receipts	11,318,524	818,100	481,744	1,429,132	1,921,735	233,750	42,625	-	-
Disbursements:									
Current:									
Instruction	5,990,109	-	-	-	-	-	-	-	-
Support services	2,311,548	5,811	-	549,235	1,008,347	73,597	-	28,449	162,700
Noninstructional services	185,083	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	369,165	-	-	-	-	-
Debt services	1,500,767	480,030	342,016	-	500,000	-	-	-	-
Nonprogrammed charges	396,639	-	-	-	-	-	59,394	-	-
Total disbursements	10,384,146	485,841	342,016	918,400	1,508,347	73,597	59,394	28,449	162,700
Excess (deficiency) of receipts over disbursements	934,378	332,259	139,728	510,732	413,388	160,153	(16,769)	(28,449)	(162,700)
Other financing sources (uses):									
Transfers in	57,241	-	-	-	55,358	-	-	86,506	-
Transfers out	(59,431)	(51,691)	(1,305)	(38,809)	-	(2,708)	(549)	-	-
Total other financing sources (uses)	(2,190)	(51,691)	(1,305)	(38,809)	55,358	(2,708)	(549)	86,506	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	932,188	280,568	138,423	471,923	468,746	157,445	(17,318)	58,057	(162,700)
Cash and investments - ending	\$ 3,122,819	\$ 279,882	\$ 25,824	\$ 167,132	\$ 613,423	\$ 19,801	\$ -	\$ 375,323	\$ 388,212

NORTHEAST 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)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Early Intervention Grant	Pupil Medical Services	NCHS Grant	Speech Donations
Cash and investments - beginning	\$ 106,308	\$ 94,460	\$ 56,691	\$ 44	\$ 500	\$ 753	\$ -	\$ -
Receipts:								
Local sources	240,461	64,519	-	-	-	126	12,740	100
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,534	45,626	-	-	-	-	-	-
Federal sources	379,927	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	290	375	-	-	-	-	-	-
Total receipts	626,212	110,520	-	-	-	126	12,740	100
Disbursements:								
Current:								
Instruction	-	-	-	44	500	-	-	100
Support services	-	81,682	-	-	-	548	-	-
Noninstructional services	615,559	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	12,740	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	615,559	81,682	-	44	500	548	12,740	100
Excess (deficiency) of receipts over disbursements	10,653	28,838	-	(44)	(500)	(422)	-	-
Other financing sources (uses):								
Transfers in	-	-	12,079	-	-	-	-	-
Transfers out	-	-	(56,691)	-	-	-	-	-
Total other financing sources (uses)	-	-	(44,612)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,653	28,838	(44,612)	(44)	(500)	(422)	-	-
Cash and investments - ending	\$ 116,961	\$ 123,298	\$ 12,079	\$ -	\$ -	\$ 331	\$ -	\$ -

NORTHEAST 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)

	High Ability Grant 09-10	Education Technology	Medicaid Reimbursement	School Technology	Professional Development	Title I 09-10	Title I 10-11	Title I Summer Academy 08-09
Cash and investments - beginning	\$ -	\$ -	\$ 706	\$ 9,847	\$ -	\$ (109)	\$ 37,556	\$ 5,852
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	31,489	31,609	-	-	7,500	-	-	-
Federal sources	-	-	2,945	-	-	351,124	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	19,274	-	-	-	-
Total receipts	31,489	31,609	2,945	19,274	7,500	351,124	-	-
Disbursements:								
Current:								
Instruction	31,489	-	-	-	-	229,676	-	-
Support services	-	31,609	400	3,797	3,506	72,247	-	5,852
Noninstructional services	-	-	-	-	-	23,495	-	-
Facilities acquisition and construction	-	-	-	13,992	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	31,489	31,609	400	17,789	3,506	325,418	-	5,852
Excess (deficiency) of receipts over disbursements	-	-	2,545	1,485	3,994	25,706	-	(5,852)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	37,556	-	-
Transfers out	-	-	-	-	-	-	(37,556)	-
Total other financing sources (uses)	-	-	-	-	-	37,556	(37,556)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,545	1,485	3,994	63,262	(37,556)	(5,852)
Cash and investments - ending	\$ -	\$ -	\$ 3,251	\$ 11,332	\$ 3,994	\$ 63,153	\$ -	\$ -

NORTHEAST 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 Part A ARRA 09-10	Innovative Education Program Strategies Title V Part A 07-08	Safe and Drug Free 09-10	Safe and Drug Free 08-09	AAE Grant 08-09	AAE Grant 09-10	Improving Teaching Quality Title II Part A 07-08	Title II 08-09
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,309	\$ 3,680	\$ -	\$ 5,829	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	12,974	-	-
Federal sources	104,590	1,001	6,863	-	-	-	-	87,821
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	104,590	1,001	6,863	-	-	12,974	-	87,821
Disbursements:								
Current:								
Instruction	8,138	-	1,296	4,309	-	-	5,829	74,364
Support services	54,688	1,001	-	-	3,680	8,268	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	62,826	1,001	1,296	4,309	3,680	8,268	5,829	74,364
Excess (deficiency) of receipts over disbursements	41,764	-	5,567	(4,309)	(3,680)	4,706	(5,829)	13,457
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	41,764	-	5,567	(4,309)	(3,680)	4,706	(5,829)	13,457
Cash and investments - ending	\$ 41,764	\$ -	\$ 5,567	\$ -	\$ -	\$ 4,706	\$ -	\$ 13,457

NORTHEAST 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)

	Tobacco Grant	Fiscal Stabilization - Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ 547	\$ 816,102	\$ -	\$ (8,448)	\$ -	\$ -	\$ -	\$ 3,799,711
Receipts:								
Local sources	-	-	-	-	-	-	-	4,771,951
Intermediate sources	-	-	-	-	-	-	-	252
State sources	-	-	-	-	-	-	-	9,735,163
Federal sources	-	299,142	151,568	118,532	13,088	110,344	21,611	1,815,860
Temporary loans	-	-	-	-	-	-	-	2,000,000
Other	-	-	-	-	-	-	-	43,557
Total receipts	-	299,142	151,568	118,532	13,088	110,344	21,611	18,366,783
Disbursements:								
Current:								
Instruction	-	934,189	77,585	64,439	13,088	-	-	7,435,155
Support services	547	181,055	70,432	31,641	-	110,344	-	4,800,984
Noninstructional services	-	-	2,124	-	-	-	21,611	847,872
Facilities acquisition and construction	-	-	-	10,526	-	-	-	406,423
Debt services	-	-	-	-	-	-	-	2,822,813
Nonprogrammed charges	-	-	-	-	-	-	-	456,033
Total disbursements	547	1,115,244	150,141	106,606	13,088	110,344	21,611	16,769,280
Excess (deficiency) of receipts over disbursements	(547)	(816,102)	1,427	11,926	-	-	-	1,597,503
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	248,740
Transfers out	-	-	-	-	-	-	-	(248,740)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(547)	(816,102)	1,427	11,926	-	-	-	1,597,503
Cash and investments - ending	\$ -	\$ -	\$ 1,427	\$ 3,478	\$ -	\$ -	\$ -	\$ 5,397,214

NORTHEAST 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	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,122,819	\$ 279,882	\$ 25,824	\$ 167,132	\$ 613,423	\$ 19,801	\$ 375,323	\$ 388,212
Receipts:								
Local sources	101,337	552,940	346,698	999,429	1,003,736	135,905	-	-
Intermediate sources	17,446	-	-	-	-	-	-	-
State sources	9,721,860	-	-	-	-	-	-	-
Federal sources	134,244	-	-	-	-	-	-	-
Temporary loans	1,500,000	-	-	-	500,000	-	-	-
Other	3,006	-	-	500	-	-	-	-
Total receipts	<u>11,477,893</u>	<u>552,940</u>	<u>346,698</u>	<u>999,929</u>	<u>1,503,736</u>	<u>135,905</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,958,198	-	-	-	-	-	-	-
Support services	2,451,790	3,954	-	559,034	1,029,355	126,095	-	94,952
Noninstructional services	208,845	-	-	-	-	-	5,552	-
Facilities acquisition and construction	-	-	-	317,400	-	-	-	-
Debt services	1,500,000	469,116	345,666	-	500,000	-	-	-
Nonprogrammed charges	413,795	-	-	-	-	-	-	-
Total disbursements	<u>11,532,628</u>	<u>473,070</u>	<u>345,666</u>	<u>876,434</u>	<u>1,529,355</u>	<u>126,095</u>	<u>5,552</u>	<u>94,952</u>
Excess (deficiency) of receipts over disbursements	<u>(54,735)</u>	<u>79,870</u>	<u>1,032</u>	<u>123,495</u>	<u>(25,619)</u>	<u>9,810</u>	<u>(5,552)</u>	<u>(94,952)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	12,466	-	200,000	-
Transfers out	(25,000)	(152,653)	(1,598)	(29,604)	(4,382)	(776)	-	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(152,653)</u>	<u>(1,598)</u>	<u>(29,604)</u>	<u>8,084</u>	<u>(776)</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(79,735)</u>	<u>(72,783)</u>	<u>(566)</u>	<u>93,891</u>	<u>(17,535)</u>	<u>9,034</u>	<u>194,448</u>	<u>(94,952)</u>
Cash and investments - ending	<u>\$ 3,043,084</u>	<u>\$ 207,099</u>	<u>\$ 25,258</u>	<u>\$ 261,023</u>	<u>\$ 595,888</u>	<u>\$ 28,835</u>	<u>\$ 569,771</u>	<u>\$ 293,260</u>

NORTHEAST 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)

	School Lunch	Textbook Rental	Levy Excess	Pupil Medical Services	High Ability Grant 10-11	Medicaid Reimbursement	School Technology
Cash and investments - beginning	\$ 116,961	\$ 123,298	\$ 12,079	\$ 331	\$ -	\$ 3,251	\$ 11,332
Receipts:							
Local sources	223,106	65,033	-	765	-	-	5,096
Intermediate sources	-	-	-	-	-	-	-
State sources	5,326	61,589	12,466	-	31,017	-	4,439
Federal sources	379,280	-	-	-	-	1,747	-
Temporary loans	-	-	-	-	-	-	-
Other	90	200	-	-	-	-	20,258
Total receipts	<u>607,802</u>	<u>126,822</u>	<u>12,466</u>	<u>765</u>	<u>31,017</u>	<u>1,747</u>	<u>29,793</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	30,726	-	-
Support services	319	129,498	-	301	-	149	-
Noninstructional services	649,945	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	19,216
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>650,264</u>	<u>129,498</u>	<u>-</u>	<u>301</u>	<u>30,726</u>	<u>149</u>	<u>19,216</u>
Excess (deficiency) of receipts over disbursements	<u>(42,462)</u>	<u>(2,676)</u>	<u>12,466</u>	<u>464</u>	<u>291</u>	<u>1,598</u>	<u>10,577</u>
Other financing sources (uses):							
Transfers in	-	-	14,013	-	-	-	-
Transfers out	-	-	(12,466)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(42,462)</u>	<u>(2,676)</u>	<u>14,013</u>	<u>464</u>	<u>291</u>	<u>1,598</u>	<u>10,577</u>
Cash and investments - ending	<u>\$ 74,499</u>	<u>\$ 120,622</u>	<u>\$ 26,092</u>	<u>\$ 795</u>	<u>\$ 291</u>	<u>\$ 4,849</u>	<u>\$ 21,909</u>

NORTHEAST 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)

	Professional Development	Title I 09-10	Title I 10-11	Title I Part A ARRA 09-10	Title I SIG 10-11	Safe and Drug Free 09-10	AAE Grant 09-10
Cash and investments - beginning	\$ 3,994	\$ 63,153	\$ -	\$ 41,764	\$ -	\$ 5,567	\$ 4,706
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	197,061	10,199	54,540	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	197,061	10,199	54,540	-	-
Disbursements:							
Current:							
Instruction	-	21,977	216,000	10,654	2,187	5,567	-
Support services	636	1,371	34,803	41,309	69,256	-	4,706
Noninstructional services	-	9,399	537	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	636	32,747	251,340	51,963	71,443	5,567	4,706
Excess (deficiency) of receipts over disbursements	(636)	(32,747)	(54,279)	(41,764)	(16,903)	(5,567)	(4,706)
Other financing sources (uses):							
Transfers in	-	-	30,406	-	-	-	-
Transfers out	-	(30,406)	-	-	-	-	-
Total other financing sources (uses)	-	(30,406)	30,406	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(636)	(63,153)	(23,873)	(41,764)	(16,903)	(5,567)	(4,706)
Cash and investments - ending	\$ 3,358	\$ -	\$ (23,873)	\$ -	\$ (16,903)	\$ -	\$ -

NORTHEAST 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)

	AAE Grant 10-11	Title II 08-09	Title II Part A 09-10	Title I Grants to LEAs	Special Education Part B	Education Technology	Totals
Cash and investments - beginning	\$ -	\$ 13,457	\$ -	\$ 1,427	\$ 3,478	\$ -	\$ 5,397,214
Receipts:							
Local sources	10,700	-	-	-	-	-	3,444,745
Intermediate sources	-	-	-	-	-	-	17,446
State sources	-	-	-	-	-	-	9,836,697
Federal sources	-	-	88,371	16,233	136,215	50,058	1,067,948
Temporary loans	-	-	-	-	-	-	2,000,000
Other	-	-	-	-	-	-	24,054
Total receipts	<u>10,700</u>	<u>-</u>	<u>88,371</u>	<u>16,233</u>	<u>136,215</u>	<u>50,058</u>	<u>16,390,890</u>
Disbursements:							
Current:							
Instruction	-	11,836	88,371	17,710	76,749	-	7,439,975
Support services	8,442	1,621	-	-	78,251	50,058	4,685,900
Noninstructional services	-	-	-	-	-	-	874,278
Facilities acquisition and construction	-	-	-	-	6,250	-	342,866
Debt services	-	-	-	-	-	-	2,814,782
Nonprogrammed charges	-	-	-	-	-	-	413,795
Total disbursements	<u>8,442</u>	<u>13,457</u>	<u>88,371</u>	<u>17,710</u>	<u>161,250</u>	<u>50,058</u>	<u>16,571,596</u>
Excess (deficiency) of receipts over disbursements	<u>2,258</u>	<u>(13,457)</u>	<u>-</u>	<u>(1,477)</u>	<u>(25,035)</u>	<u>-</u>	<u>(180,706)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	256,885
Transfers out	-	-	-	-	-	-	(256,885)
Total other financing sources (uses)	<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>2,258</u>	<u>(13,457)</u>	<u>-</u>	<u>(1,477)</u>	<u>(25,035)</u>	<u>-</u>	<u>(180,706)</u>
Cash and investments - ending	<u>\$ 2,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50)</u>	<u>\$ (21,557)</u>	<u>\$ -</u>	<u>\$ 5,216,508</u>

NORTHEAST 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:	
Land	\$ 25,180
Infrastructure	813,130
Buildings	13,617,700
Machinery and equipment	1,252,627
Transportation equipment	<u>1,390,784</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 17,099,421</u>

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NORTHEAST 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:		
2001 Improvements to North Central HS	\$ 2,240,000	\$ 408,500
Tax anticipation warrants	2,000,000	2,032,000
Common school fund loans payable	7,902	7,942
Bonds payable:		
General obligation bonds:		
2006 Pension Bonds	<u>3,380,000</u>	<u>343,165</u>
Total governmental activities debt	<u>\$ 7,627,902</u>	<u>\$ 2,791,607</u>

NORTHEAST SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder for the term of July 1, 2009 to July 1, 2010:

Blanket Bond for the Payroll Secretary and Extra-Curricular Treasurers

The treasurer of the school corporation, and the deputy treasurer if one is appointed, for each school year commencing July 1, shall each give a bond for the faithful performance of duty, written by an insurance company licensed to do business in the State of Indiana, in an amount determined by the governing body. The treasurer shall be responsible under the treasurer's bond for the acts of any deputy treasurer appointed as provided in IC 20-26-4-5. All bonds must be made payable to the State of Indiana, IC 5-4-1-10; and approved by the governing body of the school corporation. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder. No charge is made for recording official bonds, IC 36-2-7-10.

The treasurer of each extra-curricular account shall provide a faithful performance of duty bond for one year, the term of the office. The amount of the bond shall be fixed and approved by the school superintendent and principal approximating the total amount of anticipated funds which will come into the hands of the treasurer at any one time during the regular school year, IC 20-41-1-6. The State Board of Accounts is of the audit position bonds should be filed and recorded in the office of the county recorder and a new bond shall be issued and filed each year. If either school lunch funds or textbook rental funds are handled through an extra-curricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer, IC 20-41-2-6. The bond may be either an individual bond for each extra-curricular treasurer or a single blanket position bond for all extra-curricular treasurers, IC 20-41-1-6. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

ECA DEPOSITS - Applies to Union High School

On October 18, 2011, a cash count was performed at the Union High School office. On this day, cash and personal checks were on hand totaling \$3,295 received from as far back as August 1, 2011, for athletic uniforms.

Also on hand were cash and vendor checks totaling \$636 dated as far back as October 7, 2011, for yearbook advertisements.

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

NORTHEAST SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

ECA PTO FUNDS - Applies to Shelburn Elementary

On October 18, 2011, a cash count was performed at the Shelburn Elementary office. On this day, PTO fundraiser collections were on hand totaling \$1,436.

Funds and records of an organization of parents and teachers should be maintained by a private group or individual and not in the extra-curricular account.

Indiana Code 20-41-1-7(a) states:

"The treasurer has charge of the custody and disbursement of any funds collected by a collecting authority and expended to pay expenses:

- (1) approved by the principal or teacher in charge of the school;
- (2) incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers);
- (3) that cost more than twenty-five dollars (\$25) during the school year; and
- (4) that are not paid from public funds."

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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
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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 NORTHEAST SCHOOL CORPORATION, SULLIVAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Northeast 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

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)

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.

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, the Board of School Trustees, 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

December 20, 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.

NORTHEAST 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		\$ 75,744	\$ 70,824
National School Lunch Program	10.555		293,505	297,434
Summer Food Service Program for Children	10.559		<u>12,402</u>	<u>5,190</u>
Total for cluster			<u>381,651</u>	<u>373,448</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability Indiana ARRA National School Lunch Program Equipment Grant	10.579		<u>21,611</u>	-
Total for federal grantor agency			<u>403,262</u>	<u>373,448</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			
Basic Concentration Funds		10-7645	325,418	63,153
Basic Concentration Funds		11-7645	37,556	251,340
School Improvement Grant		09-7645	5,852	-
School Improvement Grant		11-7645	<u>-</u>	<u>71,443</u>
Total for program			<u>368,826</u>	<u>385,936</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act School Improvement Grant	84.010A	10-7645	<u>62,826</u>	<u>51,963</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>150,141</u>	<u>17,710</u>
Total for cluster			<u>581,793</u>	<u>455,609</u>
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386		<u>110,344</u>	<u>50,058</u>
Special Education Cluster				
ARRA - Special Education - Grants to States, Recovery Act	84.391		<u>106,606</u>	<u>161,250</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		<u>13,088</u>	-
Total for cluster			<u>119,694</u>	<u>161,250</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>1,115,244</u>	-
Safe and Drug-Free Schools and Communities - State Grants				
	84.186	09-7645	4,309	-
		10-7645	<u>1,296</u>	<u>5,567</u>
Total for program			<u>5,605</u>	<u>5,567</u>
State Grants for Innovative Programs	84.298	07-7645	<u>1,001</u>	-
Improving Teacher Quality State Grants				
Title II	84.367	08-7645	5,829	-
Title II		09-7645	74,364	13,457
Title II		10-7645	<u>-</u>	<u>88,371</u>
Total for program			<u>80,193</u>	<u>101,828</u>
Total for federal grantor agency			<u>2,013,874</u>	<u>774,312</u>
Total federal awards expended			<u>\$ 2,417,136</u>	<u>\$ 1,147,760</u>

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

NORTHEAST 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 Northeast 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	2010	2011
School Breakfast Program	10.553	\$ 7,453	\$ 7,137
National School Lunch Program	10.555	28,881	29,971

NORTHEAST 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 deficiency identified?	none reported
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

Child Nutrition Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTHEAST SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTHEAST SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2011, with Dr. Mark A. Baker, Superintendent of Schools; Angela M. Grove, President of the School Board; Vikki Huntworth, Treasurer; and Sheila Woodard, Payroll Clerk. The officials concurred with our audit findings.