

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

EXAMINATION REPORT
OF
EMINENCE COMMUNITY SCHOOL CORPORATION
MORGAN COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
03/20/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melisa M. Bundy	07-01-05 to 06-30-08
Superintendent of Schools	Norman Stockton Dr. Susan D. Phillips	07-01-05 to 06-30-06 07-01-06 to 06-30-08
President of the School Board	Kevin Ford Kathy Decker	01-01-05 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EMINENCE COMMUNITY SCHOOL
CORPORATION, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of Eminence Community School Corporation (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

December 5, 2007

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	Program Receipts			Net (Disbursement) Receipts and Changes in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 1,578,332	\$ -	\$ 30,321	\$ (1,548,011)
Support services	2,282,206	185,868	66,142	(2,030,196)
Community services	22,355	-	-	(22,355)
Nonprogrammed charges	336,784	-	-	(336,784)
Debt service	864,013	-	-	(864,013)
Total governmental activities	\$ 5,083,690	\$ 185,868	\$ 96,463	(4,801,359)
General receipts:				
Property taxes				1,888,899
Other local sources				430,133
State aid				2,186,156
Grants and contributions not restricted to specific programs				164,548
Sale of property, adjustments, and refunds				6,054
Investment earnings				35,540
Total general receipts				4,711,330
Change in net assets				(90,029)
Net assets - beginning				1,629,061
Net assets - ending				\$ 1,539,032
<u>Assets</u>				
Cash and investments				\$ 1,262,567
Restricted assets:				
Cash and investments				276,465
Total assets				\$ 1,539,032
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 276,465
Unrestricted				1,262,567
Total net assets				\$ 1,539,032

The accompanying notes are an integral part of the financial information.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,647,954	\$ -	\$ 28,676	\$ (1,619,278)
Support services	2,464,713	190,320	74,764	(2,199,629)
Community services	24,087	-	-	(24,087)
Nonprogrammed charges	375,530	-	-	(375,530)
Debt service	596,286	-	-	(596,286)
Total governmental activities	\$ 5,108,570	\$ 190,320	\$ 103,440	(4,814,810)
General receipts:				
Property taxes				1,034,327
Other local sources				286,994
State aid				2,076,017
Bonds and loans				700,000
Grants and contributions not restricted to specific programs				83,863
Sale of property, adjustments, and refunds				5,462
Investment earnings				42,781
Total general receipts				4,229,444
Change in net assets				(585,366)
Net assets - beginning				1,539,032
Net assets - ending				\$ 953,666
<u>Assets</u>				
Cash and investments				\$ 954,253
Restricted assets:				
Cash and investments				(587)
Total assets				\$ 953,666
<u>Net Assets</u>				
Unrestricted				\$ 953,666

The accompanying notes are an integral part of the financial information.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,101,405	\$ 317,000	\$ 462,494	\$ 301,912	\$ 59,869	\$ 297,479	\$ 2,540,159
Intermediate sources	168	-	-	-	-	113	281
State sources	2,203,192	-	-	-	-	33,845	2,237,037
Federal sources	-	-	-	-	-	210,130	210,130
Sale of property, adjustments and refunds	403	4,880	21	750	-	-	6,054
Total receipts	3,305,168	321,880	462,515	302,662	59,869	541,567	4,993,661
Disbursements:							
Current:							
Instruction	1,459,872	-	-	-	-	118,459	1,578,331
Support services	1,359,552	349,705	-	229,411	-	343,538	2,282,206
Community services	22,355	-	-	-	-	-	22,355
Nonprogrammed charges	331,286	-	-	-	-	5,500	336,786
Debt services	300,500	-	496,685	-	-	66,827	864,012
Total disbursements	3,473,565	349,705	496,685	229,411	-	534,324	5,083,690
Excess (deficiency) of receipts over disbursements	(168,397)	(27,825)	(34,170)	73,251	59,869	7,243	(90,029)
Cash and investments - beginning	583,605	171,166	310,274	336,902	106,841	120,273	1,629,061
Cash and investments - ending	<u>\$ 415,208</u>	<u>\$ 143,341</u>	<u>\$ 276,104</u>	<u>\$ 410,153</u>	<u>\$ 166,710</u>	<u>\$ 127,516</u>	<u>\$ 1,539,032</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 415,208	\$ 143,341	\$ -	\$ 410,153	\$ 166,710	\$ 127,155	\$ 1,262,567
Restricted assets:							
Cash and investments	-	-	276,104	-	-	361	276,465
Total cash and investment assets - ending	<u>\$ 415,208</u>	<u>\$ 143,341</u>	<u>\$ 276,104</u>	<u>\$ 410,153</u>	<u>\$ 166,710</u>	<u>\$ 127,516</u>	<u>\$ 1,539,032</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 276,104	\$ -	\$ -	\$ 361	\$ 276,465
Unrestricted	415,208	143,341	-	410,153	166,710	127,155	1,262,567
Total cash and investment fund balance - ending	<u>\$ 415,208</u>	<u>\$ 143,341</u>	<u>\$ 276,104</u>	<u>\$ 410,153</u>	<u>\$ 166,710</u>	<u>\$ 127,516</u>	<u>\$ 1,539,032</u>

The accompanying notes are an integral part of the financial information.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 655,105	\$ 186,681	\$ 281,863	\$ 166,438	\$ 21,420	\$ 242,709	\$ 1,554,216
Intermediate sources	168	-	-	-	-	38	206
State sources	2,084,042	-	-	-	-	54,146	2,138,188
Federal sources	-	-	-	-	-	125,132	125,132
Bonds and loans	700,000	-	-	-	-	-	700,000
Sale of property, adjustments and refunds	66	2,901	-	2,495	-	-	5,462
Total receipts	3,439,381	189,582	281,863	168,933	21,420	422,025	4,523,204
Disbursements:							
Current:							
Instruction	1,534,122	-	-	-	-	113,832	1,647,954
Support services	1,358,496	334,820	-	302,591	153,033	315,774	2,464,714
Community services	24,087	-	-	-	-	-	24,087
Nonprogrammed charges	374,000	-	-	-	-	1,529	375,529
Debt services	-	-	526,082	-	-	70,204	596,286
Total disbursements	3,290,705	334,820	526,082	302,591	153,033	501,339	5,108,570
Excess (deficiency) of receipts over disbursements	148,676	(145,238)	(244,219)	(133,658)	(131,613)	(79,314)	(585,366)
Cash and investments - beginning	415,208	143,341	276,104	410,153	166,710	127,516	1,539,032
Cash and investments - ending	<u>\$ 563,884</u>	<u>\$ (1,897)</u>	<u>\$ 31,885</u>	<u>\$ 276,495</u>	<u>\$ 35,097</u>	<u>\$ 48,202</u>	<u>\$ 953,666</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 563,884	\$ (1,897)	\$ -	\$ 276,495	\$ 35,097	\$ 80,674	\$ 954,253
Restricted assets:							
Cash and investments	-	-	31,885	-	-	(32,472)	(587)
Total cash and investment assets - ending	<u>\$ 563,884</u>	<u>\$ (1,897)</u>	<u>\$ 31,885</u>	<u>\$ 276,495</u>	<u>\$ 35,097</u>	<u>\$ 48,202</u>	<u>\$ 953,666</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 31,885	\$ -	\$ -	\$ (31,885)	\$ -
Unrestricted	563,884	(1,897)	-	276,495	35,097	80,087	953,666
Total cash and investment fund balance - ending	<u>\$ 563,884</u>	<u>\$ (1,897)</u>	<u>\$ 31,885</u>	<u>\$ 276,495</u>	<u>\$ 35,097</u>	<u>\$ 48,202</u>	<u>\$ 953,666</u>

The accompanying notes are an integral part of the financial information.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Pension Trust Funds	Agency Funds
Additions	\$ <u> -</u>	
Deductions:		
Benefits	<u> 14,367</u>	
Excess (deficiency) of total additions over total deductions	(14,367)	
Cash and investment fund balance - beginning	<u> 188,666</u>	
Cash and investment fund balance - ending	<u><u> 174,299</u></u>	
Net assets:		
Cash and investments	<u> 174,299</u>	<u> 108,470</u>
Total net assets - cash and investment basis held in trust	<u><u> 174,299</u></u>	<u><u> 108,470</u></u>

The accompanying notes are an integral part of the financial information.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Agency Funds
Additions	\$ <u> -</u>	
Deductions:		
Benefits	<u> 104,776</u>	
Excess (deficiency) of total additions over total deductions	(104,776)	
Cash and investment fund balance - beginning	<u> 174,299</u>	
Cash and investment fund balance - ending	<u>\$ 69,523</u>	
Net assets:		
Cash and investments	<u>\$ 69,523</u>	<u>\$ 66,396</u>
Total net assets - cash and investment basis held in trust	<u>\$ 69,523</u>	<u>\$ 66,396</u>

The accompanying notes are an integral part of the financial information.

EMINENCE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Information

Government-Wide Financial Schedules

The Schedule of Activities and Net Assets - Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

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

The School Corporation reports the following major governmental funds:

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

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

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

EMINENCE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance bond fund, which accumulate resources for pension benefit payments.

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

B. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

EMINENCE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Levy Excess Fund	\$ 12,636	\$ -
Transportation Operating Fund	Levy Excess Fund	3,548	-
Debt Service Fund	Levy Excess Fund	4,903	-
Capital Projects Fund	Levy Excess Fund	3,612	-
School Bus Replacement Fund	Levy Excess Fund	940	-
Other governmental funds	Levy Excess Fund	845	-
Levy Excess Fund	General Fund	-	12,636
Levy Excess Fund	Transportation Operating Fund	-	3,548
Levy Excess Fund	Debt Service Fund	-	4,903
Levy Excess Fund	Capital Projects Fund	-	3,612
Levy Excess Fund	School Bus Replacement Fund	-	940
Levy Excess Fund	Other governmental funds	-	845
Totals		<u>\$ 26,484</u>	<u>\$ 26,484</u>

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

EMINENCE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension 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.

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Preschool Education	School Lunch	Textbook Rental	Education License Plates	Safe School Haven Grant	Donation Fund	Rural Education Achievement Program (REAP)
Receipts:							
Local sources	\$ 2,717	\$ 136,528	\$ 57,268	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	113	-	-	-
State sources	8,717	3,499	7,234	-	1,110	-	-
Federal sources	-	55,409	-	-	-	-	46,656
Total receipts	11,434	195,436	64,502	113	1,110	-	46,656
Disbursements:							
Current:							
Instruction	-	-	-	-	2,820	-	-
Support services	-	182,935	73,934	-	-	-	33,765
Nonprogrammed charges	5,500	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	5,500	182,935	73,934	-	2,820	-	33,765
Excess (deficiency) of receipts over disbursements	5,934	12,501	(9,432)	113	(1,710)	-	12,891
Cash and investments - beginning	67,602	28,047	(62,380)	2,386	1,710	1,345	(12,891)
Cash and investments - ending	<u>\$ 73,536</u>	<u>\$ 40,548</u>	<u>\$ (71,812)</u>	<u>\$ 2,499</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 73,536	\$ 40,548	\$ (71,812)	\$ 2,499	\$ -	\$ 1,345	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 73,536</u>	<u>\$ 40,548</u>	<u>\$ (71,812)</u>	<u>\$ 2,499</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	73,536	40,548	(71,812)	2,499	-	1,345	-
Total cash and investment fund balance - ending	<u>\$ 73,536</u>	<u>\$ 40,548</u>	<u>\$ (71,812)</u>	<u>\$ 2,499</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ -</u>

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Professional Development Grant	Green School Project	04/05 Gifted and Talented Grant	05/06 Gifted and Talented Grant	Driver's Education	ECA Purchase Fund	Non-English Speaking Program
Receipts:							
Local sources	\$ -	\$ 59	\$ -	\$ -	\$ 5,570	\$ 1,595	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	2,263	-	-	11,022	-	-	-
Federal sources	-	-	-	-	-	-	-
Total receipts	2,263	59	-	11,022	5,570	1,595	-
Disbursements:							
Current:							
Instruction	2,461	-	9,431	355	8,958	1,520	-
Support services	136	-	1,300	-	2,436	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	2,597	-	10,731	355	11,394	1,520	-
Excess (deficiency) of receipts over disbursements	(334)	59	(10,731)	10,667	(5,824)	75	-
Cash and investments - beginning	3,625	-	10,731	-	10,984	(36)	62
Cash and investments - ending	<u>\$ 3,291</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 10,667</u>	<u>\$ 5,160</u>	<u>\$ 39</u>	<u>\$ 62</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,291	\$ 59	\$ -	\$ 10,667	\$ 5,160	\$ 39	\$ 62
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,291</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 10,667</u>	<u>\$ 5,160</u>	<u>\$ 39</u>	<u>\$ 62</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	3,291	59	-	10,667	5,160	39	62
Total cash and investment fund balance - ending	<u>\$ 3,291</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 10,667</u>	<u>\$ 5,160</u>	<u>\$ 39</u>	<u>\$ 62</u>

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Principles of Leadership Elementary	Primetime Grant High School	Kendrick Foundation Grant	Project Grant Gifted and Talented	Title V Part A	Title Service Grant	Special Education Federal
Receipts:							
Local sources	\$ -	\$ -	\$ 25,914	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	4,055	1,575	71,551
Total receipts	-	-	25,914	-	4,055	1,575	71,551
Disbursements:							
Current:							
Instruction	-	-	25,914	32	-	453	46,461
Support services	-	-	-	-	1,849	860	26,782
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	-	25,914	32	1,849	1,313	73,243
Excess (deficiency) of receipts over disbursements	-	-	-	(32)	2,206	262	(1,692)
Cash and investments - beginning	63	1,750	-	32	1,849	-	54,512
Cash and investments - ending	<u>\$ 63</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,055</u>	<u>\$ 262</u>	<u>\$ 52,820</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 63	\$ 1,750	\$ -	\$ -	\$ 4,055	\$ 262	\$ 52,820
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 63	\$ 1,750	\$ -	\$ -	\$ 4,055	\$ 262	\$ 52,820
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	63	1,750	-	-	4,055	262	52,820
Total cash and investment fund balance - ending	\$ 63	\$ 1,750	\$ -	\$ -	\$ 4,055	\$ 262	\$ 52,820

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Drug Free Title IV	Project Lead the Way	Improving Teacher Quality	Retirement Debt Service Fund	Construction Fund	Totals
Receipts:						
Local sources	\$ -	\$ 95	\$ -	\$ 67,733	\$ -	\$ 297,479
Intermediate sources	-	-	-	-	-	113
State sources	-	-	-	-	-	33,845
Federal sources	1,753	17,863	11,268	-	-	210,130
Total receipts	1,753	17,958	11,268	67,733	-	541,567
Disbursements:						
Current:						
Instruction	250	19,804	-	-	-	118,459
Support services	1,520	809	17,084	-	128	343,538
Nonprogrammed charges	-	-	-	-	-	5,500
Debt services	-	-	-	66,827	-	66,827
Total disbursements	1,770	20,613	17,084	66,827	128	534,324
Excess (deficiency) of receipts over disbursements	(17)	(2,655)	(5,816)	906	(128)	7,243
Cash and investments - beginning	79	1	9,910	(545)	1,437	120,273
Cash and investments - ending	<u>62</u>	<u>(2,654)</u>	<u>4,094</u>	<u>361</u>	<u>1,309</u>	<u>127,516</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 62	\$ (2,654)	\$ 4,094	\$ -	\$ 1,309	\$ 127,155
Restricted assets:						
Cash and investments	-	-	-	361	-	361
Total cash and investment assets - ending	<u>62</u>	<u>(2,654)</u>	<u>4,094</u>	<u>361</u>	<u>1,309</u>	<u>127,516</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 361	\$ -	\$ 361
Other purposes	-	-	-	-	-	-
Unrestricted	62	(2,654)	4,094	-	1,309	127,155
Total cash and investment fund balance - ending	<u>62</u>	<u>(2,654)</u>	<u>4,094</u>	<u>361</u>	<u>1,309</u>	<u>127,516</u>

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Preschool Education	School Lunch	Textbook Rental	Education License Plates	Safe School Haven Grant	Donation Fund	Rural Education Achievement Program (REAP)
Receipts:							
Local sources	\$ 1,478	\$ 137,122	\$ 59,574	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	38	-	-	-
State sources	5,849	3,252	13,815	-	4,500	-	-
Federal sources	-	57,697	-	-	-	-	17,923
Total receipts	7,327	198,071	73,389	38	4,500	-	17,923
Disbursements:							
Current:							
Instruction	963	-	-	-	4,500	-	-
Support services	254	191,067	58,721	-	-	-	21,290
Nonprogrammed charges	1,529	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	2,746	191,067	58,721	-	4,500	-	21,290
Excess (deficiency) of receipts over disbursements	4,581	7,004	14,668	38	-	-	(3,367)
Cash and investments - beginning	73,536	40,548	(71,812)	2,499	-	1,345	-
Cash and investments - ending	<u>\$ 78,117</u>	<u>\$ 47,552</u>	<u>\$ (57,144)</u>	<u>\$ 2,537</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ (3,367)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 78,117	\$ 47,552	\$ (57,145)	\$ 2,536	\$ -	\$ 1,345	\$ (3,367)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 78,117</u>	<u>\$ 47,552</u>	<u>\$ (57,145)</u>	<u>\$ 2,536</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ (3,367)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	78,117	47,552	(57,145)	2,536	-	1,345	(3,367)
Total cash and investment fund balance - ending	<u>\$ 78,117</u>	<u>\$ 47,552</u>	<u>\$ (57,145)</u>	<u>\$ 2,536</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ (3,367)</u>

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Professional Development Grant	Green School Project	05/06 Gifted and Talented Grant	02/03 Gifted and Talented Grant	Driver's Education	ECA Purchase Fund	Non-English Speaking Program
Receipts:							
Local sources	\$ -	\$ 71	\$ -	\$ -	\$ 5,317	\$ 1,576	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	9,629	-	-	11,022	-	-	-
Federal sources	-	-	-	-	-	-	-
Total receipts	9,629	71	-	11,022	5,317	1,576	-
Disbursements:							
Current:							
Instruction	9,749	-	9,359	9,412	4,433	3,112	-
Support services	-	-	1,308	1,400	1,744	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	9,749	-	10,667	10,812	6,177	3,112	-
Excess (deficiency) of receipts over disbursements	(120)	71	(10,667)	210	(860)	(1,536)	-
Cash and investments - beginning	3,291	59	10,667	-	5,160	39	62
Cash and investments - ending	<u>\$ 3,171</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 4,300</u>	<u>\$ (1,497)</u>	<u>\$ 62</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,172	\$ 130	\$ -	\$ 210	\$ 4,300	\$ (1,496)	\$ 62
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,172</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 4,300</u>	<u>\$ (1,496)</u>	<u>\$ 62</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	3,172	130	-	210	4,300	(1,496)	62
Total cash and investment fund balance - ending	<u>\$ 3,172</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 4,300</u>	<u>\$ (1,496)</u>	<u>\$ 62</u>

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Indiana Youth Tobacco Survey	Principles of Leadership Elementary	Primetime Grant High School	Community Foundation of Morgan County	Title V Part A	Title Service Grant	Special Education Federal
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	1,000	-	-	3,629	-	-	-
Federal sources	-	-	-	-	-	-	-
Total receipts	1,000	-	-	3,629	-	-	-
Disbursements:							
Current:							
Instruction	-	63	-	-	868	-	36,762
Support services	-	-	-	3,629	2,362	210	16,058
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	63	-	3,629	3,230	210	52,820
Excess (deficiency) of receipts over disbursements	1,000	(63)	-	-	(3,230)	(210)	(52,820)
Cash and investments - beginning	-	63	1,750	-	4,055	262	52,820
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 52</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,000	\$ -	\$ 1,750	\$ -	\$ 825	\$ 52	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 52</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	1,000	-	1,750	-	825	52	-
Total cash and investment fund balance - ending	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 52</u>	<u>\$ -</u>

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Drug Free Title IV	HMCI Foundation Grant	Project Lead the Way	Improving Teacher Quality	Retirement Debt Service Fund	Construction Fund	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ 200	\$ -	\$ 37,371	\$ -	\$ 242,709
Intermediate sources	-	-	-	-	-	-	38
State sources	-	1,450	-	-	-	-	54,146
Federal sources	877	-	37,458	11,177	-	-	125,132
Total receipts	877	1,450	37,658	11,177	37,371	-	422,025
Disbursements:							
Current:							
Instruction	-	-	34,611	-	-	-	113,832
Support services	781	-	198	11,514	-	5,238	315,774
Nonprogrammed charges	-	-	-	-	-	-	1,529
Debt services	-	-	-	-	70,204	-	70,204
Total disbursements	781	-	34,809	11,514	70,204	5,238	501,339
Excess (deficiency) of receipts over disbursements	96	1,450	2,849	(337)	(32,833)	(5,238)	(79,314)
Cash and investments - beginning	62	-	(2,654)	4,094	361	1,309	127,516
Cash and investments - ending	<u>\$ 158</u>	<u>\$ 1,450</u>	<u>\$ 195</u>	<u>\$ 3,757</u>	<u>\$ (32,472)</u>	<u>\$ (3,929)</u>	<u>\$ 48,202</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 158	\$ 1,450	\$ 195	\$ 3,757	\$ -	\$ (3,929)	\$ 80,674
Restricted assets:							
Cash and investments	-	-	-	-	(32,472)	-	(32,472)
Total cash and investment assets - ending	\$ 158	\$ 1,450	\$ 195	\$ 3,757	\$ (32,472)	\$ (3,929)	\$ 48,202
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (32,472)	\$ -	\$ (32,472)
Other purposes	-	-	-	-	-	-	-
Unrestricted	158	1,450	195	3,757	-	(3,929)	80,674
Total cash and investment fund balance - ending	\$ 158	\$ 1,450	\$ 195	\$ 3,757	\$ (32,472)	\$ (3,929)	\$ 48,202

EMINENCE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	Levy Excess	Payroll Withholdings	Totals
Net assets:			
Cash and investments	\$ 26,484	\$ 81,987	\$ 108,471
Total net assets - cash and investment basis held in trust	\$ 26,484	\$ 81,987	\$ 108,471

EMINENCE COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2007

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	\$ 62,386
Buildings	6,018,527
Machinery and equipment	<u>264,249</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 6,345,162</u>

EMINENCE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

June 30, 2007

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
School building	\$ 5,915,000	\$ 488,000
Energy conservation equipment	205,912	58,881
Bonds payable:		
General obligation bonds:		
Pension bonds	<u>410,000</u>	<u>50,000</u>
Total governmental activities long-term debt	<u>\$ 6,530,912</u>	<u>\$ 596,881</u>

EMINENCE COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

TRANSFER TUITION

The School Corporation charges a flat \$2,000 transfer tuition fee for students who do not live in the School Corporation, but who are being educated by the School Corporation. The calculation of transfer tuition was not based on actual costs using the Transfer Tuition Schedule (School Form 515).

Indiana Code 20-26-11-6 states in part:

"(a) A school corporation may accept a transferring student without approval of the transferor corporation under section 5 of this chapter."

"(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established . . ."

CAPITAL ASSET RECORDS

Capital asset records are being substantially maintained using the Capital Asset Ledger form, but do not contain certain equipment items and have not been recently updated.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims:

- (1) Claims were not certified by the Corporation Treasurer as to being true, correct and audited in accordance with Indiana Code 5-11-10-1.6.
- (2) One claim examined did not have a fully itemized invoice for the claim.

Indiana Code 5-11-10-1.6 states in part:

(b) "As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

(c) "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;

EMINENCE COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

OVERDRAWN FUND BALANCES

The following funds were overdrawn in 2006 and/or 2007:

Fund	2006	2007
Textbook Rental	\$ 71,812	\$ 57,145
Project Lead the Way	2,654	-
Retirement Debt Service	-	32,472
Construction	-	3,929
Transportation Operating	-	1,897
Rural Education Achievement Program	-	3,367
ECA Purchase	-	1,496

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)

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for examination indicates the number of honors diplomas reported to the Indiana Department of Education, were incorrect for the school years ending June 30, 2005 and 2006.

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

School Year	Honors Count as Reported	Actual Academic Honors	Difference
2004-2005	13	9	4
2005-2006	9	12	(3)

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)

PRESCRIBED FORMS

Prescribed Form Certified Report of Names, Addresses, Duties and Compensation of Public Employees (General Form 100R) was not in use.

EMINENCE COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

The form will be used to list the name, address, duties and compensation of each officer and employee of the school corporation during the month of January. After the form is prepared it should be mailed before January 31 each year to the State Board of Accounts . . . (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials and employees of the School Corporation had money due from the School Corporation, but a list of such employees was not certified to the County Treasurer in 2006 or 2007.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

EMINENCE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2007, with Melisa M. Bundy, Treasurer; and Dr. Susan D. Phillips, Superintendent of Schools. The officials concurred with our findings.