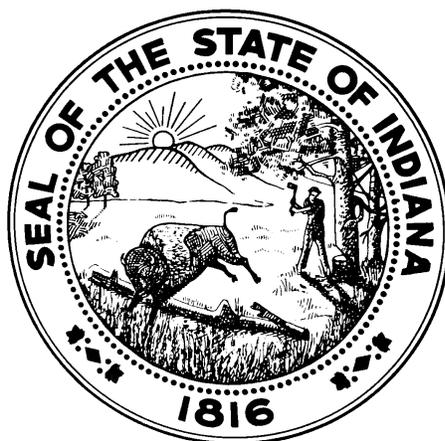


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
LAKELAND SCHOOL CORPORATION
LAGRANGE COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
03/28/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements 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 Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets - Cash and Investment Basis.....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances - Fiduciary Funds.....	11-12
Notes to Financial Statements	13-23
Required Supplementary Information:	
Schedule of Funding Progress	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis – Other Governmental Funds.....	25-38
Schedule of Capital Assets.....	39
Schedule of Long-Term Debt	40
Audit Results and Comments:	
Deposits.....	41
Overdrawn Fund Balances	41
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.....	44-45
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards.....	47
Schedule of Findings and Questioned Costs	48
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	49
Exit Conference.....	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara K. Drake	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Russell E. Hodges Risa J. Herber	07-01-05 to 09-17-06 09-18-06 to 06-30-08
President of the School Board	Dean Domer	07-01-05 to 06-03-08



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AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeland School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 31, 2008



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

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeland School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

January 31, 2008

LAKELAND SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net Disbursements Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,683,020	\$ -	\$ 85,836	\$ (7,597,184)
Support services	10,743,389	682,914	440,437	(9,620,038)
Community services	18	-	-	(18)
Nonprogrammed charges	153,553	-	-	(153,553)
Debt service	6,549,196	-	-	(6,549,196)
	<u>\$ 25,129,176</u>	<u>\$ 682,914</u>	<u>\$ 526,273</u>	<u>(23,919,989)</u>
Total governmental activities				
General receipts:				
Property taxes				13,065,297
Other local sources				1,988,506
State aid				8,252,530
Bonds and loans				1,087,066
Grants and contributions not restricted to specific programs				665,603
Sale of property, adjustments, and refunds				102,486
Investment earnings				59,800
Total general receipts				<u>25,221,288</u>
Change in net assets				1,301,299
Net assets - beginning				<u>2,431,857</u>
Net assets - ending				<u>\$ 3,733,156</u>
<u>Assets</u>				
Cash and investments				\$ 3,458,991
Restricted assets:				
Cash and investments				<u>274,165</u>
Total assets				<u>\$ 3,733,156</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 274,165
Unrestricted				<u>3,458,991</u>
Total net assets				<u>\$ 3,733,156</u>

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

LAKELAND SCHOOL CORPORATION
STATEMENT 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 Disbursements Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,790,563	\$ -	\$ 73,074	\$ (7,717,489)
Support services	10,401,580	722,696	385,900	(9,292,984)
Community services	260	-	-	(260)
Nonprogrammed charges	1,304,118	-	-	(1,304,118)
Debt service	1,328,636	-	-	(1,328,636)
	<u>\$ 20,825,157</u>	<u>\$ 722,696</u>	<u>\$ 458,974</u>	<u>(19,643,487)</u>
Total governmental activities				
General receipts:				
Property taxes				5,012,034
Other local sources				1,016,387
State aid				8,217,647
Bonds and loans				3,848,216
Grants and contributions not restricted to specific programs				696,566
Sale of property, adjustments, and refunds				74,305
Investment earnings				127,197
Total general receipts				<u>18,992,352</u>
Change in net assets				(651,135)
Net assets - beginning				<u>3,733,156</u>
Net assets - ending				<u>\$ 3,082,021</u>
<u>Assets</u>				
Cash and investments				\$ 2,077,283
Restricted assets:				
Cash and investments				<u>1,004,738</u>
Total assets				<u>\$ 3,082,021</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,004,738
Unrestricted				<u>2,077,283</u>
Total net assets				<u>\$ 3,082,021</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 7,468,219	\$ 1,509,619	\$ 2,354,808	\$ 3,111,081	\$ 314,657	\$ -	\$ 1,036,940	\$ 15,795,324
Intermediate sources	349	-	-	-	-	-	844	1,193
State sources	8,327,735	-	-	-	-	-	96,964	8,424,699
Federal sources	14,000	-	-	-	-	-	1,005,707	1,019,707
Bonds and loans	1,087,066	-	-	-	-	-	-	1,087,066
Sale of property, adjustments and refunds	37,663	7,812	-	771	-	-	56,240	102,486
Total receipts	16,935,032	1,517,431	2,354,808	3,111,852	314,657	-	2,196,695	26,430,475
Disbursements:								
Current:								
Instruction	7,180,351	-	-	-	-	-	502,669	7,683,020
Support services	5,868,875	1,152,869	-	2,029,124	302,408	590	1,389,523	10,743,389
Community services	-	-	-	-	-	-	18	18
Nonprogrammed charges	52,335	-	-	-	-	-	101,218	153,553
Debt services	1,869,792	477,212	2,611,012	1,437,302	36,530	-	117,348	6,549,196
Total disbursements	14,971,353	1,630,081	2,611,012	3,466,426	338,938	590	2,110,776	25,129,176
Excess (deficiency) of receipts over disbursements	1,963,679	(112,650)	(256,204)	(354,574)	(24,281)	(590)	85,919	1,301,299
Other financing sources (uses):								
Transfers in	-	87,003	-	-	-	-	191,252	278,255
Transfers out	(79,861)	(16,392)	(112,589)	(35,328)	(3,665)	-	(30,420)	(278,255)
Total other financing sources (uses)	(79,861)	70,611	(112,589)	(35,328)	(3,665)	-	160,832	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,883,818	(42,039)	(368,793)	(389,902)	(27,946)	(590)	246,751	1,301,299
Cash and investments - beginning	474,909	261,022	586,332	782,819	2,270	314,686	9,819	2,431,857
Cash and investments - ending	\$ 2,358,727	\$ 218,983	\$ 217,539	\$ 392,917	\$ (25,676)	\$ 314,096	\$ 256,570	\$ 3,733,156
Cash and Investment Assets - Ending								
Cash and investments	\$ 2,358,727	\$ 218,983	\$ -	\$ 392,917	\$ (25,676)	\$ 314,096	\$ 199,944	\$ 3,458,991
Restricted assets:								
Cash and investments	-	-	217,539	-	-	-	56,626	274,165
Total cash and investment assets - ending	\$ 2,358,727	\$ 218,983	\$ 217,539	\$ 392,917	\$ (25,676)	\$ 314,096	\$ 256,570	\$ 3,733,156
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 217,539	\$ -	\$ -	\$ -	\$ 56,626	\$ 274,165
Unrestricted	2,358,727	218,983	-	392,917	(25,676)	314,096	199,944	3,458,991
Total cash and investment fund balance - ending	\$ 2,358,727	\$ 218,983	\$ 217,539	\$ 392,917	\$ (25,676)	\$ 314,096	\$ 256,570	\$ 3,733,156

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 3,144,608	\$ 618,563	\$ 948,743	\$ 1,164,105	\$ 112,547	\$ -	\$ 887,246	\$ 6,875,812
Intermediate sources	346	-	-	-	-	-	2,156	2,502
State sources	8,271,839	-	-	-	-	-	110,927	8,382,766
Federal sources	14,000	-	-	-	-	-	976,421	990,421
Bonds and loans	1,521,844	456,022	655,013	1,215,337	-	-	-	3,848,216
Sale of property, adjustments and refunds	4,971	7,390	-	-	-	-	61,944	74,305
Total receipts	12,957,608	1,081,975	1,603,756	2,379,442	112,547	-	2,038,694	20,174,022
Disbursements:								
Current:								
Instruction	7,355,506	-	-	-	-	-	435,057	7,790,563
Support services	6,099,491	1,109,879	-	1,566,489	267,807	-	1,357,914	10,401,580
Community services	260	-	-	-	-	-	-	260
Nonprogrammed charges	1,250,333	-	-	-	-	-	53,785	1,304,118
Debt services	38	-	873,205	397,723	-	-	57,670	1,328,636
Total disbursements	14,705,628	1,109,879	873,205	1,964,212	267,807	-	1,904,426	20,825,157
Excess (deficiency) of receipts over disbursements	(1,748,020)	(27,904)	730,551	415,230	(155,260)	-	134,268	(651,135)
Other financing sources (uses):								
Transfers in	79,861	45,395	25,586	35,328	3,665	-	69,442	259,277
Transfers out	-	-	(29,003)	-	-	-	(230,274)	(259,277)
Total other financing sources (uses)	79,861	45,395	(3,417)	35,328	3,665	-	(160,832)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,668,159)	17,491	727,134	450,558	(151,595)	-	(26,564)	(651,135)
Cash and investments - beginning	2,358,727	218,983	217,539	392,917	(25,676)	314,096	256,570	3,733,156
Cash and investments - ending	\$ 690,568	\$ 236,474	\$ 944,673	\$ 843,475	\$ (177,271)	\$ 314,096	\$ 230,006	\$ 3,082,021
Cash and Investment Assets - Ending								
Cash and investments	\$ 690,568	\$ 236,474	\$ -	\$ 843,475	\$ (177,271)	\$ 314,096	\$ 169,941	\$ 2,077,283
Restricted assets:								
Cash and investments	-	-	944,673	-	-	-	60,065	1,004,738
Total cash and investment assets - ending	\$ 690,568	\$ 236,474	\$ 944,673	\$ 843,475	\$ (177,271)	\$ 314,096	\$ 230,006	\$ 3,082,021
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 944,673	\$ -	\$ -	\$ -	\$ 60,065	\$ 1,004,738
Unrestricted	690,568	236,474	-	843,475	(177,271)	314,096	169,941	2,077,283
Total cash and investment fund balance - ending	\$ 690,568	\$ 236,474	\$ 944,673	\$ 843,475	\$ (177,271)	\$ 314,096	\$ 230,006	\$ 3,082,021

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

LAKELAND SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
Additions:		
Contributions:		
Employer	\$ 15,000	
Agency fund additions	-	
Total additions	<u>15,000</u>	
Deductions:		
Agency fund deductions	-	
Excess of total additions over total deductions	15,000	
Cash and investment fund balance - beginning	<u>31,032</u>	
Cash and investment fund balance - ending	<u>\$ 46,032</u>	
Net assets:		
Cash and investments	<u>\$ 46,032</u>	<u>\$ 5,129</u>
Total net assets - cash and investment basis held in trust	<u>\$ 46,032</u>	<u>\$ 5,129</u>

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

LAKELAND SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Employer	\$ 52,945	
Investment earnings:		
Interest	1,741	
Agency fund additions	-	
Total additions	54,686	
Deductions:		
Agency fund deductions	-	
Excess of total additions over total deductions	54,686	
Cash and investment fund balance - beginning	46,032	
Cash and investment fund balance - ending	\$ 100,718	
Net assets:		
Cash and investments	\$ 100,718	\$ 176,182
Total net assets - cash and investment basis held in trust	\$ 100,718	\$ 176,182

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Lakeland School Corporation

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

Joint Ventures

The School Corporation is a participant with other school corporations in DeKalb, Noble, Steuben, and LaGrange Counties in a joint venture to operate the Northeast Indiana Special Education Cooperative (Co-op) which was created to provide programs and services for children with exceptional needs. The School Corporation is obligated by contract to remit a proportional assessment annually to supplement the Co-op's budget. The School Corporation is obligated for its share of the debts of the Co-op. Complete financial statements for the Co-op can be obtained from DeKalb County Eastern Community School District, 300 East Washington Street, Butler, Indiana, 46721.

The School Corporation is a participant with Elkhart Community Schools in a joint venture to operate the Elkhart Area Career Center (Center) which was created to provide occupational training for those individuals residing within the school corporation. The School Corporation is obligated by contract to remit a sum annually based on the number of students enrolled. The School Corporation is obligated for its share of the debts of the Center. Complete financial statements for the Center can be obtained from Elkhart Community Schools, 2424 California Road, Elkhart, Indiana, 46514.

The School Corporation is a participant with other interested school corporations in DeKalb, Noble, Steuben, and LaGrange Counties in a joint venture to operate the Four County Area Vocational Cooperative (Co-op) which was created to provide vocational education. The School Corporation is obligated by contract to remit a sum annually based on the number of students enrolled. The School Corporation is obligated for its share of the debts of the Co-op. Complete financial statements for the Co-op can be obtained from Garrett-Keyser-Butler Corporation, 801 East Houston Street, Garrett, Indiana, 46738.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets - Cash and Investment Basis display information about the reporting government as a whole. They include 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 Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund balance, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The 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.

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

The construction fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the postretirement/severance future benefits fund which accumulate resources for pension benefit payments.

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. 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 statements.

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 5 days to 7 days per year. Unused sick leave may be accumulated to a maximum of 45 to 70 days. Accumulated sick leave is paid to employees through cash payments at \$60 per day upon retirement.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. One half of vacation leave may be carried over to the next year. Accumulated vacation leave is not paid to employees.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days to 4 days per year. Unused personal leave is transferred to sick leave at year end.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include charges to customers or applicants for goods, services, or privileges provided, and operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets - Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net assets - Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object for all budgeted funds.

B. Cash Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006	2007
School Bus Replacement	\$ 25,676	\$ 177,271
Textbook Rental	213,018	135,808
Out of School Suspension	15,680	4,804

Cash deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Other governmental funds	\$ 79,861	\$ -
Debt Service Fund	Transportation Operating Fund	87,003	29,003
Debt Service Fund	Other governmental funds	25,586	-
Transportation Operating Fund	Other governmental funds	16,392	-
School Bus Replacement Fund	Other governmental funds	3,665	-
Capital Projects Fund	Other governmental funds	35,328	-
Other governmental funds	Other governmental funds	30,420	69,442
Other governmental funds	General Fund	-	79,861
Other governmental funds	Debt Service Fund	-	25,586
Other governmental funds	Transportation Operating Fund	-	16,392
Other governmental funds	School Bus Replacement Fund	-	3,665
Other governmental funds	Capital Projects Fund	-	35,328
		<u>\$ 278,255</u>	<u>\$ 259,277</u>
Totals			

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

C. Short-Term Liabilities

Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in anticipation of property tax distributions. The outstanding principal balance at June 30, 2007, was \$3,848,216.

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past four years. There were no significant reductions in insurance by major category of risk.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees

During 2005, the School Corporation joined other governmental entities to form the Northeast Indiana School Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for six member governmental entities. This risk pool was formed in 2005. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporations

The School Corporation has entered into capital leases with Lakeland High School Building Corporation and Lakeland-Parkside School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2006 and 2007, totaled \$376,272, and \$320,840, respectively.

C. Contingent Liabilities

There is a dispute between the School Corporation and the Lakeland Education Association about Corporation contributions to the Teachers' Defined Contribution Retirement Plan. No estimate of the probability or the amount of the loss has been made by the School Corporation.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

a. Public Employees' Retirement Fund

Plan Description

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

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

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 115,060
Interest on net pension obligation	(11,144)
Adjustment to annual required contribution	12,700
Annual pension cost	116,616
Contributions made	116,402
Increase in net pension obligation	214
Net pension obligation, beginning of year	(153,717)
Net pension obligation, end of year	\$ (153,503)
Contribution rates:	
School Corporation	6%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

LAKELAND SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 106,105	109%	\$ (128,500)
	06-30-05	90,386	128%	(153,717)
	06-30-06	116,616	100%	(153,503)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$237,557, \$217,726, and \$435,903, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

LAKELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Defined Contribution Pension Plan

401(a) Plan

Plan Description

The School Corporation has a defined contribution pension plan administered by the Variable Life Insurance Company as authorized by Indiana Code 5-10-1.1-1. The plan provides retirement benefits to plan members and beneficiaries. The plan was established by a written agreement between the School Corporation and the Lakeland Education Association. The Plan Administrator issues a publically available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

The Variable Life Insurance Company
2929 Allen Parkway, AG-09
Houston, Texas 77019
Ph. (713) 831-4995

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Lakeland Education Association. The School Corporation is required to contribute at an actuarially determined rate. The current rate is 2.5% of annual covered payroll. Employer contributions to the plan for the years ended June 30, 2007, 2006, and 2005, were \$195,926, \$213,249, and \$206,188.

LAKELAND SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 2,195,269	\$ 2,206,934	\$ (11,665)	99%	\$ 1,729,218	(1%)
07-01-05	2,286,655	2,518,185	(231,530)	91%	1,818,720	(13%)
07-01-06	2,391,428	2,584,356	(192,928)	93%	1,921,687	(10%)

LAKELAND 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

	Special Education Preschool	School Food and Nutrition	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Safe Haven Grant
Receipts:							
Local sources	\$ 24,760	\$ 541,279	\$ 171,353	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	844	-	-
State sources	16,551	14,650	32,055	-	-	4,938	4,610
Federal sources	-	393,732	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	41,311	949,661	203,408	-	844	4,938	4,610
Disbursements:							
Current:							
Instruction	-	-	-	-	-	4,938	4,531
Support services	-	885,317	230,660	-	-	-	1,843
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	101,218	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	101,218	885,317	230,660	-	-	4,938	6,374
Excess (deficiency) of receipts over disbursements	(59,907)	64,344	(27,252)	-	844	-	(1,764)
Other financing sources (uses):							
Transfers in	-	-	-	164,145	-	-	-
Transfers out	(275)	-	-	-	-	-	-
Total other financing sources (uses)	(275)	-	-	164,145	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60,182)	64,344	(27,252)	164,145	844	-	(1,764)
Cash and investments - beginning	92,125	(33,845)	(185,766)	-	7,294	-	5,736
Cash and investments - ending	\$ 31,943	\$ 30,499	\$ (213,018)	\$ 164,145	\$ 8,138	\$ -	\$ 3,972
Cash and Investment Assets - Ending							
Cash and investments	\$ 31,943	\$ 30,499	\$ (213,018)	\$ 164,145	\$ 8,138	\$ -	\$ 3,972
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 31,943	\$ 30,499	\$ (213,018)	\$ 164,145	\$ 8,138	\$ -	\$ 3,972
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31,943	30,499	(213,018)	164,145	8,138	-	3,972
Total cash and investment fund balance - ending	\$ 31,943	\$ 30,499	\$ (213,018)	\$ 164,145	\$ 8,138	\$ -	\$ 3,972

LAKELAND 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)

	Early Intervention	Riddick Estate	Local Latch Key Funds	Mark Parker/ Dekko	All Write!!! Crystal Leu	All Write!!! 2005-2006	Tech Prep
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 9,015	\$ 9,015	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	3,500	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,015</u>	<u>9,015</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	3,500	-	-	-	5,450	893	-
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,450</u>	<u>893</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	3,565	8,122	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	3,565	8,122	-
Cash and investments - beginning	-	5,000	15,003	22	5,450	-	1,470
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 15,003</u>	<u>\$ 22</u>	<u>\$ 9,015</u>	<u>\$ 8,122</u>	<u>\$ 1,470</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 5,000	\$ 15,003	\$ 22	\$ 9,015	\$ 8,122	\$ 1,470
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 15,003</u>	<u>\$ 22</u>	<u>\$ 9,015</u>	<u>\$ 8,122</u>	<u>\$ 1,470</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,000	15,003	22	9,015	8,122	1,470
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 15,003</u>	<u>\$ 22</u>	<u>\$ 9,015</u>	<u>\$ 8,122</u>	<u>\$ 1,470</u>

LAKELAND 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)

	Principal Leadership Academy	Computer Consortium	Step Ahead	Scholarships and Awards	Non-English Speaking Program	Non-English Speaking Program	Out of School Suspension
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	14,367	-	904	-	-	5,389	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	4,000
Total receipts	14,367	-	904	-	-	5,389	4,000
Disbursements:							
Current:							
Instruction	14,367	1,219	-	-	3,301	-	18,090
Support services	-	-	-	-	-	-	-
Community services	-	-	18	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	14,367	1,219	18	-	3,301	-	18,090
Excess (deficiency) of receipts over disbursements	-	(1,219)	886	-	(3,301)	5,389	(14,090)
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	-	(1,219)	886	-	(3,301)	5,389	(14,090)
Cash and investments - beginning	-	1,219	(886)	4,798	3,405	-	(1,590)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,798</u>	<u>\$ 104</u>	<u>\$ 5,389</u>	<u>\$ (15,680)</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 4,798	\$ 104	\$ 5,389	\$ (15,680)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,798</u>	<u>\$ 104</u>	<u>\$ 5,389</u>	<u>\$ (15,680)</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	4,798	104	5,389	(15,680)
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,798</u>	<u>\$ 104</u>	<u>\$ 5,389</u>	<u>\$ (15,680)</u>

LAKELAND 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)

	Alternative School	Buddy Grant	Title I 2004-2005	Title I 2005-2006	Title V 2004-2005	Title V 2005-2006	Title I Migrant 2005-2006
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	36,000	352,122	4,000	7,584	30,000
Sale of property, adjustments and refunds	5,000	-	-	-	-	-	-
Total receipts	5,000	-	36,000	352,122	4,000	7,584	30,000
Disbursements:							
Current:							
Instruction	5,000	-	1,381	341,339	360	147	22,900
Support services	-	-	-	49,125	4,857	-	6,335
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	5,000	-	1,381	390,464	5,217	147	29,235
Excess (deficiency) of receipts over disbursements	-	-	34,619	(38,342)	(1,217)	7,437	765
Other financing sources (uses):							
Transfers in	-	-	-	-	-	20,000	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	20,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	34,619	(38,342)	(1,217)	27,437	765
Cash and investments - beginning	-	5,624	(34,619)	63,747	1,217	-	-
Cash and investments - ending	\$ -	\$ 5,624	\$ -	\$ 25,405	\$ -	\$ 27,437	\$ 765
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 5,624	\$ -	\$ 25,405	\$ -	\$ 27,437	\$ 765
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 5,624	\$ -	\$ 25,405	\$ -	\$ 27,437	\$ 765
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,624	-	25,405	-	27,437	765
Total cash and investment fund balance - ending	\$ -	\$ 5,624	\$ -	\$ 25,405	\$ -	\$ 27,437	\$ 765

LAKELAND 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 Schools	Drug Free Schools 2005-2006	Substitute Provider Program	L. I. F. E. Grant	Elementary Educate Indiana	Universal Service Fund 2005-2006	Universal Service Fund 2002-2003
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	14,213	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	47,240
Total receipts	-	14,213	-	-	-	-	47,240
Disbursements:							
Current:							
Instruction	541	7,106	-	-	-	-	-
Support services	-	-	-	-	-	5,906	53,178
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	541	7,106	-	-	-	5,906	53,178
Excess (deficiency) of receipts over disbursements	(541)	7,107	-	-	-	(5,906)	(5,938)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(7,107)	-	-	-	-	-
Total other financing sources (uses)	-	(7,107)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(541)	-	-	-	-	(5,906)	(5,938)
Cash and investments - beginning	541	-	547	1,660	304	15,196	5,938
Cash and investments - ending	\$ -	\$ -	\$ 547	\$ 1,660	\$ 304	\$ 9,290	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 547	\$ 1,660	\$ 304	\$ 9,290	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 547	\$ 1,660	\$ 304	\$ 9,290	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	547	1,660	304	9,290	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 547	\$ 1,660	\$ 304	\$ 9,290	\$ -

LAKELAND 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)

	Title II Part A 2005-2006	Title II Part A 2004-2005	Title II Part D 2004-2005	School Renovation PL 106-554	Title II Improving Teacher Quality	Title III Limited English 2004-2005	Title III Limited English 2005-2006
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	68,785	40,000	-	8,303	-	-	50,968
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	68,785	40,000	-	8,303	-	-	50,968
Disbursements:							
Current:							
Instruction	-	4,975	-	-	-	-	3,885
Support services	15,190	58,257	16,044	-	4,888	16,292	37,657
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	15,190	63,232	16,044	-	4,888	16,292	41,542
Excess (deficiency) of receipts over disbursements	53,595	(23,232)	(16,044)	8,303	(4,888)	(16,292)	9,426
Other financing sources (uses):							
Transfers in	-	-	-	7,107	-	-	-
Transfers out	(20,000)	-	-	-	-	-	-
Total other financing sources (uses)	(20,000)	-	-	7,107	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	33,595	(23,232)	(16,044)	15,410	(4,888)	(16,292)	9,426
Cash and investments - beginning	-	23,232	16,044	-	4,888	16,292	-
Cash and investments - ending	<u>\$ 33,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,426</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 33,595	\$ -	\$ -	\$ 15,410	\$ -	\$ -	\$ 9,426
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 33,595	\$ -	\$ -	\$ 15,410	\$ -	\$ -	\$ 9,426
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	33,595	-	-	15,410	-	-	9,426
Total cash and investment fund balance - ending	\$ 33,595	\$ -	\$ -	\$ 15,410	\$ -	\$ -	\$ 9,426

LAKELAND 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)

	All Day Kindergarten	Safe Schools	Dekko Crystal Leu	Refunds - ISTA Section 125	Research Development	Retirement Bonds Debt Service	Totals
Receipts:							
Local sources	\$ 50,679	\$ -	\$ -	\$ 1,666	\$ -	\$ 229,173	\$ 1,036,940
Intermediate sources	-	-	-	-	-	-	844
State sources	-	-	-	-	-	-	96,964
Federal sources	-	-	-	-	-	-	1,005,707
Sale of property, adjustments and refunds	-	-	-	-	-	-	56,240
Total receipts	50,679	-	-	1,666	-	229,173	2,196,695
Disbursements:							
Current:							
Instruction	52,864	762	5,120	-	-	-	502,669
Support services	1,874	-	-	2,100	-	-	1,389,523
Community services	-	-	-	-	-	-	18
Nonprogrammed charges	-	-	-	-	-	-	101,218
Debt services	-	-	-	-	-	117,348	117,348
Total disbursements	54,738	762	5,120	2,100	-	117,348	2,110,776
Excess (deficiency) of receipts over disbursements	(4,059)	(762)	(5,120)	(434)	-	111,825	85,919
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	191,252
Transfers out	-	-	-	-	-	(3,038)	(30,420)
Total other financing sources (uses)	-	-	-	-	-	(3,038)	160,832
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,059)	(762)	(5,120)	(434)	-	108,787	246,751
Cash and investments - beginning	12,970	762	5,120	2,882	200	(52,161)	9,819
Cash and investments - ending	<u>\$ 8,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,448</u>	<u>\$ 200</u>	<u>\$ 56,626</u>	<u>\$ 256,570</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 8,911	\$ -	\$ -	\$ 2,448	\$ 200	\$ -	\$ 199,944
Restricted assets:							
Cash and investments	-	-	-	-	-	56,626	56,626
Total cash and investment assets - ending	\$ 8,911	\$ -	\$ -	\$ 2,448	\$ 200	\$ 56,626	\$ 256,570
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,626	\$ 56,626
Unrestricted	8,911	-	-	2,448	200	-	199,944
Total cash and investment fund balance - ending	\$ 8,911	\$ -	\$ -	\$ 2,448	\$ 200	\$ 56,626	\$ 256,570

LAKELAND 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

	Special Education Preschool	School Food and Nutrition	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Safe Haven Grant
Receipts:							
Local sources	\$ 9,617	\$ 629,704	\$ 153,945	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	2,156	-	-
State sources	25,707	14,272	30,342	-	-	8,277	9,647
Federal sources	-	341,816	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	35,324	985,792	184,287	-	2,156	8,277	9,647
Disbursements:							
Current:							
Instruction	-	-	-	-	-	8,277	11,857
Support services	-	917,645	107,077	-	1,204	-	1,762
Nonprogrammed charges	53,785	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	53,785	917,645	107,077	-	1,204	8,277	13,619
Excess (deficiency) of receipts over disbursements	(18,461)	68,147	77,210	-	952	-	(3,972)
Other financing sources (uses):							
Transfers in	275	-	-	-	-	-	-
Transfers out	-	-	-	(164,145)	-	-	-
Total other financing sources (uses)	275	-	-	(164,145)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,186)	68,147	77,210	(164,145)	952	-	(3,972)
Cash and investments - beginning	31,943	30,499	(213,018)	164,145	8,138	-	3,972
Cash and investments - ending	\$ 13,757	\$ 98,646	\$ (135,808)	\$ -	\$ 9,090	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 13,757	\$ 98,646	\$ (135,808)	\$ -	\$ 9,090	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 13,757	\$ 98,646	\$ (135,808)	\$ -	\$ 9,090	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13,757	98,646	(135,808)	-	9,090	-	-
Total cash and investment fund balance - ending	\$ 13,757	\$ 98,646	\$ (135,808)	\$ -	\$ 9,090	\$ -	\$ -

LAKELAND 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)

	Riddick Estate	Local Latch Key Funds	Mark Parker/ Dekko	All Write!!! Crystal Leu	All Write!!! 2005-2006	Gifted and Talented 2006-2007	Tech Prep
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	14,367	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	14,367	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	13,702	-
Support services	-	-	-	-	-	-	550
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	13,702	550
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	665	(550)
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	-	-	-	-	-	665	(550)
Cash and investments - beginning	5,000	15,003	22	9,015	8,122	-	1,470
Cash and investments - ending	<u>\$ 5,000</u>	<u>\$ 15,003</u>	<u>\$ 22</u>	<u>\$ 9,015</u>	<u>\$ 8,122</u>	<u>\$ 665</u>	<u>\$ 920</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 5,000	\$ 15,003	\$ 22	\$ 9,015	\$ 8,122	\$ 665	\$ 920
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,000</u>	<u>\$ 15,003</u>	<u>\$ 22</u>	<u>\$ 9,015</u>	<u>\$ 8,122</u>	<u>\$ 665</u>	<u>\$ 920</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,000	15,003	22	9,015	8,122	665	920
Total cash and investment fund balance - ending	<u>\$ 5,000</u>	<u>\$ 15,003</u>	<u>\$ 22</u>	<u>\$ 9,015</u>	<u>\$ 8,122</u>	<u>\$ 665</u>	<u>\$ 920</u>

LAKELAND 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)

	Scholarships and Awards	Non-English Speaking Program	Non-English Speaking Program	Buddy Grant	Performance Based Awards	Title V INACCESS Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	3,800	4,515	-
Federal sources	-	-	-	-	-	106,116
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	3,800	4,515	106,116
Disbursements:						
Current:						
Instruction	4,798	-	-	-	-	-
Support services	-	-	-	-	-	106,116
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	4,798	-	-	-	-	106,116
Excess (deficiency) of receipts over disbursements	(4,798)	-	-	3,800	4,515	-
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	(4,798)	-	-	3,800	4,515	-
Cash and investments - beginning	4,798	104	5,389	-	-	-
Cash and investments - ending	\$ -	\$ 104	\$ 5,389	\$ 3,800	\$ 4,515	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 104	\$ 5,389	\$ 3,800	\$ 4,515	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 104	\$ 5,389	\$ 3,800	\$ 4,515	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	104	5,389	3,800	4,515	-
Total cash and investment fund balance - ending	\$ -	\$ 104	\$ 5,389	\$ 3,800	\$ 4,515	\$ -

LAKELAND 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)

	Out of School Suspension	Buddy Grant	Title I 2005-2006	Title I 2006-2007	P. L. 100-297 Title I	Title V 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	32,000	299,532	28,907	-
Sale of property, adjustments and refunds	34,872	-	-	-	-	-
Total receipts	34,872	-	32,000	299,532	28,907	-
Disbursements:						
Current:						
Instruction	23,996	-	-	313,569	12,874	-
Support services	-	-	-	23,796	-	27,224
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	23,996	-	-	337,365	12,874	27,224
Excess (deficiency) of receipts over disbursements	10,876	-	32,000	(37,833)	16,033	(27,224)
Other financing sources (uses):						
Transfers in	-	-	-	57,405	-	-
Transfers out	-	-	(57,405)	-	-	-
Total other financing sources (uses)	-	-	(57,405)	57,405	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,876	-	(25,405)	19,572	16,033	(27,224)
Cash and investments - beginning	(15,680)	5,624	25,405	-	-	27,437
Cash and investments - ending	<u>(4,804)</u>	<u>5,624</u>	<u>-</u>	<u>19,572</u>	<u>16,033</u>	<u>213</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (4,804)	\$ 5,624	\$ -	\$ 19,572	\$ 16,033	\$ 213
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>(4,804)</u>	<u>5,624</u>	<u>-</u>	<u>19,572</u>	<u>16,033</u>	<u>213</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(4,804)	5,624	-	19,572	16,033	213
Total cash and investment fund balance - ending	<u>(4,804)</u>	<u>5,624</u>	<u>-</u>	<u>19,572</u>	<u>16,033</u>	<u>213</u>

LAKELAND 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)

	Title V 2006-2007	Title I Migrant 2005-2006	Drug Free Schools 2006-2007	Substitute Provider Program	L. I. F. E. Grant	Elementary Educate Indiana
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	3,745	-	10,160	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	3,745	-	10,160	-	-	-
Disbursements:						
Current:						
Instruction	-	-	10,160	-	1,660	-
Support services	7,201	765	-	-	-	194
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	7,201	765	10,160	-	1,660	194
Excess (deficiency) of receipts over disbursements	(3,456)	(765)	-	-	(1,660)	(194)
Other financing sources (uses):						
Transfers in	8,724	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	8,724	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,268	(765)	-	-	(1,660)	(194)
Cash and investments - beginning	-	765	-	547	1,660	304
Cash and investments - ending	<u>\$ 5,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 110</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,268	\$ -	\$ -	\$ 547	\$ -	\$ 110
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 110</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,268	-	-	547	-	110
Total cash and investment fund balance - ending	<u>\$ 5,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ 110</u>

LAKELAND 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)

	Universal Service Fund 2006-2007	Universal Service Fund 2005-2006	Title II Part A 2005-2006	School Renovation PL 106-554	School Technology PL 106-554	Title III English Proficiency Migrant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	10,000	-	63,905	80,240
Sale of property, adjustments and refunds	27,072	-	-	-	-	-
Total receipts	27,072	-	10,000	-	63,905	80,240
Disbursements:						
Current:						
Instruction	-	-	-	-	-	7,670
Support services	7,266	9,290	43,595	15,410	9,650	65,041
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	7,266	9,290	43,595	15,410	9,650	72,711
Excess (deficiency) of receipts over disbursements	19,806	(9,290)	(33,595)	(15,410)	54,255	7,529
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(8,724)	-
Total other financing sources (uses)	-	-	-	-	(8,724)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,806	(9,290)	(33,595)	(15,410)	45,531	7,529
Cash and investments - beginning	-	9,290	33,595	15,410	-	-
Cash and investments - ending	<u>\$ 19,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,531</u>	<u>\$ 7,529</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 19,806	\$ -	\$ -	\$ -	\$ 45,531	\$ 7,529
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 19,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,531</u>	<u>\$ 7,529</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	19,806	-	-	-	45,531	7,529
Total cash and investment fund balance - ending	<u>\$ 19,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,531</u>	<u>\$ 7,529</u>

LAKELAND 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)

	Title III Limited English 2005-2006	All Day Kindergarten	Refunds - ISTA Section 125	Research Development	Retirement Bonds Debt Service	Totals
Receipts:						
Local sources	\$ -	\$ 35,909	\$ -	\$ -	\$ 58,071	\$ 887,246
Intermediate sources	-	-	-	-	-	2,156
State sources	-	-	-	-	-	110,927
Federal sources	-	-	-	-	-	976,421
Sale of property, adjustments and refunds	-	-	-	-	-	61,944
Total receipts	-	35,909	-	-	58,071	2,038,694
Disbursements:						
Current:						
Instruction	-	26,494	-	-	-	435,057
Support services	9,426	2,880	1,822	-	-	1,357,914
Nonprogrammed charges	-	-	-	-	-	53,785
Debt services	-	-	-	-	57,670	57,670
Total disbursements	9,426	29,374	1,822	-	57,670	1,904,426
Excess (deficiency) of receipts over disbursements	(9,426)	6,535	(1,822)	-	401	134,268
Other financing sources (uses):						
Transfers in	-	-	-	-	3,038	69,442
Transfers out	-	-	-	-	-	(230,274)
Total other financing sources (uses)	-	-	-	-	3,038	(160,832)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,426)	6,535	(1,822)	-	3,439	(26,564)
Cash and investments - beginning	9,426	8,911	2,448	200	56,626	256,570
Cash and investments - ending	\$ -	\$ 15,446	\$ 626	\$ 200	\$ 60,065	\$ 230,006
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 15,446	\$ 626	\$ 200	\$ -	\$ 169,941
Restricted assets:						
Cash and investments	-	-	-	-	60,065	60,065
Total cash and investment assets - ending	\$ -	\$ 15,446	\$ 626	\$ 200	\$ 60,065	\$ 230,006
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 60,065	\$ 60,065
Unrestricted	-	15,446	626	200	-	169,941
Total cash and investment fund balance - ending	\$ -	\$ 15,446	\$ 626	\$ 200	\$ 60,065	\$ 230,006

LAKELAND SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For the Year Ended 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	\$ 1,190,550
Buildings	30,705,994
Improvements other than buildings	171,950
Machinery and equipment	<u>8,046,384</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 40,114,878</u>

LAKELAND SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

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:		
Parkside Elementary School	\$ 155,000	\$ 160,425
Lakeland High School	5,037,375	1,003,500
Energy savings	1,339,899	377,723
Notes and loans payable	5,000	5,000
Bonds payable:		
General obligation bonds:		
2001 Energy savings improvements	1,155,000	257,320
2004 Severance liability	745,000	113,152
Total governmental activities debt	<u>\$ 8,437,274</u>	<u>\$ 1,917,120</u>

LAKELAND SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

DEPOSITS

Receipts in several instances were deposited later than the next business day.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

OVERDRAWN FUND BALANCES

The cash balances of the School Bus Replacement Fund, Textbook Rental Fund, and the Out of School Suspension Fund were overdrawn in both years of the audit period.

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)

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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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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE LAKELAND SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

Compliance

We have audited the compliance of the Lakeland 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, 2006 and 2007. 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, 2006 and 2007.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 31, 2008

LAKELAND SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 103,376	\$ 107,900
National School Lunch Program	10.555		<u>342,133</u>	<u>354,540</u>
Total for federal grantor agency			<u>445,509</u>	<u>462,440</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		05-4535	1,380	-
		06-4535	390,464	-
		07-4535	<u>-</u>	<u>337,365</u>
Total for program			<u>391,844</u>	<u>337,365</u>
Migrant Education - State Grant Program				
	84.011	FY05-06/RM-17	<u>29,234</u>	<u>-</u>
Enhancing Education Through Technology				
	84.138			
		FY 04-05	16,044	-
		FY 05-07	<u>-</u>	<u>15,409</u>
Total for program			<u>16,044</u>	<u>15,409</u>
Safe and Drug Free Schools and Communities - State Grants				
	84.186			
		05-087	7,106	-
		4535-06	<u>-</u>	<u>10,160</u>
Total for program			<u>7,106</u>	<u>10,160</u>
State Grants for Innovative Programs				
	84.298			
		04-161	5,217	-
		05-238	147	27,224
		06-4535	<u>-</u>	<u>7,201</u>
Total for program			<u>5,364</u>	<u>34,425</u>
English Language Acquisition Grants				
	84.365			
		FY 04-05	16,292	-
		FY 05-06	41,542	9,426
		FY 06-07	<u>-</u>	<u>72,711</u>
Total for program			<u>57,834</u>	<u>82,137</u>
Improving Teacher Quality State Grants				
	84.367			
		03-004	4,888	-
		04-181	63,232	-
		05-208	35,190	43,595
		06-4535	<u>-</u>	<u>18,373</u>
Total for program			<u>103,310</u>	<u>61,968</u>
Total for federal grantor agency			<u>610,736</u>	<u>541,464</u>
Total federal awards expended			<u>\$ 1,056,245</u>	<u>\$ 1,003,904</u>

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

LAKELAND SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lakeland School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
School Breakfast Program	10.553	\$ 36,310	\$ 36,570
National School Lunch Program	10.555	1,250	1,450

LAKELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
----------------	------------------------------------

Child Nutrition 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

LAKELAND SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

LAKELAND SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2008, with Barbara K. Drake, Treasurer; and Risa J. Herber, Superintendent of Schools. The officials concurred with our audit findings.