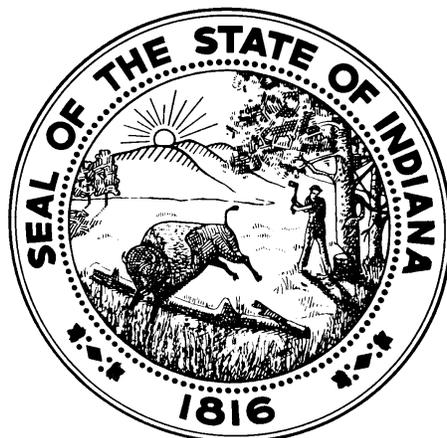


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

COMMUNITY SCHOOL CORPORATION OF  
EASTERN HANCOCK COUNTY  
HANCOCK COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

04/28/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly Payne	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Ellen Welk	07-01-05 to 06-30-08
President of the School Board	Mary Thurston Teresa S. Dunlavy Bradley R. Hancock	07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE COMMUNITY SCHOOL CORPORATION OF  
EASTERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

We have examined the financial information presented herein of the Community School Corporation of Eastern Hancock County (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 Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 4, 2008

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SCHEDULE OF CASH 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 3,065,219	\$ -	\$ 40,156	\$ (3,025,063)
Support services	4,641,513	497,992	70,382	(4,073,139)
Community services	104,443	-	-	(104,443)
Nonprogrammed charges	608,942	-	-	(608,942)
Debt service	1,018,370	-	-	(1,018,370)
<u>Total governmental activities</u>	<u>\$ 9,438,487</u>	<u>\$ 497,992</u>	<u>\$ 110,538</u>	<u>(8,829,957)</u>
General receipts:				
Property taxes				3,460,169
Other local sources				1,032,729
State aid				4,439,320
Grants and contributions not restricted to specific programs				110,268
Sale of property, adjustments, and refunds				20,988
Investment earnings				79,241
<u>Total general receipts</u>				<u>9,142,715</u>
Change in net assets				312,758
Net assets - beginning				1,928,701
<u>Net assets - ending</u>				<u>\$ 2,241,459</u>
 <u>Assets</u>				
Cash and investments				\$ 1,763,915
Restricted assets:				
Cash and investments				477,544
<u>Total assets</u>				<u>\$ 2,241,459</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 477,544
Unrestricted				1,763,915
<u>Total net assets</u>				<u>\$ 2,241,459</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SCHEDULE OF CASH 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 2,882,320	\$ -	\$ 38,243	\$ (2,844,077)
Support services	4,300,450	528,290	60,863	(3,711,297)
Community services	104,515	-	-	(104,515)
Nonprogrammed charges	676,502	-	-	(676,502)
Debt service	<u>887,563</u>	<u>-</u>	<u>-</u>	<u>(887,563)</u>
Total governmental activities	<u>\$ 8,851,350</u>	<u>\$ 528,290</u>	<u>\$ 99,106</u>	<u>(8,223,954)</u>
General receipts:				
Property taxes				1,902,802
Other local sources				686,341
State aid				4,316,193
Bonds and loans				1,244,719
Grants and contributions not restricted to specific programs				118,514
Sale of property, adjustments, and refunds				24,319
Investment earnings				<u>120,474</u>
Total general receipts				<u>8,413,362</u>
Change in net assets				189,408
Net assets - beginning				<u>2,241,459</u>
Net assets - ending				<u>\$ 2,430,867</u>
<u>Assets</u>				
Cash and investments				\$ 2,255,937
Restricted assets:				
Cash and investments				<u>174,930</u>
Total assets				<u>\$ 2,430,867</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 174,930
Unrestricted				<u>2,255,937</u>
Total net assets				<u>\$ 2,430,867</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 1,888,133	\$ 544,014	\$ 799,818	\$ 810,265	\$ 83,575	\$ 1,033,684	\$ 5,159,489
Intermediate sources	129	-	-	-	-	907	1,036
State sources	4,376,946	-	-	-	-	81,625	4,458,571
Federal sources	-	-	-	-	-	111,160	111,160
Sale of property, adjustments and refunds	17,478	11	-	-	-	3,500	20,989
<b>Total receipts</b>	<b>6,282,686</b>	<b>544,025</b>	<b>799,818</b>	<b>810,265</b>	<b>83,575</b>	<b>1,230,876</b>	<b>9,751,245</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,994,951	-	-	-	-	70,268	3,065,219
Support services	2,470,563	640,883	-	758,809	112,143	659,115	4,641,513
Community services	104,301	-	-	-	-	142	104,443
Nonprogrammed charges	548,442	-	-	-	-	60,500	608,942
Debt services	-	-	812,805	-	-	205,565	1,018,370
<b>Total disbursements</b>	<b>6,118,257</b>	<b>640,883</b>	<b>812,805</b>	<b>758,809</b>	<b>112,143</b>	<b>995,590</b>	<b>9,438,487</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>164,429</b>	<b>(96,858)</b>	<b>(12,987)</b>	<b>51,456</b>	<b>(28,568)</b>	<b>235,286</b>	<b>312,758</b>
<b>Other financing sources (uses):</b>							
Transfers in	113,049	77,338	34,938	32,281	4,608	1,096	263,310
Transfers out	(807)	-	-	(55,000)	-	(207,503)	(263,310)
<b>Total other financing sources (uses)</b>	<b>112,242</b>	<b>77,338</b>	<b>34,938</b>	<b>(22,719)</b>	<b>4,608</b>	<b>(206,407)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>276,671</b>	<b>(19,520)</b>	<b>21,951</b>	<b>28,737</b>	<b>(23,960)</b>	<b>28,879</b>	<b>312,758</b>
<b>Cash and investments - beginning</b>	<b>859,211</b>	<b>103,535</b>	<b>455,593</b>	<b>276,759</b>	<b>88,799</b>	<b>144,804</b>	<b>1,928,701</b>
<b>Cash and investments - ending</b>	<b>\$ 1,135,882</b>	<b>\$ 84,015</b>	<b>\$ 477,544</b>	<b>\$ 305,496</b>	<b>\$ 64,839</b>	<b>\$ 173,683</b>	<b>\$ 2,241,459</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,135,882	\$ 84,015	\$ -	\$ 305,496	\$ 64,839	\$ 173,683	\$ 1,763,915
Restricted assets:							
Cash and investments	-	-	477,544	-	-	-	477,544
<b>Total cash and investment assets - ending</b>	<b>\$ 1,135,882</b>	<b>\$ 84,015</b>	<b>\$ 477,544</b>	<b>\$ 305,496</b>	<b>\$ 64,839</b>	<b>\$ 173,683</b>	<b>\$ 2,241,459</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 477,544	\$ -	\$ -	\$ -	\$ 477,544
Unrestricted	1,135,882	84,015	-	305,496	64,839	173,683	1,763,915
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,135,882</b>	<b>\$ 84,015</b>	<b>\$ 477,544</b>	<b>\$ 305,496</b>	<b>\$ 64,839</b>	<b>\$ 173,683</b>	<b>\$ 2,241,459</b>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Sale of Bonds Principal	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 1,301,421	\$ 337,588	\$ 453,865	\$ 462,907	\$ 37,419	\$ 38,016	\$ 605,654	\$ 3,236,870
Intermediate sources	129	-	-	-	-	-	906	1,035
State sources	4,342,301	-	-	-	-	-	78,976	4,421,277
Federal sources	-	-	-	-	-	-	112,538	112,538
Sale of property, adjustments and refunds	24,319	-	-	-	-	-	-	24,319
<b>Total receipts</b>	<b>5,668,170</b>	<b>337,588</b>	<b>453,865</b>	<b>462,907</b>	<b>37,419</b>	<b>38,016</b>	<b>798,074</b>	<b>7,796,039</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	2,828,881	-	-	-	-	-	53,439	2,882,320
Support services	2,369,023	636,067	-	631,039	95,905	-	568,416	4,300,450
Community services	103,050	-	-	-	-	-	1,465	104,515
Nonprogrammed charges	626,058	-	-	-	-	-	50,444	676,502
Debt services	-	-	818,138	-	-	-	69,425	887,563
<b>Total disbursements</b>	<b>5,927,012</b>	<b>636,067</b>	<b>818,138</b>	<b>631,039</b>	<b>95,905</b>	<b>-</b>	<b>743,189</b>	<b>8,851,350</b>
Excess (deficiency) of receipts over disbursements	(258,842)	(298,479)	(364,273)	(168,132)	(58,486)	38,016	54,885	(1,055,311)
<b>Other financing sources (uses):</b>								
Bonds and loans	-	245,761	-	2,217	40,904	900,000	55,837	1,244,719
Transfers in	52,704	-	-	-	-	-	-	52,704
Transfers out	-	-	-	-	-	-	(52,704)	(52,704)
<b>Total other financing sources (uses)</b>	<b>52,704</b>	<b>245,761</b>	<b>-</b>	<b>2,217</b>	<b>40,904</b>	<b>900,000</b>	<b>3,133</b>	<b>1,244,719</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(206,138)	(52,718)	(364,273)	(165,915)	(17,582)	938,016	58,018	189,408
Cash and investments - beginning	1,135,882	84,015	477,544	305,496	64,839	-	173,683	2,241,459
Cash and investments - ending	<u>\$ 929,744</u>	<u>\$ 31,297</u>	<u>\$ 113,271</u>	<u>\$ 139,581</u>	<u>\$ 47,257</u>	<u>\$ 938,016</u>	<u>\$ 231,701</u>	<u>\$ 2,430,867</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 929,744	\$ 31,297	\$ -	\$ 139,581	\$ 47,257	\$ 938,016	\$ 170,042	\$ 2,255,937
Restricted assets:								
Cash and investments	-	-	113,271	-	-	-	61,659	174,930
<b>Total cash and investment assets - ending</b>	<b><u>\$ 929,744</u></b>	<b><u>\$ 31,297</u></b>	<b><u>\$ 113,271</u></b>	<b><u>\$ 139,581</u></b>	<b><u>\$ 47,257</u></b>	<b><u>\$ 938,016</u></b>	<b><u>\$ 231,701</u></b>	<b><u>\$ 2,430,867</u></b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ 113,271	\$ -	\$ -	\$ -	\$ 61,659	\$ 174,930
Unrestricted	<u>929,744</u>	<u>31,297</u>	<u>-</u>	<u>139,581</u>	<u>47,257</u>	<u>938,016</u>	<u>170,042</u>	<u>2,255,937</u>
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 929,744</u></b>	<b><u>\$ 31,297</u></b>	<b><u>\$ 113,271</u></b>	<b><u>\$ 139,581</u></b>	<b><u>\$ 47,257</u></b>	<b><u>\$ 938,016</u></b>	<b><u>\$ 231,701</u></b>	<b><u>\$ 2,430,867</u></b>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 104,132	
Deductions:			
Benefits	77,291	-	
Administrative and general	-	61,972	
Total deductions	<u>77,291</u>	<u>61,972</u>	
Excess (deficiency) of total additions over total deductions	(77,291)	42,160	
Cash and investment fund balance - beginning	<u>246,449</u>	<u>(42,160)</u>	
Cash and investment fund balance - ending	<u>\$ 169,158</u>	<u>\$ -</u>	
Net assets:			
Cash and investments	<u>\$ 169,158</u>	<u>\$ -</u>	<u>\$ 59,921</u>
Total net assets - cash and investment basis held in trust	<u>\$ 169,158</u>	<u>\$ -</u>	<u>\$ 59,921</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 44,254	
Deductions:			
Benefits	61,502	-	
Administrative and general	-	43,761	
Total deductions	<u>61,502</u>	<u>43,761</u>	
Excess (deficiency) of total additions over total deductions	(61,502)	493	
Cash and investment fund balance - beginning	<u>169,158</u>	-	
Cash and investment fund balance - ending	<u>\$ 107,656</u>	<u>\$ 493</u>	
Net assets:			
Cash and investments	<u>\$ 107,656</u>	<u>\$ 493</u>	<u>\$ 80,043</u>
Total net assets - cash and investment basis held in trust	<u>\$ 107,656</u>	<u>\$ 493</u>	<u>\$ 80,043</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
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 Schedules

Government-Wide Financial Schedules

The Schedules 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 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 and fiduciary funds, even though the latter are excluded from the government-wide financial schedule. Major individual governmental 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 transportation operating fund accounts for financial resources for the transportation of school children to and from school.

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

The sale of bonds principal fund is used for planned construction and improvement of school facilities.

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit private organizations and students.

Agency funds account for assets held by the School Corporation as an agent for employees.

**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.

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.

**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.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. However, a delay in the approval of taxable property assessments resulted in May 2007 tax bills not being issued until November 2007. This caused a significant decrease in receipts from local sources/property taxes for the year 2006-2007.

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
Other governmental funds	General Fund	\$ 113,049	\$ 52,704
Other governmental funds	Transportation Operating Fund	22,338	-
Other governmental funds	Debt Service Fund	34,938	-
Other governmental funds	Capital Projects Fund	32,281	-
Other governmental funds	School Bus Replacement Fund	4,608	-
Other governmental funds	Other governmental funds	289	-
Capital Projects Fund	Transportation Operating Fund	55,000	-
General Fund	Other governmental funds	807	-
Totals		<u>\$ 263,310</u>	<u>\$ 52,704</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 7. Pension Plans

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 this 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 members' 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. That report may be obtained by contacting:

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 the plan members for PERF are established by the Board of Trustees of PERF.

B. 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 statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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 Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven	Press Box Donations
<b>Receipts:</b>							
Local sources	\$ 6,402	\$ 358,452	\$ 194,168	\$ 254,021	\$ -	\$ -	\$ 7,500
Intermediate sources	-	119	-	-	788	-	-
State sources	55,287	6,313	6,499	-	-	1,391	-
Federal sources	-	57,570	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>61,689</b>	<b>422,454</b>	<b>200,667</b>	<b>254,021</b>	<b>788</b>	<b>1,391</b>	<b>7,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	463	-	-
Support services	-	425,688	212,169	-	-	1,953	2,981
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	60,500	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>60,500</b>	<b>425,688</b>	<b>212,169</b>	<b>-</b>	<b>463</b>	<b>1,953</b>	<b>2,981</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>1,189</b>	<b>(3,234)</b>	<b>(11,502)</b>	<b>254,021</b>	<b>325</b>	<b>(562)</b>	<b>4,519</b>
<b>Other financing sources (uses):</b>							
Transfers in	289	-	-	-	-	-	-
Transfers out	-	-	-	(207,503)	-	-	-
<b>Total other financing sources (uses)</b>	<b>289</b>	<b>-</b>	<b>-</b>	<b>(207,503)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,478</b>	<b>(3,234)</b>	<b>(11,502)</b>	<b>46,518</b>	<b>325</b>	<b>(562)</b>	<b>4,519</b>
Cash and investments - beginning	6,007	28,641	83,387	-	419	721	-
<b>Cash and investments - ending</b>	<b>\$ 7,485</b>	<b>\$ 25,407</b>	<b>\$ 71,885</b>	<b>\$ 46,518</b>	<b>\$ 744</b>	<b>\$ 159</b>	<b>\$ 4,519</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 7,485	\$ 25,407	\$ 71,885	\$ 46,518	\$ 744	\$ 159	\$ 4,519
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 7,485	\$ 25,407	\$ 71,885	\$ 46,518	\$ 744	\$ 159	\$ 4,519

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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)

	Eli Lilly Teacher Grant	Eli Lilly Science Grant	Eli Lilly Science Donation	Eli Lilly Science Equipment	Eli Lilly Mimeo and Science	Griffith Library Endowment	GT Instructional Support
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 3,300	\$ 565	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,300</b>	<b>565</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	62	400	-	(235)	3,300	-	3,713
Support services	-	-	2,000	-	-	-	288
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>62</b>	<b>400</b>	<b>2,000</b>	<b>(235)</b>	<b>3,300</b>	<b>-</b>	<b>4,001</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(62)</b>	<b>(400)</b>	<b>(2,000)</b>	<b>235</b>	<b>-</b>	<b>565</b>	<b>(4,001)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(62)</b>	<b>(400)</b>	<b>(2,000)</b>	<b>235</b>	<b>-</b>	<b>565</b>	<b>(4,001)</b>
<b>Cash and investments - beginning</b>	<b>62</b>	<b>400</b>	<b>2,000</b>	<b>(235)</b>	<b>-</b>	<b>-</b>	<b>4,001</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565</b>	<b>\$ -</b>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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)

	GT SY 2005/2006	Drug Free Communities	Non-English Speaking	Title 1 ECIA SY 2004/2005	Title 1 ECIA SY 2005/2006	Title V PT A 2005/2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	12,135	-	-	-	-	-
Federal sources	-	-	-	1,400	34,527	3,017
Sale of property, adjustments and refunds	-	3,500	-	-	-	-
<b>Total receipts</b>	<u>12,135</u>	<u>3,500</u>	<u>-</u>	<u>1,400</u>	<u>34,527</u>	<u>3,017</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	11,683	-	-	6,579	21,416	-
Support services	452	3,791	-	1,502	2,605	1,012
Community services	-	-	-	-	142	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>12,135</u>	<u>3,791</u>	<u>-</u>	<u>8,081</u>	<u>24,163</u>	<u>1,012</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(291)</u>	<u>-</u>	<u>(6,681)</u>	<u>10,364</u>	<u>2,005</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(291)</u>	<u>-</u>	<u>(6,681)</u>	<u>10,364</u>	<u>2,005</u>
Cash and investments - beginning	<u>-</u>	<u>826</u>	<u>65</u>	<u>6,681</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 10,364</u>	<u>\$ 2,005</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 10,364</u>	<u>\$ 2,005</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 10,364</u>	<u>\$ 2,005</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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 V PT A	Title II Part A	Title II Part D	Title II Part D SY 2005/2006	Retirement Severance Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 209,276	\$ 1,033,684
Intermediate sources	-	-	-	-	-	907
State sources	-	-	-	-	-	81,625
Federal sources	-	14,040	-	606	-	111,160
Sale of property, adjustments and refunds	-	-	-	-	-	3,500
<b>Total receipts</b>	<b>-</b>	<b>14,040</b>	<b>-</b>	<b>606</b>	<b>209,276</b>	<b>1,230,876</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	22,887	-	-	-	70,268
Support services	759	3,309	-	606	-	659,115
Community services	-	-	-	-	-	142
Nonprogrammed charges	-	-	-	-	-	60,500
Debt services	-	-	-	-	205,565	205,565
<b>Total disbursements</b>	<b>759</b>	<b>26,196</b>	<b>-</b>	<b>606</b>	<b>205,565</b>	<b>995,590</b>
Excess (deficiency) of receipts over disbursements	(759)	(12,156)	-	-	3,711	235,286
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	807	1,096
Transfers out	-	-	-	-	-	(207,503)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>807</b>	<b>(206,407)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(759)	(12,156)	-	-	4,518	28,879
Cash and investments - beginning	759	15,575	13	-	(4,518)	144,804
Cash and investments - ending	\$ -	\$ 3,419	\$ 13	\$ -	\$ -	\$ 173,683
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 3,419	\$ 13	\$ -	\$ -	\$ 173,683
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	\$ -	\$ 3,419	\$ 13	\$ -	\$ -	\$ 173,683

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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 Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven	Press Box Donations
<b>Receipts:</b>							
Local sources	\$ 3,502	\$ 401,557	\$ 125,348	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	100	-	-	806	-	-
State sources	54,361	6,264	6,216	-	-	-	-
Federal sources	-	54,601	-	-	-	-	-
<b>Total receipts</b>	<b>57,863</b>	<b>462,522</b>	<b>131,564</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	-	447,041	106,189	-	-	145	4,519
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	50,444	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>50,444</b>	<b>447,041</b>	<b>106,189</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>4,519</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>7,419</b>	<b>15,481</b>	<b>25,375</b>	<b>-</b>	<b>806</b>	<b>(145)</b>	<b>(4,519)</b>
<b>Other financing sources (uses):</b>							
Bonds and loans	-	-	-	-	-	-	-
Transfers out	(6,186)	-	-	(46,518)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(6,186)</b>	<b>-</b>	<b>-</b>	<b>(46,518)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,233</b>	<b>15,481</b>	<b>25,375</b>	<b>(46,518)</b>	<b>806</b>	<b>(145)</b>	<b>(4,519)</b>
<b>Cash and investments - beginning</b>	<b>7,484</b>	<b>25,407</b>	<b>71,885</b>	<b>46,518</b>	<b>744</b>	<b>159</b>	<b>4,519</b>
<b>Cash and investments - ending</b>	<b>\$ 8,717</b>	<b>\$ 40,888</b>	<b>\$ 97,260</b>	<b>\$ -</b>	<b>\$ 1,550</b>	<b>\$ 14</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 8,717	\$ 40,888	\$ 97,260	\$ -	\$ 1,550	\$ 14	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 8,717</b>	<b>\$ 40,888</b>	<b>\$ 97,260</b>	<b>\$ -</b>	<b>\$ 1,550</b>	<b>\$ 14</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,717	40,888	97,260	-	1,550	14	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,717</b>	<b>\$ 40,888</b>	<b>\$ 97,260</b>	<b>\$ -</b>	<b>\$ 1,550</b>	<b>\$ 14</b>	<b>\$ -</b>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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)

	Griffith Library Endowment	G/T SY 2006-2007	Drug Free Communities	Non-English Speaking	Title 1 ECIA SY 2005/2006	Title 1 School Year 2006/2007	Title V PT A 2005/2006
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	12,135	-	-	-	-	-
Federal sources	-	-	-	-	500	28,323	-
<b>Total receipts</b>	<b>-</b>	<b>12,135</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>28,323</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	11,858	-	-	5,514	10,566	-
Support services	497	277	534	-	745	715	2,005
Community services	-	-	-	-	1,465	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>497</b>	<b>12,135</b>	<b>534</b>	<b>-</b>	<b>7,724</b>	<b>11,281</b>	<b>2,005</b>
Excess (deficiency) of receipts over disbursements	(497)	-	(534)	-	(7,224)	17,042	(2,005)
<b>Other financing sources (uses):</b>							
Bonds and loans	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(497)	-	(534)	-	(7,224)	17,042	(2,005)
Cash and investments - beginning	565	-	534	65	10,364	-	2,005
Cash and investments - ending	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 3,140</u>	<u>\$ 17,042</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 68	\$ -	\$ -	\$ 65	\$ 3,140	\$ 17,042	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 3,140</u>	<u>\$ 17,042</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	68	-	-	65	3,140	17,042	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 3,140</u>	<u>\$ 17,042</u>	<u>\$ -</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 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 PT A 2006/2007	Drug Free Schools 2005/2006	Drug Free Schools 2006/2007	Title II Part A	Title II Part D	Retirement Severance Bond	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,247	\$ 605,654
Intermediate sources	-	-	-	-	-	-	906
State sources	-	-	-	-	-	-	78,976
Federal sources	1,417	2,991	2,337	22,369	-	-	112,538
<b>Total receipts</b>	<b>1,417</b>	<b>2,991</b>	<b>2,337</b>	<b>22,369</b>	<b>-</b>	<b>75,247</b>	<b>798,074</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	25,501	-	-	53,439
Support services	1,417	2,991	1,054	287	-	-	568,416
Community services	-	-	-	-	-	-	1,465
Nonprogrammed charges	-	-	-	-	-	-	50,444
Debt services	-	-	-	-	-	69,425	69,425
<b>Total disbursements</b>	<b>1,417</b>	<b>2,991</b>	<b>1,054</b>	<b>25,788</b>	<b>-</b>	<b>69,425</b>	<b>743,189</b>
Excess (deficiency) of receipts over disbursements	-	-	1,283	(3,419)	-	5,822	54,885
<b>Other financing sources (uses):</b>							
Bonds and loans	-	-	-	-	-	55,837	55,837
Transfers out	-	-	-	-	-	-	(52,704)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,837</b>	<b>3,133</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,283	(3,419)	-	61,659	58,018
Cash and investments - beginning	-	-	-	3,421	13	-	173,683
Cash and investments - ending	\$ -	\$ -	\$ 1,283	\$ 2	\$ 13	\$ 61,659	\$ 231,701
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 1,283	\$ 2	\$ 13	\$ -	\$ 170,042
Restricted assets:							
Cash and investments	-	-	-	-	-	61,659	61,659
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,283</b>	<b>\$ 2</b>	<b>\$ 13</b>	<b>\$ 61,659</b>	<b>\$ 231,701</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,659	\$ 61,659
Unrestricted	-	-	1,283	2	13	-	170,042
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,283</b>	<b>\$ 2</b>	<b>\$ 13</b>	<b>\$ 61,659</b>	<b>\$ 231,701</b>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2006

	<u>Cape Distribution</u>	<u>Cape Grant</u>	<u>Computer Consortium</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 43,309	\$ 60,823	\$ -	\$ 104,132
Deductions:				
Administrative and general	<u>-</u>	<u>60,823</u>	<u>1,149</u>	<u>61,972</u>
Excess (deficiency) of total additions over total deductions	43,309	-	(1,149)	42,160
Cash and investment fund balance - beginning	<u>(43,309)</u>	<u>-</u>	<u>1,149</u>	<u>(42,160)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:				
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2007

	Cape Grant	BSU German Grant	BSU German Projector	Elementary Field Trip Donation	Safe Hire Fees	Lilly Physics Grant	Lilly PLTW Grant	Totals
Additions:								
Contributions:								
Other	\$ 35,034	\$ 1,500	\$ 800	\$ 500	\$ 420	\$ 1,500	\$ 4,500	\$ 44,254
Deductions:								
Administrative and general	35,201	1,472	800	500	420	1,500	3,868	43,761
Excess (deficiency) of total additions over total deductions	(167)	28	-	-	-	-	632	493
Cash and investment fund balance - beginning	-	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ (167)</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632</u>	<u>\$ 493</u>
Net assets:								
Cash and investments	\$ (167)	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 632	\$ 493
Total net assets - cash and investment basis held in trust	<u>\$ (167)</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632</u>	<u>\$ 493</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2006

	<u>Prepaid Food</u>	<u>Employee Tuition Withholding</u>	<u>Medical Insurance</u>	<u>Annuities</u>	<u>Dependent Life</u>	<u>Fortis Disability</u>	<u>American Fidelity Disability</u>
Net assets:							
Cash and investments	\$ 46,115	\$ 1,700	\$ 9,195	\$ 51	\$ 17	\$ 105	\$ 55
Total net assets - cash and investment basis held in trust	<u>\$ 46,115</u>	<u>\$ 1,700</u>	<u>\$ 9,195</u>	<u>\$ 51</u>	<u>\$ 17</u>	<u>\$ 105</u>	<u>\$ 55</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Medical Reimbursement	Fees Section 125	Additional Life Insurance Premiums	Cancer Insurance	Retiree Medical	Miscellaneous Clearing	Totals
Net assets:							
Cash and investments	\$ 270	\$ 7	\$ 120	\$ 55	\$ 2,206	\$ 25	\$ 59,921
Total net assets - cash and investment basis held in trust	<u>\$ 270</u>	<u>\$ 7</u>	<u>\$ 120</u>	<u>\$ 55</u>	<u>\$ 2,206</u>	<u>\$ 25</u>	<u>\$ 59,921</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007

	<u>Prepaid Food</u>	<u>State Withholding</u>	<u>County Tax</u>	<u>Teacher Retirement</u>	<u>Perf</u>	<u>Medical Insurance</u>	<u>Annuities</u>
Net assets:							
Cash and investments	\$ 53,558	\$ 10,700	\$ 3,392	\$ 188	\$ 8,718	\$ 5,916	\$ (3,424)
Total net assets - cash and investment basis held in trust	<u>\$ 53,558</u>	<u>\$ 10,700</u>	<u>\$ 3,392</u>	<u>\$ 188</u>	<u>\$ 8,718</u>	<u>\$ 5,916</u>	<u>\$ (3,424)</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	<u>Dependent Life</u>	<u>Fortis Disability</u>	<u>Medical Reimbursement</u>	<u>Cancer Insurance</u>	<u>Retiree Medical</u>	<u>Miscellaneous Clearing</u>	<u>Totals</u>
Net assets:							
Cash and investments	\$ 10	\$ 46	\$ 265	\$ (143)	\$ 782	\$ 35	\$ 80,043
Total net assets - cash and investment basis held in trust	<u>\$ 10</u>	<u>\$ 46</u>	<u>\$ 265</u>	<u>\$ (143)</u>	<u>\$ 782</u>	<u>\$ 35</u>	<u>\$ 80,043</u>

**COMMUNITY SCHOOL CORPORATION OF  
EASTERN HANCOCK COUNTY**

10370 E. 250 N.

Charlottesville, Indiana 46117

Phone (317) 936-5444 or (317) 467-0064

Website: [www.easternhancock.org](http://www.easternhancock.org)

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For the Fiscal Year Ended June 31, 2007**

Current 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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 33,921.12
Infrastructure	463,690.00
Buildings	10,926,347.85
Improvements other than buildings	347,495.35
Machinery and equipment	3,924,149.43
Construction in progress	<u>5,384,333.00</u>
Total governmental activities, Capital assets, not being depreciated	<u>\$ 21,079,936.75</u>

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**COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
JUNE 30, 2007**

The Community School Corporation of Eastern Hancock County has entered into the following debt:

<u>Description of Debt</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
<b>Governmental Activities:</b>		
<b>Capital Leases:</b>		
Middle School Holding Corporation 1998	\$ 6,830,000	\$ 679,000
Middle School Holding Corporation 2007	5,940,000	408,000
<b>Bonds payable:</b>		
<b>General obligation bonds:</b>		
Roof & chiller elementary, fball lights	65,000	66,528
Pension bonds	900,000	136,195
<b>Total governmental activities debt</b>	<u>\$ 13,735,000</u>	<u>\$ 1,289,723</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
EXAMINATION RESULTS AND COMMENTS

PAYMENT TO EMPLOYEES FROM EXTRA-CURRICULAR ACTIVITY FUNDS  
(Applies to Middle School/High School)

Payments to School Corporation employees working at extra-curricular activity events were made directly from the Extra-Curricular Account by check rather than through a payroll system.

Pay of teachers and other personnel for service at interscholastic athletic events such as ticket takers, scoreboard personnel, etc., are expenses of the Athletic Fund of the Extra-Curricular Account. Pay of concession stand supervisors and of ticket takers, etc., for fine arts events should be paid from the proceeds of the activity sponsoring these events. Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the corporation payroll and charged to a school corporation General Fund appropriation; however, the General Fund must be reimbursed for such payment by the activity which the employees served. (The School Administrator and Uniform Compliance Guidelines, Volume 130) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

SALES TAX (Applies to Elementary School)

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA DEPOSITS (Applies to Middle School/High School)

Receipts were not always deposited within a reasonable time. In one case during registration textbook rental receipts accumulated to over \$63,691 before a deposit was made. Some of these monies were held for nine days before depositing.

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 4, 2008, with Dr. Ellen Welk, Superintendent of Schools; Kimberly Payne, Treasurer; and Bradley R. Hancock, President of the School Board.