

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

EXAMINATION REPORT

OF

LANESVILLE COMMUNITY SCHOOL CORPORATION

HARRISON COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

04/30/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Government-Wide Financial Information:	
Schedule of Activities and Net Assets - Cash and Investment Basis	4-5
Fund Financial Information:	
Governmental Funds:	
Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Governmental Funds	6-7
Fiduciary Funds:	
Schedule of Additions, Deductions, and Changes in Cash and Investment Balances - Fiduciary Funds.....	8-9
Notes to Financial Information	10-14
Required Supplementary Information:	
Schedule of Funding Progress	15
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Other Governmental Funds	16-21
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances - Private-Purpose Trust Funds.....	22-26
Schedule of Capital Assets.....	27
Schedule of Long-Term Debt	28
Examination Result and Comment:	
Travel Policy	29
Exit Conference.....	30

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Penny J. Schmelz	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Phil Partenheimer	07-01-05 to 06-30-07
	Vacant	07-01-07 to 07-16-07
	Samual J. Gardner (Interim)	07-17-07 to 06-30-08
President of the School Board	Donald Hussung	07-01-05 to 06-30-08



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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LANESVILLE COMMUNITY SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

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

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

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

The Combining Schedules, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedules have been subjected to the examination procedures applied to the basic financial information, and in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole.

The Schedule of Funding Progress, 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 18, 2008

LANESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 1,758,212	\$ -	\$ 63,312	\$ (1,694,900)
Support services	2,972,100	301,729	43,774	(2,626,597)
Nonprogrammed charges	168,393	-	-	(168,393)
Debt service	<u>2,119,587</u>	<u>-</u>	<u>-</u>	<u>(2,119,587)</u>
Total government activities	<u>\$ 7,018,292</u>	<u>\$ 301,729</u>	<u>\$ 107,086</u>	<u>(6,609,477)</u>
General receipts:				
Property taxes				2,723,749
Other local sources				924,360
State aid				2,309,267
Bonds and loans				1,500,000
Grants and contributions not restricted to specific programs				26,025
Sale of property, adjustments, and refunds				66,137
Investment earnings				<u>40,910</u>
Total general receipts				<u>7,590,448</u>
Change in net assets				980,971
Net assets - beginning				<u>1,923,168</u>
Net assets - ending				<u>\$ 2,904,139</u>
Assets				
Cash and investments				\$ 2,470,044
Restricted assets:				
Cash and investments				<u>434,094</u>
Total assets				<u>\$ 2,904,138</u>
Net Assets				
Restricted for:				
Debt service				\$ 434,094
Unrestricted				<u>2,470,044</u>
Total net assets				<u>\$ 2,904,138</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursements) Receipts and Changes in Net Assets
Instruction	\$ 2,020,147	\$ -	\$ 49,837	\$ (1,970,310)
Support services	3,018,004	301,069	53,626	(2,663,309)
Nonprogrammed charges	101,636	-	-	(101,636)
Debt service	<u>2,127,693</u>	<u>-</u>	<u>-</u>	<u>(2,127,693)</u>
Total government activities	<u>\$ 7,267,480</u>	<u>\$ 301,069</u>	<u>\$ 103,463</u>	<u>(6,862,948)</u>
General receipts:				
Property taxes				1,009,522
Other local sources				577,515
State aid				2,146,383
Bonds and loans				1,500,000
Grants and contributions not restricted to specific programs				31,107
Sale of property, adjustments, and refunds				41,116
Investment earnings				<u>89,848</u>
Total general receipts				<u>5,395,491</u>
Change in net assets				(1,467,457)
Net assets - beginning				<u>2,904,139</u>
Net assets - ending				<u>\$ 1,436,682</u>
 <u>Assets</u>				
Cash and investments				\$ 1,203,816
Restricted assets:				
Cash and investments				<u>232,866</u>
Total assets				<u>\$ 1,436,682</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 232,866
Unrestricted				<u>1,203,816</u>
Total net assets				<u>\$ 1,436,682</u>

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,815,819	\$ 244,675	\$ -	\$ 774,890	\$ 804,819	\$ 41,764	\$ 308,336	\$ 3,990,303
Intermediate sources	201	-	-	-	-	-	244	445
State sources	2,361,368	-	-	-	-	-	29,936	2,391,304
Federal sources	-	-	-	-	-	-	51,074	51,074
Bonds and loans	1,500,000	-	-	-	-	-	-	1,500,000
Sale of property, adjustments and refunds	59,567	280	-	-	5,961	-	329	66,137
Total receipts	5,736,955	244,955	-	774,890	810,780	41,764	389,919	7,999,263
Disbursements:								
Current:								
Instruction	1,702,336	-	-	-	-	-	55,876	1,758,212
Support services	1,682,745	224,679	-	-	648,174	48,573	367,929	2,972,100
Nonprogrammed charges	168,393	-	-	-	-	-	-	168,393
Debt services	1,500,000	-	-	619,587	-	-	-	2,119,587
Total disbursements	5,053,474	224,679	-	619,587	648,174	48,573	423,805	7,018,292
Excess (deficiency) of receipts over disbursements	683,481	20,276	-	155,303	162,606	(6,809)	(33,886)	980,971
Other financing sources (uses):								
Transfers in	16,174	-	73,157	-	-	-	1,607	90,938
Transfers out	-	(16,174)	-	(1,607)	(73,157)	-	-	(90,938)
Total other financing sources (uses)	16,174	(16,174)	73,157	(1,607)	(73,157)	-	1,607	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	699,655	4,102	73,157	153,696	89,449	(6,809)	(32,279)	980,971
Cash and investments - beginning	1,300,545	-	85,200	280,398	118,140	24,234	114,651	1,923,168
Cash and investments - ending	\$ 2,000,200	\$ 4,102	\$ 158,357	\$ 434,094	\$ 207,589	\$ 17,425	\$ 82,372	\$ 2,904,139
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 2,000,200	\$ 4,102	\$ 158,357	\$ -	\$ 207,589	\$ 17,425	\$ 82,371	\$ 2,470,044
Restricted assets:								
Cash and investments	-	-	-	434,094	-	-	-	434,094
Total cash and investment assets - ending	\$ 2,000,200	\$ 4,102	\$ 158,357	\$ 434,094	\$ 207,589	\$ 17,425	\$ 82,371	\$ 2,904,138
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 434,094	\$ -	\$ -	\$ -	\$ 434,094
Unrestricted	2,000,200	4,102	158,357	-	207,589	17,425	82,371	2,470,044
Total cash and investment fund balance - ending	\$ 2,000,200	\$ 4,102	\$ 158,357	\$ 434,094	\$ 207,589	\$ 17,425	\$ 82,371	\$ 2,904,138

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 776,254	\$ 115,416	\$ -	\$ 441,018	\$ 327,746	\$ 13,118	\$ 304,213	\$ 1,977,765
Intermediate sources	-	-	-	-	-	-	188	188
State sources	2,184,349	-	-	-	-	-	30,448	2,214,797
Federal sources	-	-	-	-	-	-	66,156	66,156
Bonds and loans	1,500,000	-	-	-	-	-	-	1,500,000
Sale of property, adjustments and refunds	21,947	1,927	-	-	16,290	-	953	41,117
Total receipts	4,482,550	117,343	-	441,018	344,036	13,118	401,958	5,800,023
Disbursements:								
Current:								
Instruction	1,979,353	-	-	-	-	-	40,794	2,020,147
Support services	1,659,898	211,575	79,215	-	672,702	-	394,614	3,018,004
Nonprogrammed charges	101,636	-	-	-	-	-	-	101,636
Debt services	1,500,000	-	-	627,693	-	-	-	2,127,693
Total disbursements	5,240,887	211,575	79,215	627,693	672,702	-	435,408	7,267,480
Excess (deficiency) of receipts over over disbursements	(758,337)	(94,232)	(79,215)	(186,675)	(328,666)	13,118	(33,450)	(1,467,457)
Other financing sources (uses):								
Transfers in	-	98,195	144,161	-	300,540	-	103,320	646,216
Transfers out	(456,297)	(7,881)	-	(14,553)	(166,064)	(1,276)	(145)	(646,216)
Total other financing sources (uses)	(456,297)	90,314	144,161	(14,553)	134,476	(1,276)	103,175	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,214,634)	(3,918)	64,946	(201,228)	(194,190)	11,842	69,725	(1,467,457)
Cash and investments - beginning	2,000,200	4,102	158,357	434,094	207,589	17,425	82,372	2,904,139
Cash and investments - ending	\$ 785,566	\$ 184	\$ 223,303	\$ 232,866	\$ 13,399	\$ 29,267	\$ 152,097	\$ 1,436,682
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 785,566	\$ 184	\$ 223,303	\$ -	\$ 13,399	\$ 29,267	\$ 152,097	\$ 1,203,816
Restricted assets:								
Cash and investments	-	-	-	232,866	-	-	-	232,866
Total cash and investment assets - ending	\$ 785,566	\$ 184	\$ 223,303	\$ 232,866	\$ 13,399	\$ 29,267	\$ 152,097	\$ 1,436,682
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 232,866	\$ -	\$ -	\$ -	\$ 232,866
Unrestricted	785,566	184	223,303	-	13,399	29,267	152,097	1,203,816
Total cash and investment fund balance - ending	\$ 785,566	\$ 184	\$ 223,303	\$ 232,866	\$ 13,399	\$ 29,267	\$ 152,097	\$ 1,436,682

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

LANESVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE 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>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 72,994	\$ -
Other	<u>-</u>	<u>150,603</u>
Total additions	<u>72,994</u>	<u>150,603</u>
Deductions:		
Administrative and general	<u>-</u>	<u>159,142</u>
Excess (deficiency) of total additions over total deductions	72,994	(8,539)
Cash and investment fund balance - beginning	<u>33,404</u>	<u>281,684</u>
Cash and investment fund balance - ending	<u>\$ 106,398</u>	<u>\$ 273,145</u>
Net assets:		
Cash and investments	<u>\$ 106,398</u>	<u>\$ 273,145</u>
Total net assets - cash and investment basis held in trust	<u>\$ 106,398</u>	<u>\$ 273,145</u>

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

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

	Pension Trust Fund	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 123,999
Deductions:		
Benefits	3,609	-
Administrative and general	-	232,066
Total deductions	3,609	232,066
Deficiency of total additions over total deductions	(3,609)	(108,067)
Cash and investment fund balance - beginning	106,398	273,145
Cash and investment fund balance - ending	\$ 102,789	\$ 165,078
Net assets:		
Cash and investments	\$ 102,789	\$ 165,078
Total net assets - cash and investment basis held in trust	\$ 102,789	\$ 165,078

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

LANESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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

Note 2. Fund Accounting

A. Government-Wide and Fund Financial 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. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, inter-governmental 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 schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules. 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.

LANESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

The rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust funds report trust arrangements under which principal and income benefit the students and 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, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

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.

LANESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Note 5. Deposits

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Transportation Operating Fund	\$ -	\$ 98,195
General Fund	Capital Projects Fund	-	300,540
General Fund	Other governmental funds	-	103,320
Debt Service Fund	Other governmental funds	1,607	-
Transportation Operating Fund	General Fund	16,174	-
Capital Projects Fund	Rainy Day Fund	73,157	144,161
		<u>90,938</u>	<u>646,216</u>
Totals		<u>\$ 90,938</u>	<u>\$ 646,216</u>

LANESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

LANESVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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:

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.

LANESVILLE COMMUNITY 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)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 265,169	\$ 286,265	\$ (21,096)	93%	\$ 440,999	(5%)
07-01-05	291,790	325,859	(34,069)	90%	454,929	(7%)
07-01-06	349,585	338,660	10,925	103%	480,374	2%

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

	Preschool Special Education	School Lunch	Textbook Rental	Education License Plates	Gifted and Talented FY2004-05	Gifted and Talented FY2005-06
Receipts:						
Local sources	\$ 5,301	\$ 235,883	\$ 67,152	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	244	-	-
State sources	10,779	3,643	4,303	-	-	11,211
Federal sources	-	35,828	-	-	-	-
Sale of property, adjustments and refunds	-	229	100	-	-	-
Total receipts	16,080	275,583	71,555	244	-	11,211
Disbursements:						
Current:						
Instruction	25,146	-	-	-	1,558	10,717
Support services	-	285,068	79,006	-	165	494
Total disbursements	25,146	285,068	79,006	-	1,723	11,211
Excess (deficiency) of receipts over disbursements	(9,066)	(9,485)	(7,451)	244	(1,723)	-
Other financing sources (uses):						
Transfers in	-	-	1,607	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,066)	(9,485)	(5,844)	244	(1,723)	-
Cash and investments - beginning	53,078	38,223	11,119	3,150	1,723	-
Cash and investments - ending	\$ 44,012	\$ 28,738	\$ 5,275	\$ 3,394	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 44,012	\$ 28,738	\$ 5,275	\$ 3,394	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 44,012	\$ 28,738	\$ 5,275	\$ 3,394	\$ -	\$ -

LANESVILLE COMMUNITY 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)

	Non-English Speaking Program	Performance Based Awards	Recycling Grant	Title VI	Title V Part A Innovative	Drug Free Schools FY2002-03
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	34	240	643	385	(60)
Total disbursements	-	34	240	643	385	(60)
Excess (deficiency) of receipts over disbursements	-	(34)	(240)	(643)	(385)	60
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(34)	(240)	(643)	(385)	60
Cash and investments - beginning	242	34	480	643	385	-
Cash and investments - ending	\$ 242	\$ -	\$ 240	\$ -	\$ -	\$ 60
Cash and Investment Assets - Ending						
Cash and investments	\$ 242	\$ -	\$ 240	\$ -	\$ -	\$ 60
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 242	\$ -	\$ 240	\$ -	\$ -	\$ 60

LANESVILLE COMMUNITY 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 FY2003-04	Drug Free Schools FY2004-05	Title II Part A	REAP Rural Education Achievement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 308,336
Intermediate sources	-	-	-	-	244
State sources	-	-	-	-	29,936
Federal sources	-	1,452	8,788	5,006	51,074
Sale of property, adjustments and refunds	-	-	-	-	329
Total receipts	-	1,452	8,788	5,006	389,919
Disbursements:					
Current:					
Instruction	-	-	13,449	5,006	55,876
Support services	400	1,065	489	-	367,929
Total disbursements	400	1,065	13,938	5,006	423,805
Excess (deficiency) of receipts over disbursements	(400)	387	(5,150)	-	(33,886)
Other financing sources (uses):					
Transfers in	-	-	-	-	1,607
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(400)	387	(5,150)	-	(32,279)
Cash and investments - beginning	400	-	5,174	-	114,651
Cash and investments - ending	\$ -	\$ 387	\$ 24	\$ -	\$ 82,372
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 387	\$ 24	\$ -	\$ 82,372
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ -	\$ 387	\$ 24	\$ -	\$ 82,372

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

	Preschool Special Education	School Lunch	Textbook Rental	Excess Levy	Education License Plates	Gifted and Talented FY2006-07
Receipts:						
Local sources	\$ 2,154	\$ 233,693	\$ 68,366	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	188	-
State sources	9,155	4,481	4,941	-	-	11,211
Federal sources	-	44,204	-	-	-	-
Sale of property, adjustments and refunds	-	171	782	-	-	-
Total receipts	11,309	282,549	74,089	-	188	11,211
Disbursements:						
Current:						
Instruction	13,802	-	-	-	-	9,562
Support services	-	319,531	72,641	-	-	1,090
Total disbursements	13,802	319,531	72,641	-	-	10,652
Excess (deficiency) of receipts over disbursements	(2,493)	(36,982)	1,448	-	188	559
Other financing sources (uses):						
Transfers in	-	-	-	103,320	-	-
Transfers out	(145)	-	-	-	-	-
Total other financing sources (uses)	(145)	-	-	103,320	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,638)	(36,982)	1,448	103,320	188	559
Cash and investments - beginning	44,012	28,738	5,275	-	3,394	-
Cash and investments - ending	\$ 41,374	\$ (8,244)	\$ 6,723	\$ 103,320	\$ 3,582	\$ 559
Cash and Investment Assets - Ending						
Cash and investments	\$ 41,374	\$ (8,244)	\$ 6,723	\$ 103,320	\$ 3,582	\$ 559
Unrestricted	\$ 41,374	\$ (8,244)	\$ 6,723	\$ 103,320	\$ 3,582	\$ 559

LANESVILLE COMMUNITY 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)

	Non-English Speaking Program	Beginning Teacher Internship	Recycling Grant	Title V Part A FY2006-07	Title V Part A Innovative
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	660	-	-	-
Federal sources	-	-	-	970	1,949
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	-	660	-	970	1,949
Disbursements:					
Current:					
Instruction	-	-	-	818	1,685
Support services	-	-	330	-	-
Total disbursements	-	-	330	818	1,685
Excess (deficiency) of receipts over disbursements	-	660	(330)	152	264
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	-	660	(330)	152	264
Cash and investments - beginning	242	-	240	-	-
Cash and investments - ending	<u>\$ 242</u>	<u>\$ 660</u>	<u>\$ (90)</u>	<u>\$ 152</u>	<u>\$ 264</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 242</u>	<u>\$ 660</u>	<u>\$ (90)</u>	<u>\$ 152</u>	<u>\$ 264</u>
Unrestricted	<u>\$ 242</u>	<u>\$ 660</u>	<u>\$ (90)</u>	<u>\$ 152</u>	<u>\$ 264</u>

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

	Drug Free Schools FY2002-03	Drug Free Schools FY2005-06	Drug Free Schools FY2004-05	Title II Part A	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 304,213
Intermediate sources	-	-	-	-	188
State sources	-	-	-	-	30,448
Federal sources	-	1,487	-	17,546	66,156
Sale of property, adjustments and refunds	-	-	-	-	953
Total receipts	-	1,487	-	17,546	401,958
Disbursements:					
Current:					
Instruction	-	-	-	14,927	40,794
Support services	-	599	387	36	394,614
Total disbursements	-	599	387	14,963	435,408
Excess (deficiency) of receipts over disbursements	-	888	(387)	2,583	(33,450)
Other financing sources (uses):					
Transfers in	-	-	-	-	103,320
Transfers out	-	-	-	-	(145)
Total other financing sources (uses)	-	-	-	-	103,175
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	888	(387)	2,583	69,725
Cash and investments - beginning	60	-	387	24	82,372
Cash and investments - ending	<u>\$ 60</u>	<u>\$ 888</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ 152,097</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 60</u>	<u>\$ 888</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ 152,097</u>
Unrestricted	<u>\$ 60</u>	<u>\$ 888</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ 152,097</u>

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

	WHAS Grant FY2005-06	Renaissance	WHAS Grant FY2006-07	Harrison County Community Foundation FY2004	HCCF Medieval Times Grant FY2004	HCCF Library Books Grant FY2005
Additions:						
Contributions:						
Other	\$ 10,000	\$ 6,472	\$ 1,426	\$ -	\$ 1,423	\$ 509
Deductions:						
Administrative and general	10,000	4,809	-	100	2,029	509
Excess (deficiency) of total additions over total deductions	-	1,663	1,426	(100)	(606)	-
Cash and investment fund balance - beginning	-	295	(1,426)	233	606	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,958</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:						
Cash and investments	\$ -	\$ 1,958	\$ -	\$ 133	\$ -	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,958</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ -</u>

LANESVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 200
 (Continued)

	HCCF Art Enrichment Grant FY2005	HCCF Agriculture Grant FY2005	HCCF Jazz Instruments FY2006	Schickel Fund	Lanesville Community Endowment FY2004	Lanesville Community Endowment FY2005
Additions:						
Contributions:						
Other	\$ 7,334	\$ 656	\$ 2,449	\$ 4,000	\$ -	\$ -
Deductions:						
Administrative and general	7,334	656	2,449	4,290	50,551	40,000
Excess (deficiency) of total additions over total deductions	-	-	-	(290)	(50,551)	(40,000)
Cash and investment fund balance - beginning	-	-	-	2,599	204,770	73,607
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,309</u>	<u>\$ 154,219</u>	<u>\$ 33,607</u>
Net assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ 2,309	\$ 154,219	\$ 33,607
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,309</u>	<u>\$ 154,219</u>	<u>\$ 33,607</u>

LANESVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 200
 (Continued)

	Countrywide Electronic Field	Cinergy Educational Planning Grant	Lanesville Community Endowment FY2006	Harrison County Substance Abuse	Totals
Additions:					
Contributions:					
Other	\$ 1,000	\$ 2,000	\$ 111,834	\$ 1,500	\$ 150,603
Deductions:					
Administrative and general	1,265	-	35,150	-	159,142
Excess (deficiency) of total additions over total deductions	(265)	2,000	76,684	1,500	(8,539)
Cash and investment fund balance - beginning	1,000	-	-	-	281,684
Cash and investments - ending	<u>\$ 735</u>	<u>\$ 2,000</u>	<u>\$ 76,684</u>	<u>\$ 1,500</u>	<u>\$ 273,145</u>
Net assets:					
Cash and investments	<u>\$ 735</u>	<u>\$ 2,000</u>	<u>\$ 76,684</u>	<u>\$ 1,500</u>	<u>\$ 273,145</u>
Total net assets - cash and investment basis held in trust	<u>\$ 735</u>	<u>\$ 2,000</u>	<u>\$ 76,684</u>	<u>\$ 1,500</u>	<u>\$ 273,145</u>

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

	HCCF 2007 Healthy Kids Grant	Renaissance	WHAS Grant FY2007	Harrison County Community Foundation FY2003	HCCF Jazz Instruments FY2006	Schickel Fund	Lanesville Community Endowment FY2004
Additions:							
Contributions:							
Other	\$ 1,800	\$ 2,900	\$ 5,500	\$ -	\$ 451	\$ 4,000	\$ -
Deductions:							
Administrative and general	1,559	4,915	5,500	-	451	2,603	100,341
Excess (deficiency) of total additions over total deductions	241	(2,015)	-	-	-	1,397	(100,341)
Cash and investment fund balance - beginning	-	1,958	-	133	-	2,309	154,219
Cash and Investments - ending	<u>\$ 241</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 3,706</u>	<u>\$ 53,878</u>
Net assets:							
Cash and investments	\$ 241	\$ (57)	\$ -	\$ 133	\$ -	\$ 3,706	\$ 53,878
Total net assets - cash and investment basis held in trust	<u>\$ 241</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 3,706</u>	<u>\$ 53,878</u>

LANESVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Lanesville Community Endowment FY2005	Countrywide Electronic Field	Cinergy Educational Planning Grant	Lanesville Community Endowment FY2006	Harrison County Substance Abuse	Lanesville Community Endowment FY2007	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,348	\$ 123,999
Deductions:							
Administrative and general	-	675	-	49,893	1,500	64,629	232,066
Excess (deficiency) of total additions over total deductions	-	(675)	-	(49,893)	(1,500)	44,719	(108,067)
Cash and investment fund balance - beginning	33,607	735	2,000	76,684	1,500	-	273,145
Cash and Investments - ending	<u>\$ 33,607</u>	<u>\$ 60</u>	<u>\$ 2,000</u>	<u>\$ 26,791</u>	<u>\$ -</u>	<u>\$ 44,719</u>	<u>\$ 165,078</u>
Net assets:							
Cash and investments	\$ 33,607	\$ 60	\$ 2,000	\$ 26,791	\$ -	\$ 44,719	\$ 165,078
Total net assets - cash and investment basis held in trust	<u>\$ 33,607</u>	<u>\$ 60</u>	<u>\$ 2,000</u>	<u>\$ 26,791</u>	<u>\$ -</u>	<u>\$ 44,719</u>	<u>\$ 165,078</u>

LANESVILLE COMMUNITY 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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 110,000
Buildings	13,941,343
Machinery and equipment	<u>715,172</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 14,766,515</u>

LANESVILLE COMMUNITY 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:		
Elementary and Jr/Sr High School Buildings	\$ 5,105,355	\$ 578,139
Notes and loans payable	<u>1,500,000</u>	<u>1,552,250</u>
Total governmental activities debt	<u>\$ 6,605,355</u>	<u>\$ 2,130,389</u>

LANESVILLE COMMUNITY SCHOOL CORPORATION
EXAMINATION RESULT AND COMMENT

TRAVEL POLICY

A formal written travel policy was not presented for examination.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes.
(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter
9)

LANESVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 18, 2008, with Samual J. Gardner, Interim Superintendent of Schools; Donald Hussung, President of the School Board; and Penny J. Schmelz, Treasurer. The officials concurred with our finding.