

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

EXAMINATION REPORT
OF
EAST PORTER COUNTY SCHOOL CORPORATION
PORTER COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED

05/13/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Joseph A. Licata Lynn A. Kwilasz	07-01-05 to 05-01-06 05-23-06 to 09-30-07
Director of Business Affairs (Business Manager)	Dr. Rodger E. Smith	11-01-07 to 06-30-08
Superintendent of Schools	Dr. Rodney A. Gardin	07-01-05 to 06-30-08
President of the School Board	Robert P. Martin Jean Gesse	01-01-05 to 12-31-05 01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EAST PORTER COUNTY SCHOOL
CORPORATION, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of East Porter County 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, 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 a required part of the basic financial information. The Combining Schedules, as listed in the Table of Contents, have been subjected to examination procedures applied in the examination of 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 Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion.

STATE BOARD OF ACCOUNTS

February 26, 2008

EAST PORTER COUNTY 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>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 5,963,671	\$ -	\$ 61,482	\$ (5,902,189)
Support services	10,074,855	718,458	144,773	(9,211,624)
Community services	202,504	-	-	(202,504)
Nonprogrammed charges	907,429	-	-	(907,429)
Debt service	<u>6,558,138</u>	<u>-</u>	<u>-</u>	<u>(6,558,138)</u>
Total governmental activities	<u>\$ 23,706,597</u>	<u>\$ 718,458</u>	<u>\$ 206,255</u>	<u>(22,781,884)</u>
General receipts:				
Property taxes				7,595,216
Other local sources				1,587,230
State aid				6,150,463
Bonds and loans				3,372,535
Grants and contributions not restricted to specific programs				169,624
Sale of property, adjustments, and refunds				7,096
Investment earnings				<u>258,459</u>
Total general receipts				<u>19,140,623</u>
Change in net assets				(3,641,261)
Net assets - beginning				<u>7,437,843</u>
Net assets - ending				<u>\$ 3,796,582</u>
<u>Assets</u>				
Cash and investments				<u>\$ 3,796,582</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 3,796,582</u>

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

EAST PORTER COUNTY 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>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,200,501	\$ -	\$ 61,344	\$ (6,139,157)
Support services	10,192,546	762,937	187,006	(9,242,603)
Community services	205,646	-	-	(205,646)
Nonprogrammed charges	950,174	-	-	(950,174)
Debt service	<u>7,047,324</u>	<u>-</u>	<u>-</u>	<u>(7,047,324)</u>
Total governmental activities	<u>\$ 24,596,191</u>	<u>\$ 762,937</u>	<u>\$ 248,350</u>	<u>(23,584,904)</u>
General receipts:				
Property taxes				13,413,152
Other local sources				1,604,504
State aid				6,251,990
Bonds and loans				4,612,822
Grants and contributions not restricted to specific programs				258,309
Sale of property, adjustments, and refunds				4,489
Investment earnings				<u>340,332</u>
Total general receipts				<u>26,485,598</u>
Change in net assets				2,900,694
Net assets - beginning				<u>3,796,582</u>
Net assets - ending				<u>\$ 6,697,276</u>
<u>Assets</u>				
Cash and investments				\$ 6,085,414
Restricted assets:				
Cash and investments				<u>611,862</u>
Total assets				<u>\$ 6,697,276</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 611,862
Unrestricted				<u>6,085,414</u>
Total net assets				<u>\$ 6,697,276</u>

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

EAST PORTER COUNTY 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	\$ 4,688,880	\$ 689,094	\$ -	\$ 2,142,164	\$ 1,550,724	\$ 103,261	\$ 983,538	\$ 10,157,661
Intermediate sources	610	-	-	-	-	-	1,088	1,698
State sources	6,164,960	-	-	-	-	-	103,585	6,268,545
Federal sources	-	-	-	-	-	-	257,801	257,801
Bonds and loans	2,289,315	350,000	-	-	733,220	-	-	3,372,535
Sale of property, adjustments and refunds	6,866	-	-	-	-	-	230	7,096
Total receipts	13,150,631	1,039,094	-	2,142,164	2,283,944	103,261	1,346,242	20,065,336
Disbursements:								
Current:								
Instruction	5,849,898	-	-	-	-	-	113,773	5,963,671
Support services	5,608,624	842,922	-	13,782	2,415,503	171,205	1,022,819	10,074,855
Community services	201,804	-	-	-	-	-	700	202,504
Nonprogrammed charges	868,921	-	-	-	-	-	38,508	907,429
Debt services	2,251,811	-	-	3,355,144	607,444	18,174	325,565	6,558,138
Total disbursements	14,781,058	842,922	-	3,368,926	3,022,947	189,379	1,501,365	23,706,597
Excess (deficiency) of receipts over disbursements	(1,630,427)	196,172	-	(1,226,762)	(739,003)	(86,118)	(155,123)	(3,641,261)
Other financing sources (uses):								
Transfers in	17	-	350,000	-	-	-	15,657	365,674
Transfers out	-	(350,000)	-	-	-	-	(15,674)	(365,674)
Total other financing sources (uses)	17	(350,000)	350,000	-	-	-	(17)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,630,410)	(153,828)	350,000	(1,226,762)	(739,003)	(86,118)	(155,140)	(3,641,261)
Cash and investments - beginning	2,490,319	593,061	600,000	1,155,612	1,584,965	344,258	669,628	7,437,843
Cash and investments - ending	\$ 859,909	\$ 439,233	\$ 950,000	\$ (71,150)	\$ 845,962	\$ 258,140	\$ 514,488	\$ 3,796,582
Cash and Investment Assets - Ending								
Cash and investments	\$ 859,909	\$ 439,233	\$ 950,000	\$ (71,150)	\$ 845,962	\$ 258,140	\$ 514,488	\$ 3,796,582
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ 859,909	\$ 439,233	\$ 950,000	\$ (71,150)	\$ 845,962	\$ 258,140	\$ 514,488	\$ 3,796,582

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

EAST PORTER COUNTY 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	\$ 7,643,259	\$ 1,123,218	\$ -	\$ 3,644,689	\$ 2,432,743	\$ 209,900	\$ 1,066,062	\$ 16,119,871
Intermediate sources	-	-	-	-	-	-	1,050	1,050
State sources	6,264,946	-	-	-	-	-	193,488	6,458,434
Federal sources	2,626	-	-	-	-	-	297,593	300,219
Bonds and loans	2,746,027	467,297	-	424,394	835,478	-	139,626	4,612,822
Sale of property, adjustments and refunds	2,791	1,198	-	-	200	-	300	4,489
Total receipts	16,659,649	1,591,713	-	4,069,083	3,268,421	209,900	1,698,119	27,496,885
Disbursements:								
Current:								
Instruction	6,037,569	-	-	-	-	-	162,932	6,200,501
Support services	5,521,637	785,048	-	-	2,545,495	312,445	1,027,921	10,192,546
Community services	204,740	-	-	-	-	-	906	205,646
Nonprogrammed charges	887,919	-	-	-	-	-	62,255	950,174
Debt services	2,247,007	350,000	-	3,386,071	733,220	-	331,026	7,047,324
Total disbursements	14,898,872	1,135,048	-	3,386,071	3,278,715	312,445	1,585,040	24,596,191
Excess (deficiency) of receipts over disbursements	1,760,777	456,665	-	683,012	(10,294)	(102,545)	113,079	2,900,694
Other financing sources (uses):								
Transfers in	25,771	-	-	-	26,453	-	7,665	59,889
Transfers out	(26,453)	-	-	-	(25,771)	-	(7,665)	(59,889)
Total other financing sources (uses)	(682)	-	-	-	682	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,760,095	456,665	-	683,012	(9,612)	(102,545)	113,079	2,900,694
Cash and investments - beginning	859,909	439,233	950,000	(71,150)	845,962	258,140	514,488	3,796,582
Cash and investments - ending	<u>\$ 2,620,004</u>	<u>\$ 895,898</u>	<u>\$ 950,000</u>	<u>\$ 611,862</u>	<u>\$ 836,350</u>	<u>\$ 155,595</u>	<u>\$ 627,567</u>	<u>\$ 6,697,276</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 2,620,004	\$ 895,898	\$ 950,000	\$ -	\$ 836,350	\$ 155,595	\$ 627,567	\$ 6,085,414
Restricted assets:								
Cash and investments	-	-	-	611,862	-	-	-	611,862
Total cash and investment assets - ending	\$ 2,620,004	\$ 895,898	\$ 950,000	\$ 611,862	\$ 836,350	\$ 155,595	\$ 627,567	\$ 6,697,276
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 611,862	\$ -	\$ -	\$ -	\$ 611,862
Unrestricted	2,620,004	895,898	950,000	-	836,350	155,595	627,567	6,085,414
Total cash and investment fund balance - ending	\$ 2,620,004	\$ 895,898	\$ 950,000	\$ 611,862	\$ 836,350	\$ 155,595	\$ 627,567	\$ 6,697,276

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

EAST PORTER COUNTY SCHOOL CORPORATION
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUND
 For the Year Ended June 30, 2006

	<u>Pension Trust Fund</u>
Deductions:	
Benefits	\$ <u>(110,130)</u>
Cash and investment fund balance - beginning	<u>318,571</u>
Cash and investment fund balance - ending	<u>\$ 208,441</u>
Net assets:	
Cash and investments - held in trust	<u>\$ 208,441</u>
Total net assets - cash and investment basis held in trust	<u>\$ 208,441</u>

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

EAST PORTER COUNTY SCHOOL CORPORATION
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUND
 For the Year Ended June 30, 2007

	Pension Trust Fund
Deductions:	
Benefits	\$ <u>(79,101)</u>
Cash and investment fund balance - beginning	<u>208,441</u>
Cash and investment fund balance - ending	<u>\$ 129,340</u>
Net assets:	
Cash and investments - held in trust	<u>\$ 129,340</u>
Total net assets - cash and investment basis held in trust	<u>\$ 129,340</u>

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

EAST PORTER COUNTY 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.

Joint Ventures

The School Corporation, in conjunction with Duneland, Porter Township, Valparaiso Community, Union Township, East Porter County, and MSD Boone Township School Corporations has created the Porter County Education Interlocal (Interlocal). The superintendent from each participating school corporation is a board member, and responsible for approving the budget for the Interlocal, as well as hiring personnel to run the operations and maintain the financial records of the Interlocal. The Interlocal was created to provide vocational, alternative, adult, and special education programs. Each participating school corporation is obligated by contract to remit its share of the costs of operations annually. The Interlocal's continued existence depends on continued funding by the participating school corporations, as well as grants. The School Corporation paid \$1,366,579 and \$1,421,913 for its share of costs of operations for the school years ended June 30, 2006, and June 30, 2007, respectively. Complete financial statements for the Porter County Education Interlocal can be obtained from its office at 750 Ransom Road, Valparaiso, Indiana, 46385.

The School Corporation is a participant with ten other school corporations and four local universities in a joint venture to operate the Lakeshore Alliance for Student Success, Inc. (LASS) which was created to implement research-based strategies in order to improve student and organizational performance. The School Corporation is obligated by contract to remit membership dues of \$500 per school building or \$3,000 annually. The governing board of the LASS consists of two members, from each participating school corporation, the school corporation superintendent and the teacher union president. The board has full authority to manage LASS, including responsibility for fiscal matters. Complete financial statements for the Lakeshore Alliance for Student Success, Inc., can be obtained from Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

The School Corporation is a participant in the Northwest Indiana Educational Services Center (Center), a joint school services program established May 30, 1985, for participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessment, computer utilization and in-service education. The School Corporation provides funding based on Average Daily Membership, determined annually. Complete financial statements for the Center can be obtained from the Center's administrative offices, 2939 41st Avenue, Highland, Indiana, 46322.

The School Corporation is a participant in the North Central Energy Cooperative (NEC), a joint services program established in the spring of 2004 for participating school corporations for the purchase of natural gas. Administrative expenses of the joint program are equally divided among the members and included with the natural gas charges. Complete financial statements for the NEC can be obtained from the administrative offices at Concord Community Schools, 59040 Minuteman Way, Elkhart, Indiana, 46517.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Jointly Governed Organizations

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. A board composed of a member from each participating school corporation governs the Study Council. The School Corporation pays \$1,250 annually to belong to the Study Council. Complete financial statements for the Study Council can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

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

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.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Additionally, the School Corporation reports the following fund:

The pension trust fund accounts for the accumulation of resources for pension benefit payments.

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.

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. 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.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Deposits and Investments

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

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

Note 6. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Capital Projects Fund	\$ -	\$ 26,453
Capital Projects Fund	General Fund	-	25,771
Transportation Operating Fund	Rainy Day Fund	350,000	-
Nonmajor governmental funds	General Fund	17	-
Nonmajor governmental funds	Nonmajor governmental funds	<u>15,657</u>	<u>7,665</u>
Totals		<u>\$ 365,674</u>	<u>\$ 59,889</u>

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.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

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:

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.

EAST PORTER COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 8. Subsequent Event

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2005 through 2007. Significant delays in the reassessment process have resulted in delays in billing taxes in 2005 through 2007. The late billing has delayed timely property tax distributions to the School Corporation. The 2007 tax bills were not sent out until December 2007, with a due date of January 11, 2008. As of February 26, 2008, it is not known when the taxes collected will be distributed.

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

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plates	Alternative Education	Retiree Insurance
Receipts:						
Local sources	\$ 10,591	\$ 508,775	\$ 218,259	\$ -	\$ -	\$ 37,387
Intermediate sources	-	-	-	1,088	-	-
State sources	23,620	14,756	14,720	-	2,000	-
Federal sources	-	115,297	-	-	-	-
Sale of property, adjustments and refunds	-	-	230	-	-	-
Total receipts	<u>34,211</u>	<u>638,828</u>	<u>233,209</u>	<u>1,088</u>	<u>2,000</u>	<u>37,387</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	65	635,771	283,948	-	-	39,840
Community services	-	-	-	-	-	-
Nonprogrammed charges	35,570	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>35,635</u>	<u>635,771</u>	<u>283,948</u>	<u>-</u>	<u>-</u>	<u>39,840</u>
Excess (deficiency) of receipts over disbursements	<u>(1,424)</u>	<u>3,057</u>	<u>(50,739)</u>	<u>1,088</u>	<u>2,000</u>	<u>(2,453)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,424)</u>	<u>3,057</u>	<u>(50,739)</u>	<u>1,088</u>	<u>2,000</u>	<u>(2,453)</u>
Cash and investments - beginning	<u>24,653</u>	<u>271,066</u>	<u>64,329</u>	<u>7,987</u>	<u>-</u>	<u>2,453</u>
Cash and investments - ending	<u>\$ 23,229</u>	<u>\$ 274,123</u>	<u>\$ 13,590</u>	<u>\$ 9,075</u>	<u>\$ 2,000</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 23,229</u>	<u>\$ 274,123</u>	<u>\$ 13,590</u>	<u>\$ 9,075</u>	<u>\$ 2,000</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 23,229</u>	<u>\$ 274,123</u>	<u>\$ 13,590</u>	<u>\$ 9,075</u>	<u>\$ 2,000</u>	<u>\$ -</u>

EAST PORTER COUNTY 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)

	Gift Fund	Gifted and Talented 05/06	Economic Education Mini Grant	Scholarship and Awards	Non-English Speaking Grant	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 4,460
Intermediate sources	-	-	-	-	-	-
State sources	-	13,798	1,000	-	197	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	13,798	1,000	500	197	4,460
Disbursements:						
Current:						
Instruction	-	11,633	1,000	-	-	-
Support services	-	1,536	-	500	-	250
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	13,169	1,000	500	-	250
Excess (deficiency) of receipts over disbursements	-	629	-	-	197	4,210
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(500)
Total other financing sources (uses)	-	-	-	-	-	(500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	629	-	-	197	3,710
Cash and investments - beginning	10,000	-	-	-	424	23,010
Cash and investments - ending	<u>\$ 10,000</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 26,720</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 10,000</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 26,720</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 10,000</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 26,720</u>

EAST PORTER COUNTY 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)

	Language Arts Grant	Jump Kids Jump	Professional Development 05/06	Professional Development 04/05	Title I FY 05	Title I Delinquent SY 05
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	500	32,994	-	-	-
Federal sources	-	-	-	-	6,000	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	500	32,994	-	6,000	-
Disbursements:						
Current:						
Instruction	-	500	-	-	-	(128)
Support services	-	-	10,464	17,843	2,022	-
Community services	-	-	-	-	182	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	500	10,464	17,843	2,204	(128)
Excess (deficiency) of receipts over disbursements	-	-	22,530	(17,843)	3,796	128
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(17)	-	-	-	(157)	-
Total other financing sources (uses)	(17)	-	-	-	(157)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17)	-	22,530	(17,843)	3,639	128
Cash and investments - beginning	17	-	-	18,787	(3,639)	(128)
Cash and investments - ending	\$ -	\$ -	\$ 22,530	\$ 944	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 22,530	\$ 944	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ -	\$ 22,530	\$ 944	\$ -	\$ -

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

	Title I FY 06	Title I Delinquent SY 06	Innovative Education Program Strategies 04/05	Innovative Education Program Strategies 05/06	Drug Free Schools 04/05	Drug Free Schools 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	70,623	11,104	-	5,492	2,175	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>70,623</u>	<u>11,104</u>	<u>-</u>	<u>5,492</u>	<u>2,175</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	49,804	12,119	-	-	3,697	2,227
Support services	7,777	-	1,036	3,038	-	-
Community services	518	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>58,099</u>	<u>12,119</u>	<u>1,036</u>	<u>3,038</u>	<u>3,697</u>	<u>2,227</u>
Excess (deficiency) of receipts over disbursements	<u>12,524</u>	<u>(1,015)</u>	<u>(1,036)</u>	<u>2,454</u>	<u>(1,522)</u>	<u>(2,227)</u>
Other financing sources (uses):						
Transfers in	157	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>157</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>12,681</u>	<u>(1,015)</u>	<u>(1,036)</u>	<u>2,454</u>	<u>(1,522)</u>	<u>(2,227)</u>
Cash and investments - beginning	-	-	1,269	-	3,529	-
Cash and investments - ending	<u>\$ 12,681</u>	<u>\$ (1,015)</u>	<u>\$ 233</u>	<u>\$ 2,454</u>	<u>\$ 2,007</u>	<u>\$ (2,227)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 12,681</u>	<u>\$ (1,015)</u>	<u>\$ 233</u>	<u>\$ 2,454</u>	<u>\$ 2,007</u>	<u>\$ (2,227)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 12,681</u>	<u>\$ (1,015)</u>	<u>\$ 233</u>	<u>\$ 2,454</u>	<u>\$ 2,007</u>	<u>\$ (2,227)</u>

EAST PORTER COUNTY 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 03/04	Class Size Reduction 05/06	Improving Teacher Quality 2005	Improving Teacher Quality 2006	Class Size Reduction 04/05
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	10,000	3,109	-	34,001
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>-</u>	<u>10,000</u>	<u>3,109</u>	<u>-</u>	<u>34,001</u>
Disbursements:					
Current:					
Instruction	1,358	-	-	1,259	30,304
Support services	-	-	4,654	7,001	5,685
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	226	-	2,712
Debt services	-	-	-	-	-
Total disbursements	<u>1,358</u>	<u>-</u>	<u>4,880</u>	<u>8,260</u>	<u>38,701</u>
Excess (deficiency) of receipts over disbursements	<u>(1,358)</u>	<u>10,000</u>	<u>(1,771)</u>	<u>(8,260)</u>	<u>(4,700)</u>
Other financing sources (uses):					
Transfers in	-	15,000	500	-	-
Transfers out	-	-	-	-	(15,000)
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>500</u>	<u>-</u>	<u>(15,000)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,358)</u>	<u>25,000</u>	<u>(1,271)</u>	<u>(8,260)</u>	<u>(19,700)</u>
Cash and investments - beginning	<u>1,358</u>	<u>-</u>	<u>1,846</u>	<u>8,260</u>	<u>19,700</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ -</u>

EAST PORTER COUNTY 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)

	TAGLIT	Retirement/ Severance Bond	Construction 1998	Construction 2000	Totals
Receipts:					
Local sources	\$ -	\$ 201,241	\$ 2,302	\$ 23	\$ 983,538
Intermediate sources	-	-	-	-	1,088
State sources	-	-	-	-	103,585
Federal sources	-	-	-	-	257,801
Sale of property, adjustments and refunds	-	-	-	-	230
Total receipts	-	201,241	2,302	23	1,346,242
Disbursements:					
Current:					
Instruction	-	-	-	-	113,773
Support services	-	1,389	-	-	1,022,819
Community services	-	-	-	-	700
Nonprogrammed charges	-	-	-	-	38,508
Debt services	-	325,565	-	-	325,565
Total disbursements	-	326,954	-	-	1,501,365
Excess (deficiency) of receipts over disbursements	-	(125,713)	2,302	23	(155,123)
Other financing sources (uses):					
Transfers in	-	-	-	-	15,657
Transfers out	-	-	-	-	(15,674)
Total other financing sources (uses)	-	-	-	-	(17)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(125,713)	2,302	23	(155,140)
Cash and investments - beginning	1,000	124,466	59,372	29,869	669,628
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ (1,247)</u>	<u>\$ 61,674</u>	<u>\$ 29,892</u>	<u>\$ 514,488</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 1,000</u>	<u>\$ (1,247)</u>	<u>\$ 61,674</u>	<u>\$ 29,892</u>	<u>\$ 514,488</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 1,000</u>	<u>\$ (1,247)</u>	<u>\$ 61,674</u>	<u>\$ 29,892</u>	<u>\$ 514,488</u>

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

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Alternative Education	Elementary Birthday Book
Receipts:						
Local sources	\$ 16,085	\$ 532,713	\$ 235,550	\$ -	\$ -	\$ 1,300
Intermediate sources	-	-	-	1,050	-	-
State sources	41,264	15,374	25,876	-	7,813	-
Federal sources	-	143,130	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	300	-	-	-
Total receipts	<u>57,349</u>	<u>691,217</u>	<u>261,726</u>	<u>1,050</u>	<u>7,813</u>	<u>1,300</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	618,619	247,074	-	-	1,300
Community services	-	-	-	-	-	-
Nonprogrammed charges	62,131	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>62,131</u>	<u>618,619</u>	<u>247,074</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Excess (deficiency) of receipts over disbursements	<u>(4,782)</u>	<u>72,598</u>	<u>14,652</u>	<u>1,050</u>	<u>7,813</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,782)</u>	<u>72,598</u>	<u>14,652</u>	<u>1,050</u>	<u>7,813</u>	<u>-</u>
Cash and investments - beginning	<u>23,229</u>	<u>274,123</u>	<u>13,590</u>	<u>9,075</u>	<u>2,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 18,447</u>	<u>\$ 346,721</u>	<u>\$ 28,242</u>	<u>\$ 10,125</u>	<u>\$ 9,813</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 18,447</u>	<u>\$ 346,721</u>	<u>\$ 28,242</u>	<u>\$ 10,125</u>	<u>\$ 9,813</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 18,447</u>	<u>\$ 346,721</u>	<u>\$ 28,242</u>	<u>\$ 10,125</u>	<u>\$ 9,813</u>	<u>\$ -</u>

EAST PORTER COUNTY 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)

	Gift Fund	Gifted and Talented 06/07	Gifted and Talented 05/06	Common School Loan	Scholarship and Awards	Non-English Speaking Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	13,798	-	54,769	-	1,317
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	13,798	-	54,769	500	1,317
Disbursements:						
Current:						
Instruction	-	11,901	594	-	-	-
Support services	1,500	1,001	35	54,769	500	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,500	12,902	629	54,769	500	-
Excess (deficiency) of receipts over disbursements	(1,500)	896	(629)	-	-	1,317
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,500)	896	(629)	-	-	1,317
Cash and investments - beginning	10,000	-	629	-	-	621
Cash and investments - ending	<u>\$ 8,500</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,938</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 8,500</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,938</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 8,500</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,938</u>

EAST PORTER COUNTY 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)

	School Technology	Professional Development 05/06	Professional Development 04/05	Professional Development 06/07	Title I FY 07	Title I Delinquent SY 07
Receipts:						
Local sources	\$ 8,759	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	33,277	-	-
Federal sources	-	-	-	-	69,395	25,490
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	8,759	-	-	33,277	69,395	25,490
Disbursements:						
Current:						
Instruction	-	-	-	-	68,376	19,084
Support services	4,531	22,530	944	18,849	11,850	-
Community services	-	-	-	-	512	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	4,531	22,530	944	18,849	80,738	19,084
Excess (deficiency) of receipts over disbursements	4,228	(22,530)	(944)	14,428	(11,343)	6,406
Other financing sources (uses):						
Transfers in	-	-	-	-	7,665	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	7,665	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,228	(22,530)	(944)	14,428	(3,678)	6,406
Cash and investments - beginning	26,720	22,530	944	-	-	-
Cash and investments - ending	\$ 30,948	\$ -	\$ -	\$ 14,428	\$ (3,678)	\$ 6,406
Cash and Investment Assets - Ending						
Cash and investments	\$ 30,948	\$ -	\$ -	\$ 14,428	\$ (3,678)	\$ 6,406
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 30,948	\$ -	\$ -	\$ 14,428	\$ (3,678)	\$ 6,406

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

	Title I FY 06	Title I Delinquent SY 06	Innovative Education Program Strategies 06/07	Innovative Education Program Strategies 04/05	Innovative Education Program Strategies 05/06	Drug Free Schools 04/05
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	14,200	5,456	2,869	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>14,200</u>	<u>5,456</u>	<u>2,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	18,294	4,441	-	-	-	1,883
Support services	528	-	1,825	233	1,758	-
Community services	394	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	124
Debt services	-	-	-	-	-	-
Total disbursements	<u>19,216</u>	<u>4,441</u>	<u>1,825</u>	<u>233</u>	<u>1,758</u>	<u>2,007</u>
Excess (deficiency) of receipts over disbursements	<u>(5,016)</u>	<u>1,015</u>	<u>1,044</u>	<u>(233)</u>	<u>(1,758)</u>	<u>(2,007)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(7,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,665)</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>(12,681)</u>	<u>1,015</u>	<u>1,044</u>	<u>(233)</u>	<u>(1,758)</u>	<u>(2,007)</u>
Cash and investments - beginning	<u>12,681</u>	<u>(1,015)</u>	<u>-</u>	<u>233</u>	<u>2,454</u>	<u>2,007</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,044</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,044</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,044</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>

EAST PORTER COUNTY 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 05/06	Drug Free Schools 06/07	Class Size Reduction 05/06	Improving Teacher Quality 2005	TAGLIT
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	5,668	4,847	26,538	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>5,668</u>	<u>4,847</u>	<u>26,538</u>	<u>-</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	1,826	83	36,450	-	-
Support services	-	-	5,925	452	1,000
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>1,826</u>	<u>83</u>	<u>42,375</u>	<u>452</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>3,842</u>	<u>4,764</u>	<u>(15,837)</u>	<u>(452)</u>	<u>(1,000)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<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>3,842</u>	<u>4,764</u>	<u>(15,837)</u>	<u>(452)</u>	<u>(1,000)</u>
Cash and investments - beginning	<u>(2,227)</u>	<u>-</u>	<u>25,000</u>	<u>575</u>	<u>1,000</u>
Cash and investments - ending	<u>\$ 1,615</u>	<u>\$ 4,764</u>	<u>\$ 9,163</u>	<u>\$ 123</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 1,615</u>	<u>\$ 4,764</u>	<u>\$ 9,163</u>	<u>\$ 123</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 1,615</u>	<u>\$ 4,764</u>	<u>\$ 9,163</u>	<u>\$ 123</u>	<u>\$ -</u>

EAST PORTER COUNTY 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)

	Retirement/ Severance Bond	Construction 1993	Construction 1998	Construction 2000	Totals
Receipts:					
Local sources	\$ 185,762	\$ 82,230	\$ 3,163	\$ -	\$ 1,066,062
Intermediate sources	-	-	-	-	1,050
State sources	-	-	-	-	193,488
Federal sources	-	-	-	-	297,593
Bonds and loans	139,626	-	-	-	139,626
Sale of property, adjustments and refunds	-	-	-	-	300
Total receipts	<u>325,388</u>	<u>82,230</u>	<u>3,163</u>	<u>-</u>	<u>1,698,119</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	162,932
Support services	-	-	32,698	-	1,027,921
Community services	-	-	-	-	906
Nonprogrammed charges	-	-	-	-	62,255
Debt services	331,026	-	-	-	331,026
Total disbursements	<u>331,026</u>	<u>-</u>	<u>32,698</u>	<u>-</u>	<u>1,585,040</u>
Excess (deficiency) of receipts over disbursements	<u>(5,638)</u>	<u>82,230</u>	<u>(29,535)</u>	<u>-</u>	<u>113,079</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	7,665
Transfers out	-	-	-	-	(7,665)
Total other financing sources (uses)	<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>(5,638)</u>	<u>82,230</u>	<u>(29,535)</u>	<u>-</u>	<u>113,079</u>
Cash and investments - beginning	<u>(1,247)</u>	<u>-</u>	<u>61,674</u>	<u>29,892</u>	<u>514,488</u>
Cash and investments - ending	<u>\$ (6,885)</u>	<u>\$ 82,230</u>	<u>\$ 32,139</u>	<u>\$ 29,892</u>	<u>\$ 627,567</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ (6,885)</u>	<u>\$ 82,230</u>	<u>\$ 32,139</u>	<u>\$ 29,892</u>	<u>\$ 627,567</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ (6,885)</u>	<u>\$ 82,230</u>	<u>\$ 32,139</u>	<u>\$ 29,892</u>	<u>\$ 627,567</u>

EAST PORTER COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 525,885
Infrastructure	1,040,710
Buildings	39,919,113
Improvements other than buildings	278,000
Machinery and equipment	<u>8,145,370</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 49,909,078</u>

EAST PORTER COUNTY 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:		
East Porter County School Building Corporation	\$ 31,325,000	\$ 3,246,113
Copier	21,870	\$ 10,134
Notes and loans payable		
American Energy Contract 1	1,225,000	529,178
American Energy Contract 2	125,343	67,079
Common School Loan #A0957	54,386	18,491
Common School Loan #A1002	54,386	18,491
Tax Anticipation Warrant	4,612,822	4,768,430
Bonds payable:		
General obligation bonds:		
Pension Bonds	<u>2,890,000</u>	<u>330,212</u>
Total governmental activities debt	<u>\$ 40,308,807</u>	<u>\$ 8,988,128</u>

EAST PORTER COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations in 2006:

Fund	Excess Amount Expended
Debt Service	\$ 4,601
Capital Projects	153,258

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The School Corporation had the following overdrawn cash balances at June 30:

Fund	2006	2007
Debt Service	\$ 71,150	\$ -
Title I Delinquent SY 06	1,015	-
Drug Free Schools 05/06	2,227	-
Retirement/Severance Bond	1,247	6,885
Title I FY 07	-	3,678

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ECA EDUCATIONAL FEES (Applies to Washington Township and Kouts Schools)

Purchases have been made out of student extra-curricular funds for items such as: classroom, building and office supplies, ISTEP supplies, equipment, and licenses.

Activity or activities as used herein has reference to conducting any athletic, social, class, or other school function and the collection, custody and disbursement of any money in connection therewith, other than functions conducted solely by any organization of parents and teachers, which does not include public money. The collection, custody, and disbursement of the money for an activity are represented in the accounting records by a fund and the control account for all of the activity funds is designated as the "School Extra-Curricular Account."

Please note from the definition above, that the extra-curricular account is to be used only for functions which are not educational in nature. Accounts for educational functions must be maintained in the school corporation records. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

EAST PORTER COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 20-26-5-4 states in part: "In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the . . . specific powers . . . to acquire personal property or an interest in personal property as the governing body considers necessary for school purposes . . ." Therefore, extra-curricular equipment purchases should be approved prior to purchase by the Board of School Trustees. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

TEXTBOOK RENTAL RECEIPTS (Applies to Washington Township, Morgan Township, and Kouts Schools)

Textbook Rental Receipts (Form TBR-2) were not written for all textbook rental collections. The billing invoice in certain instances was used as the receipt. Receipts in other instances were written twice for the same collection. Occasionally, a check would be received for textbook rental in excess of the amount due. The Treasurer would remit cash change on the check instead of drafting a claim and check to refund the difference. Some individual receipts were held for deposit up to 150 days after receipt issuance.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

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

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECEIPT ISSUANCE (Applies to Washington Township Secondary School)

Receipts were not issued for individuals paying for driver's education or for summer school classes. Payments are made and then lump sum amounts are posted to the computer system.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PRESCRIBED RECEIPTS (Applies to Kouts School)

The Extra-Curricular Treasurer is not using State Board of Accounts approved receipt forms. Various different receipt forms are being used, many of which are not pre numbered. Duplicate receipts are not maintained in a book. Instead, the duplicate copies are clipped behind the bank deposit slip.

EAST PORTER COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Cash change is given for checks that are made out for more than the amount that is due. The checks are being receipted at the amount due. Nothing is noted on the receipts to indicate that cash change was given. Also, we noted that personal checks are being cashed by the Extra-Curricular Treasurer.

The composition of each receipt is not always marked making us unable to test the composition to the deposit.

Deposits were not made timely. Receipts in some instances were dated up to 86 days prior to the deposit date.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

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

OVERDRAWN CASH BALANCES (Applies to Kouts School)

The following lists the funds which had overdrawn cash balances and the amounts by which they were overdrawn:

Fund Name	June 30, 2006	June 30, 2007
Elementary Book Rental	\$ 564	\$ 4,971
High School Book Rental	2,208	2,430
EPCSC	40	-

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

AUDIT TRAIL (Applies to Kouts School)

A computerized accounting system is being used to prepare checks and record the financial activity. Audit trails are not generated when corrections and adjustments are made.

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from original source of entry into the system, through all system processing, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 8)

EAST PORTER COUNTY SCHOOL CORPORATION
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRENUMBERED TICKETS NOT RETAINED (Applies to Kouts School)

Prenumbered tickets were not retained for examination. A cash register was used for most events; but for outdoor events such as soccer and softball, prenumbered tickets were used. Tickets were only presented for examination for soccer games and but not for other outdoor events, so the information on the ticket sale reports (Form SA-4) could not be verified.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4. (Accounting and Uniform Compliance Guidelines Manual Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

EAST PORTER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2008, with Dr. Rodger E. Smith, Director of Business Affairs (Business Manager); and Jane Grennes, Deputy Treasurer. The officials concurred with our findings.