

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

AUDIT REPORT

OF

CENTER GROVE COMMUNITY SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

05/23/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert Channell	07-01-05 to 06-30-08
Superintendent of Schools	Candace Milhon-Baer John R. Coomer (Interim) Steven P. Stephanoff	07-01-05 to 11-19-06 11-20-06 to 04-29-07 04-30-07 to 06-30-10
President of the School Board	Mark Dietel Jim Copp Matt Shepherd	07-01-05 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



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

TO: THE OFFICIALS OF THE CENTER GROVE COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated March 17, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 17, 2008



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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CENTER GROVE COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Center Grove Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated April 8, 2008.

The School Corporation's response to the findings identified in our audit are described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

March 17, 2008

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 21,841,875	\$ -	\$ 152,239	\$ (21,689,636)
Support services	33,073,834	2,921,446	354,680	(29,797,708)
Community services	820,457	-	-	(820,457)
Nonprogrammed charges	989,012	-	-	(989,012)
Debt service	<u>13,779,515</u>	<u>-</u>	<u>-</u>	<u>(13,779,515)</u>
Total governmental activities	<u>\$ 70,504,693</u>	<u>\$ 2,921,446</u>	<u>\$ 506,919</u>	<u>(67,076,328)</u>
General receipts:				
Property taxes				31,312,089
Other local sources				6,532,909
State aid				20,827,730
Bonds and loans				3,197,286
Grants and contributions not restricted to specific programs				576,001
Sale of property, adjustments, and refunds				162,786
Investment earnings				<u>746,096</u>
Total general receipts				<u>63,354,897</u>
Change in net assets				(3,721,431)
Net assets - beginning				<u>23,312,566</u>
Net assets - ending				<u>\$ 19,591,135</u>
<u>Assets</u>				
Cash and investments				\$ 14,385,543
Restricted assets:				
Cash and investments				<u>5,205,592</u>
Total assets				<u>\$ 19,591,135</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 5,205,592
Unrestricted				<u>14,385,543</u>
Total net assets				<u>\$ 19,591,135</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 20,738,992	\$ -	\$ 153,143	\$ (20,585,849)
Support services	34,036,476	3,071,909	393,791	(30,570,776)
Community services	807,867	-	-	(807,867)
Nonprogrammed charges	942,523	-	-	(942,523)
Debt service	<u>14,576,577</u>	<u>-</u>	<u>-</u>	<u>(14,576,577)</u>
Total governmental activities	<u>\$ 71,102,435</u>	<u>\$ 3,071,909</u>	<u>\$ 546,934</u>	<u>(67,483,592)</u>
General receipts:				
Property taxes				17,730,897
Other local sources				6,135,746
State aid				20,255,747
Bonds and loans				23,473,755
Grants and contributions not restricted to specific programs				818,099
Sale of property, adjustments, and refunds				1,767,257
Investment earnings				<u>793,333</u>
Total general receipts				<u>70,974,834</u>
Change in net assets				3,491,242
Net assets - beginning				<u>19,591,135</u>
Net assets - ending				<u>\$ 23,082,377</u>
<u>Assets</u>				
Cash and investments				\$ 19,805,426
Restricted assets:				
Cash and investments				<u>3,276,951</u>
Total assets				<u>\$ 23,082,377</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 3,276,951
Unrestricted				<u>19,805,426</u>
Total net assets				<u>\$ 23,082,377</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	2004 Construction	Other	Totals
Receipts:								
Local sources	\$ 18,262,909	\$ 1,863,710	\$ 8,887,254	\$ 7,072,025	\$ 649,894	\$ 286,050	\$ 4,490,620	\$ 41,512,462
Intermediate sources	80	-	-	-	-	-	-	80
State sources	20,955,747	-	-	-	-	-	206,869	21,162,616
Federal sources	-	-	-	-	-	-	748,032	748,032
Bonds and loans	2,758,594	438,692	-	-	-	-	-	3,197,286
Sale of property, adjustments and refunds	-	2,116	-	56,834	-	103,836	-	162,786
Total receipts	41,977,330	2,304,518	8,887,254	7,128,859	649,894	389,886	5,445,521	66,783,262
Disbursements:								
Current:								
Instruction	21,420,748	-	-	-	-	2,187	418,940	21,841,875
Support services	16,984,918	2,039,307	151	6,764,618	549,044	1,746,556	4,989,240	33,073,834
Community services	817,618	-	-	-	-	-	2,839	820,457
Nonprogrammed charges	985,462	-	-	-	-	-	3,550	989,012
Debt services	4,080,012	561,010	8,080,230	-	-	-	1,058,263	13,779,515
Total disbursements	44,288,758	2,600,317	8,080,381	6,764,618	549,044	1,748,743	6,472,832	70,504,693
Excess (deficiency) of receipts over disbursements	(2,311,428)	(295,799)	806,873	364,241	100,850	(1,358,857)	(1,027,311)	(3,721,431)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	660,169	660,169
Transfers out	-	-	(10,136)	(648,545)	-	-	(1,488)	(660,169)
Total other financing sources (uses)	-	-	(10,136)	(648,545)	-	-	658,681	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,311,428)	(295,799)	796,737	(284,304)	100,850	(1,358,857)	(368,630)	(3,721,431)
Cash and investments - beginning	5,569,945	496,842	4,438,668	1,751,559	253,140	8,056,260	2,746,152	23,312,566
Cash and investments - ending	\$ 3,258,517	\$ 201,043	\$ 5,235,405	\$ 1,467,255	\$ 353,990	\$ 6,697,403	\$ 2,377,522	\$ 19,591,135
Cash and Investment Assets - Ending								
Cash and investments	\$ 3,258,517	\$ 201,044	\$ -	\$ 1,467,256	\$ 353,989	\$ 6,697,402	\$ 2,407,335	\$ 14,385,543
Restricted assets:								
Cash and investments	-	-	5,235,405	-	-	-	(29,813)	5,205,592
Total cash and investment assets - ending	\$ 3,258,517	\$ 201,044	\$ 5,235,405	\$ 1,467,256	\$ 353,989	\$ 6,697,402	\$ 2,377,522	\$ 19,591,135
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 5,235,405	\$ -	\$ -	\$ -	\$ (29,813)	\$ 5,205,592
Unrestricted	3,258,517	201,044	-	1,467,256	353,989	6,697,402	2,407,335	14,385,543
Total cash and investment fund balance - ending	\$ 3,258,517	\$ 201,044	\$ 5,235,405	\$ 1,467,256	\$ 353,989	\$ 6,697,402	\$ 2,377,522	\$ 19,591,135

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	2004 Construction	Other	Totals
Receipts:								
Local sources	\$ 11,180,638	\$ 1,118,794	\$ 4,891,558	\$ 4,184,640	\$ 385,031	\$ 1,540,351	\$ 4,430,792	\$ 27,731,804
Intermediate sources	80	-	-	-	-	-	-	80
State sources	20,384,723	453	-	-	-	-	376,797	20,761,973
Federal sources	-	-	-	-	-	-	858,808	858,808
Bonds and loans	12,462,909	1,646,042	3,535,440	4,965,771	394,917	-	468,676	23,473,755
Sale of property, adjustments and refunds	310,491	1,690	50,873	-	-	-	1,404,203	1,767,257
Total receipts	44,338,841	2,766,979	8,477,871	9,150,411	779,948	1,540,351	7,539,276	74,593,677
Disbursements:								
Current:								
Instruction	20,187,668	-	-	-	-	31,802	519,522	20,738,992
Support services	16,351,537	2,058,458	-	6,811,622	686,383	3,293,740	4,834,736	34,036,476
Community services	790,738	-	-	-	-	-	17,129	807,867
Nonprogrammed charges	942,523	-	-	-	-	-	-	942,523
Debt services	2,758,594	438,692	10,323,055	-	-	-	1,056,236	14,576,577
Total disbursements	41,031,060	2,497,150	10,323,055	6,811,622	686,383	3,325,542	6,427,623	71,102,435
Excess (deficiency) of receipts over disbursements	3,307,781	269,829	(1,845,184)	2,338,789	93,565	(1,785,191)	1,111,653	3,491,242
Other financing sources (uses):								
Transfers in	-	47,025	-	-	-	-	207,234	254,259
Transfers out	-	-	(67,049)	(186,952)	-	-	(258)	(254,259)
Total other financing sources (uses)	-	47,025	(67,049)	(186,952)	-	-	206,976	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,307,781	316,854	(1,912,233)	2,151,837	93,565	(1,785,191)	1,318,629	3,491,242
Cash and investments - beginning	3,258,517	201,043	5,235,405	1,467,255	353,990	6,697,403	2,377,522	19,591,135
Cash and investments - ending	\$ 6,566,298	\$ 517,897	\$ 3,323,172	\$ 3,619,092	\$ 447,555	\$ 4,912,212	\$ 3,696,151	\$ 23,082,377
Cash and Investment Assets - Ending								
Cash and investments	\$ 6,566,298	\$ 517,897	\$ -	\$ 3,619,092	\$ 447,555	\$ 4,912,212	\$ 3,742,372	\$ 19,805,426
Restricted assets:								
Cash and investments	-	-	3,323,172	-	-	-	(46,221)	3,276,951
Total cash and investment assets - ending	\$ 6,566,298	\$ 517,897	\$ 3,323,172	\$ 3,619,092	\$ 447,555	\$ 4,912,212	\$ 3,696,151	\$ 23,082,377
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 3,323,172	\$ -	\$ -	\$ -	\$ (46,221)	\$ 3,276,951
Unrestricted	6,566,298	517,897	-	3,619,092	447,555	4,912,212	3,742,372	19,805,426
Total cash and investment fund balance - ending	\$ 6,566,298	\$ 517,897	\$ 3,323,172	\$ 3,619,092	\$ 447,555	\$ 4,912,212	\$ 3,696,151	\$ 23,082,377

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

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

	Pension Trust Funds	Agency Funds
Investment earnings:		
Interest	\$ 49,970	
Deductions:		
Benefits	273,593	
Deficiency of total additions over total deductions	(223,623)	
Cash and investment fund balance - beginning	1,155,612	
Cash and investment fund balance - ending	\$ 931,989	
Net assets:		
Cash and investments	\$ 931,989	\$ 662,350
Total net assets - cash and investment basis held in trust	\$ 931,989	\$ 662,350

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

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

	Pension Trust Funds	Agency Funds
Investment earnings:		
Interest	\$ 43,215	
Deductions:		
Benefits	228,950	
Deficiency of total additions over total deductions	(185,735)	
Cash and investment fund balance - beginning	931,989	
Cash and investment fund balance - ending	\$ 746,254	
Net assets:		
Cash and investments	\$ 746,254	\$ 385,457
Total net assets - cash and investment basis held in trust	\$ 746,254	\$ 385,457

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Center Grove Community School Corporation

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

Joint Venture

The School Corporation is a participant with Beech Grove City Schools, Greenwood Community School Corporation, Clark-Pleasant Community School Corporation, Metropolitan School District of Franklin Township, Franklin Community School Corporation, Metropolitan School District of Perry Township, and Nineveh-Hensley-Jackson United School Corporation in a joint venture to operate Central Nine Career Center which was created to provide vocational education services. Central Nine Career Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for Central Nine Career Center can be obtained from the joint venture's administrative office at P.O. Box 710, Greenwood, Indiana, 46142-0710.

The School Corporation is a participant with Greenwood Community School Corporation, Clark-Pleasant Community School Corporation, Edinburgh Community School Corporation, Franklin Community School Corporation, and Nineveh-Hensley-Jackson United School Corporation in a joint venture to operate Special Services - Johnson County Schools which was created to provide a comprehensive program of special education for handicapped children in Johnson County. Special Services - Johnson County School's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Special Services - Johnson County School can be obtained from the joint venture's administrative office at 500 Earlywood Drive, Franklin, Indiana, 46131.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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

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

The 2004 construction fund is used to account for disbursements for capital outlay from receipts derived from a holding corporation.

Additionally, the School Corporation reports the following fund types:

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

Agency funds account for assets held by the School Corporation as an agent for employees, individuals and other governmental agencies during the time that they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30, 2006; however, the distribution for June 30, 2007, was delayed due to property reassessment changing to market value.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Compensated Absences

a. Sick Leave

School Corporation certified employees earn sick leave at the rate of 8 to 12 days per year depending on the classification of the employee. Unused sick leave may be accumulated to a maximum of 200 to 260 days depending on the classification of the employee. Upon retirement, certified employees may receive payment of 55% of accumulated sick leave at the individual's daily rate plus \$375 per year of service with the School Corporation. This benefit will not be less than \$5,250 or more than \$32,500.

School Corporation noncertified employees earn sick leave at the rate of 5 to 7 days per year depending on the classification of the employee. Part-time employees earn 1 sick day for each 2 months of service. Unused sick leave may be accumulated to a maximum of 75 days. Upon retirement, noncertified employees receive \$40 for each unused sick day accumulated plus \$80 per year of service with the School Corporation. This benefit will not exceed \$4,200.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 21 days per year based upon the number of years of service. A maximum of 5 days may be carried over to the next year. Accumulated vacation leave is not paid to employees upon termination.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave may be accumulated to a maximum of 5 days. Accumulated personal leave is not paid to employees upon termination.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

- a. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Government-Wide Financial Statements

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

Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statements of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statements of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

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

Fund	June 30, 2006	June 30, 2007
Textbook Rental	\$ 101,655	\$ -
Safe School Haven Grant	-	679
Tech Prep Grant	9,674	9,837
CIESC Lily Grant	29,708	19,475
Title 1 FY 2006	4,922	-
Innovative Programs FY 2005	9,528	-
Improve Teacher Quality State Grant	10,366	-
Retirement Severance Bond	29,813	46,221
Sales Tax	1,075	-

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of

CENTER GROVE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

American government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
Capital Projects Fund	Other governmental funds	\$ 648,545	\$ 186,952
Debt Service Fund	Transportation Operating Fund	-	47,025
Debt Service Fund	Other governmental funds	10,136	20,024
Other governmental funds	Other governmental funds	<u>1,488</u>	<u>258</u>
Totals		<u>\$ 660,169</u>	<u>\$ 254,259</u>

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

For the year ended June 30, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2005	Fund Reclassification	Balance as Restated July 1, 2005
Governmental Fund	\$ 23,312,477	\$ 89	\$ 23,312,566
Private-Purpose Trust Fund	89	(89)	-

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

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

B. Related Party Transactions

During the period for which financial statements are presented, the School Corporation had material transactions with Mark C. Dietel, School Board member, in relation to the sale of real estate owned by the School Corporation to a buyer that he has a relationship with in the amount of \$1,713,092.

C. Holding Corporations

The School Corporation has entered into capital leases with Center Grove Central Elementary School Building Corporation, Center Grove High School Improvement Building Corporation, Center Grove Middle School Holding Corporation, Center Grove 2000 School Building Corporation, and 2004 Center Grove School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2006 and June 30, 2007, totaled \$7,180,125 and \$7,702,150, respectively.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Subsequent Events

On December 17, 2007, the School Corporation and White River Township Trustee entered into an agreement for the trade of the School Corporation's administrative building and real estate for the Township's Administrative Building. The School Corporation funded \$2,800,100 in an escrow account to pay off the Township's outstanding holding corporation bonds on their building as they become due and/or callable. Also, the Township's equipment in the administration building was purchased by the School Corporation. The School Corporation had \$3,600,000 approved to complete the transaction and remodel the building for their needs.

The School Corporation also approved its share of debt service requirements for improvements being made by Central Nine Career Center. The semiannual payments range from \$83,849 to \$84,508 beginning December 2008 through June 2018.

The School Corporation and the Teachers' Union reached agreement on a contract for the 2008-2009 school year in March 2008.

E. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance, dental insurance, life insurance, vision insurance, and cancer insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 52 with at least 15 years of service. Currently, 44 retirees meet these eligibility requirements. The School Corporation pays \$4,372 annually for health insurance, \$244 annually for dental insurance, \$111 annually for vision insurance and \$112 annually for life insurance and retirees are responsible for the remainder of the cost of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the 2 years ending June 30, 2007, disbursements of \$278,636 were recognized for postemployment benefits.

F. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 330,746
Interest on net pension obligation	(34,509)
Adjustment to annual required contribution	39,325
Annual pension cost	335,562
Contributions made	307,374
Increase in net pension obligation	28,188
Net pension obligation, beginning of year	(475,980)
Net pension obligation, end of year	\$ (447,792)
Contribution rates:	
School Corporation	4.63%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

	<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
PERF	06-30-04	\$ 205,656	131%	\$ (395,464)
	06-30-05	218,224	137%	(475,980)
	06-30-06	335,562	92%	(447,792)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$707,408, \$696,807, and \$584,732, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

CENTER GROVE 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	\$ 6,001,948	\$ 5,410,787	\$ 591,161	111%	\$ 5,194,975	11%
07-01-05	6,237,793	6,397,347	(159,554)	98%	6,094,404	(3%)
07-01-06	6,377,080	6,736,793	(359,713)	95%	6,354,407	(6%)

CENTER GROVE 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

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Safe School Haven Grant	Donation
Receipts:						
Local sources	\$ 52,769	\$ -	\$ 2,223,778	\$ 730,475	\$ 4,421	\$ 5,640
State sources	120,298	-	35,423	-	-	-
Federal sources	-	-	317,290	-	-	-
Total receipts	<u>173,067</u>	<u>-</u>	<u>2,576,491</u>	<u>730,475</u>	<u>4,421</u>	<u>5,640</u>
Disbursements:						
Current:						
Instruction	155,535	-	-	-	4,421	-
Support services	-	373,907	2,586,448	842,755	-	-
Community services	-	-	-	-	-	440
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>155,535</u>	<u>373,907</u>	<u>2,586,448</u>	<u>842,755</u>	<u>4,421</u>	<u>440</u>
Excess (deficiency) of receipts over disbursements	<u>17,532</u>	<u>(373,907)</u>	<u>(9,957)</u>	<u>(112,280)</u>	<u>-</u>	<u>5,200</u>
Other financing sources (uses):						
Transfers in	-	648,545	-	10,136	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>648,545</u>	<u>-</u>	<u>10,136</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>17,532</u>	<u>274,638</u>	<u>(9,957)</u>	<u>(102,144)</u>	<u>-</u>	<u>5,200</u>
Cash and investments - beginning	<u>161,587</u>	<u>661,361</u>	<u>801,494</u>	<u>489</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 179,119</u>	<u>\$ 935,999</u>	<u>\$ 791,537</u>	<u>\$ (101,655)</u>	<u>\$ -</u>	<u>\$ 5,200</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 179,119	\$ 935,999	\$ 791,537	\$ (101,655)	\$ -	\$ 5,200
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 179,119</u>	<u>\$ 935,999</u>	<u>\$ 791,537</u>	<u>\$ (101,655)</u>	<u>\$ -</u>	<u>\$ 5,200</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	179,119	935,999	791,537	(101,655)	-	5,200
Total cash and investment fund balance - ending	<u>\$ 179,119</u>	<u>\$ 935,999</u>	<u>\$ 791,537</u>	<u>\$ (101,655)</u>	<u>\$ -</u>	<u>\$ 5,200</u>

CENTER GROVE 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)

	H & R Block Education	Lilly Grant	Full Day Kindergarten	Education Foundation Grants	Miscellaneous Grant	Academy of Finance
Receipts:						
Local sources	\$ -	\$ 25,000	\$ 48,900	\$ 3,013	\$ 3,000	\$ 500
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	-	25,000	48,900	3,013	3,000	500
Disbursements:						
Current:						
Instruction	-	-	24,499	-	-	-
Support services	-	-	2,388	1,000	2,618	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	26,887	1,000	2,618	-
Excess (deficiency) of receipts over disbursements	-	25,000	22,013	2,013	382	500
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	-	25,000	22,013	2,013	382	500
Cash and investments - beginning	1,814	-	-	-	89	-
Cash and investments - ending	1,814	25,000	22,013	2,013	471	500
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,814	\$ 25,000	\$ 22,013	\$ 2,013	\$ 471	\$ 500
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	1,814	25,000	22,013	2,013	471	500
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,814	25,000	22,013	2,013	471	500
Total cash and investment fund balance - ending	1,814	25,000	22,013	2,013	471	500

CENTER GROVE 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)

	Gifted and Talented	Tech Prep Grant	County Drug Free Community	State Medicaid Reimbursement	Scholarships and Awards	Non-English Speaking
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	23,523	26,157	-	770	-	698
Federal sources	-	-	-	-	-	-
Total receipts	23,523	26,157	-	770	-	698
Disbursements:						
Current:						
Instruction	30,343	-	-	-	227	-
Support services	-	27,145	-	2,572	-	583
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	30,343	27,145	-	2,572	227	583
Excess (deficiency) of receipts over disbursements	(6,820)	(988)	-	(1,802)	(227)	115
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	(6,820)	(988)	-	(1,802)	(227)	115
Cash and investments - beginning	13,125	(8,686)	70	1,802	227	593
Cash and investments - ending	<u>\$ 6,305</u>	<u>\$ (9,674)</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,305	\$ (9,674)	\$ 70	\$ -	\$ -	\$ 708
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,305</u>	<u>\$ (9,674)</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,305	(9,674)	70	-	-	708
Total cash and investment fund balance - ending	<u>\$ 6,305</u>	<u>\$ (9,674)</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708</u>

CENTER GROVE 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)

	School Technology	CIESC Lily Grant	Soda	Title 1 FY 2005	Title 1 FY 2006	Innovative Programs FY 2003
Receipts:						
Local sources	\$ 16,606	\$ 118,464	\$ 111,045	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	20,500	226,946	-
Total receipts	16,606	118,464	111,045	20,500	226,946	-
Disbursements:						
Current:						
Instruction	-	-	-	34,618	162,900	-
Support services	60,928	161,793	161,432	6,888	69,146	12,244
Community services	-	-	-	1,012	1,310	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	60,928	161,793	161,432	42,518	233,356	12,244
Excess (deficiency) of receipts over disbursements	(44,322)	(43,329)	(50,387)	(22,018)	(6,410)	(12,244)
Other financing sources (uses):						
Transfers in	-	-	-	-	1,488	-
Transfers out	-	-	-	(1,488)	-	-
Total other financing sources (uses)	-	-	-	(1,488)	1,488	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(44,322)	(43,329)	(50,387)	(23,506)	(4,922)	(12,244)
Cash and investments - beginning	81,764	13,621	66,046	23,506	-	12,244
Cash and investments - ending	\$ 37,442	\$ (29,708)	\$ 15,659	\$ -	\$ (4,922)	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 37,442	\$ (29,708)	\$ 15,659	\$ -	\$ (4,922)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 37,442	\$ (29,708)	\$ 15,659	\$ -	\$ (4,922)	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	37,442	(29,708)	15,659	-	(4,922)	-
Total cash and investment fund balance - ending	\$ 37,442	\$ (29,708)	\$ 15,659	\$ -	\$ (4,922)	\$ -

CENTER GROVE 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)

	Innovative Programs FY 2004	Innovative Programs FY 2005	Safe and Drug Free Schools Grant FY 2004	Safe and Drug Free Schools Grant FY 2005	High Schools That Work Grant 2004-05	High Schools That Work Grant 2005-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	19,696	4,658	6,109	19,029	-	2,000
Total receipts	19,696	4,658	6,109	19,029	-	2,000
Disbursements:						
Current:						
Instruction	-	-	-	6,065	-	-
Support services	16,615	14,186	4,613	12,480	2,500	2,000
Community services	-	-	-	77	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	16,615	14,186	4,613	18,622	2,500	2,000
Excess (deficiency) of receipts over disbursements	3,081	(9,528)	1,496	407	(2,500)	-
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	3,081	(9,528)	1,496	407	(2,500)	-
Cash and investments - beginning	1,042	-	(1,496)	-	2,500	-
Cash and investments - ending	<u>\$ 4,123</u>	<u>\$ (9,528)</u>	<u>\$ -</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,123	\$ (9,528)	\$ -	\$ 407	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,123</u>	<u>\$ (9,528)</u>	<u>\$ -</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,123	(9,528)	-	407	-	-
Total cash and investment fund balance - ending	<u>\$ 4,123</u>	<u>\$ (9,528)</u>	<u>\$ -</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ -</u>

CENTER GROVE 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)

	Federal Medicaid Reimbursement	Improve Teacher Quality State Grant	Enhancing Education Through Technology Grant	Retirement Severance Bond	2005 Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 1,053,413	\$ 93,596	\$ 4,490,620
State sources	-	-	-	-	-	206,869
Federal sources	1,198	126,832	3,774	-	-	748,032
Total receipts	1,198	126,832	3,774	1,053,413	93,596	5,445,521
Disbursements:						
Current:						
Instruction	332	-	-	-	-	418,940
Support services	-	170,913	4,884	-	449,202	4,989,240
Community services	-	-	-	-	-	2,839
Nonprogrammed charges	3,550	-	-	-	-	3,550
Debt services	-	-	-	1,058,263	-	1,058,263
Total disbursements	3,882	170,913	4,884	1,058,263	449,202	6,472,832
Excess (deficiency) of receipts over disbursements	(2,684)	(44,081)	(1,110)	(4,850)	(355,606)	(1,027,311)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	660,169
Transfers out	-	-	-	-	-	(1,488)
Total other financing sources (uses)	-	-	-	-	-	658,681
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,684)	(44,081)	(1,110)	(4,850)	(355,606)	(368,630)
Cash and investments - beginning	10,078	33,715	2,009	(24,963)	892,121	2,746,152
Cash and investments - ending	<u>\$ 7,394</u>	<u>\$ (10,366)</u>	<u>\$ 899</u>	<u>\$ (29,813)</u>	<u>\$ 536,515</u>	<u>\$ 2,377,522</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,394	\$ (10,366)	\$ 899	\$ -	\$ 536,515	\$ 2,407,335
Restricted assets:						
Cash and investments	-	-	-	(29,813)	-	(29,813)
Total cash and investment assets - ending	\$ 7,394	\$ (10,366)	\$ 899	\$ (29,813)	\$ 536,515	\$ 2,377,522
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ (29,813)	\$ -	\$ (29,813)
Unrestricted	7,394	(10,366)	899	-	536,515	2,407,335
Total cash and investment fund balance - ending	\$ 7,394	\$ (10,366)	\$ 899	\$ (29,813)	\$ 536,515	\$ 2,377,522

CENTER GROVE 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

	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Alternative Education
Receipts:					
Local sources	\$ 30,526	\$ -	\$ 2,424,837	\$ 690,788	\$ -
State sources	119,544	-	38,172	-	14,843
Federal sources	-	-	355,472	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,404,203	-	-	-
Total receipts	<u>150,070</u>	<u>1,404,203</u>	<u>2,818,481</u>	<u>690,788</u>	<u>14,843</u>
Disbursements:					
Current:					
Instruction	206,250	-	-	-	5,566
Support services	-	868,524	2,732,208	449,536	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>206,250</u>	<u>868,524</u>	<u>2,732,208</u>	<u>449,536</u>	<u>5,566</u>
Excess (deficiency) of receipts over disbursements	<u>(56,180)</u>	<u>535,679</u>	<u>86,273</u>	<u>241,252</u>	<u>9,277</u>
Other financing sources (uses):					
Transfers in	-	186,952	-	20,024	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>186,952</u>	<u>-</u>	<u>20,024</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(56,180)</u>	<u>722,631</u>	<u>86,273</u>	<u>261,276</u>	<u>9,277</u>
Cash and investments - beginning	<u>179,119</u>	<u>935,999</u>	<u>791,537</u>	<u>(101,655)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 122,939</u>	<u>\$ 1,658,630</u>	<u>\$ 877,810</u>	<u>\$ 159,621</u>	<u>\$ 9,277</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 122,939	\$ 1,658,630	\$ 877,810	\$ 159,621	\$ 9,277
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 122,939</u>	<u>\$ 1,658,630</u>	<u>\$ 877,810</u>	<u>\$ 159,621</u>	<u>\$ 9,277</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	122,939	1,658,630	877,810	159,621	9,277
Total cash and investment fund balance - ending	<u>\$ 122,939</u>	<u>\$ 1,658,630</u>	<u>\$ 877,810</u>	<u>\$ 159,621</u>	<u>\$ 9,277</u>

CENTER GROVE 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)

	Safe School Haven Grant	CAPE Grant	Donation	H & R Block Education	Education Foundation Grants
Receipts:					
Local sources	\$ 5,281	\$ 43,866	\$ 1,925	\$ -	\$ 2,479
State sources	-	90,334	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>5,281</u>	<u>134,200</u>	<u>1,925</u>	<u>-</u>	<u>2,479</u>
Disbursements:					
Current:					
Instruction	-	24,653	-	-	-
Support services	5,960	66,896	1,592	-	792
Community services	-	-	50	-	-
Debt services	-	-	-	-	-
	<u>5,960</u>	<u>91,549</u>	<u>1,642</u>	<u>-</u>	<u>792</u>
Excess (deficiency) of receipts over disbursements	<u>(679)</u>	<u>42,651</u>	<u>283</u>	<u>-</u>	<u>1,687</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>(679)</u>	<u>42,651</u>	<u>283</u>	<u>-</u>	<u>1,687</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>1,814</u>	<u>-</u>
Cash and investments - ending	<u>\$ (679)</u>	<u>\$ 42,651</u>	<u>\$ 5,483</u>	<u>\$ 1,814</u>	<u>\$ 1,687</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ (679)	\$ 42,651	\$ 5,483	\$ 1,814	\$ 1,687
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (679)</u>	<u>\$ 42,651</u>	<u>\$ 5,483</u>	<u>\$ 1,814</u>	<u>\$ 1,687</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(679)</u>	<u>42,651</u>	<u>5,483</u>	<u>1,814</u>	<u>1,687</u>
Total cash and investment fund balance - ending	<u>\$ (679)</u>	<u>\$ 42,651</u>	<u>\$ 5,483</u>	<u>\$ 1,814</u>	<u>\$ 1,687</u>

CENTER GROVE 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)

	Lilly Grant	Full Day Kindergarten	Johnson County Foundation	Education Foundation Grants	Miscellaneous Grant
Receipts:					
Local sources	\$ 150	\$ 100,625	\$ 2,280	\$ 1,740	\$ 10,000
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>150</u>	<u>100,625</u>	<u>2,280</u>	<u>1,740</u>	<u>10,000</u>
Disbursements:					
Current:					
Instruction	-	63,332	-	1,420	-
Support services	15,335	12,249	-	2,303	2,344
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>15,335</u>	<u>75,581</u>	<u>-</u>	<u>3,723</u>	<u>2,344</u>
Excess (deficiency) of receipts over disbursements	<u>(15,185)</u>	<u>25,044</u>	<u>2,280</u>	<u>(1,983)</u>	<u>7,656</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>(15,185)</u>	<u>25,044</u>	<u>2,280</u>	<u>(1,983)</u>	<u>7,656</u>
Cash and investments - beginning	<u>25,000</u>	<u>22,013</u>	<u>-</u>	<u>2,013</u>	<u>471</u>
Cash and investments - ending	<u>\$ 9,815</u>	<u>\$ 47,057</u>	<u>\$ 2,280</u>	<u>\$ 30</u>	<u>\$ 8,127</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 9,815	\$ 47,057	\$ 2,280	\$ 30	\$ 8,127
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 9,815</u>	<u>\$ 47,057</u>	<u>\$ 2,280</u>	<u>\$ 30</u>	<u>\$ 8,127</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,815	47,057	2,280	30	8,127
Total cash and investment fund balance - ending	<u>\$ 9,815</u>	<u>\$ 47,057</u>	<u>\$ 2,280</u>	<u>\$ 30</u>	<u>\$ 8,127</u>

CENTER GROVE 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)

	Academy of Finance	Gifted and Talented	Tech Prep Grant	County Drug Free Community	State Medicaid Reimbursement
Receipts:					
Local sources	\$ -	\$ -	\$ 10,947	\$ -	\$ -
State sources	-	23,523	35,278	2,400	58
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	23,523	46,225	2,400	58
Disbursements:					
Current:					
Instruction	-	14,732	-	-	-
Support services	-	-	46,388	2,385	58
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	14,732	46,388	2,385	58
Excess (deficiency) of receipts over disbursements	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	8,791	(163)	15	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	8,791	(163)	15	-
Cash and investments - beginning	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	500	6,305	(9,674)	70	-
Cash and investments - ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 500	\$ 15,096	\$ (9,837)	\$ 85	\$ -
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 500	\$ 15,096	\$ (9,837)	\$ 85	\$ -
Restricted assets:					
Cash and investments	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-
Total cash and investment assets - ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 500	\$ 15,096	\$ (9,837)	\$ 85	\$ -
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	500	15,096	(9,837)	85	-
Total cash and investment fund balance - ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 500	\$ 15,096	\$ (9,837)	\$ 85	\$ -

CENTER GROVE 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	School Technology	National Governor's Association Grant	CIESC Lily Grant	Soda
Receipts:					
Local sources	\$ -	\$ 210,796	\$ -	\$ 162,889	\$ 133,522
State sources	645	-	50,000	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>645</u>	<u>210,796</u>	<u>50,000</u>	<u>162,889</u>	<u>133,522</u>
Total receipts					
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	844	123,529	17,049	152,656	144,951
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
	<u>844</u>	<u>123,529</u>	<u>17,049</u>	<u>152,656</u>	<u>144,951</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements					
	<u>(199)</u>	<u>87,267</u>	<u>32,951</u>	<u>10,233</u>	<u>(11,429)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	<u>(199)</u>	<u>87,267</u>	<u>32,951</u>	<u>10,233</u>	<u>(11,429)</u>
Cash and investments - beginning					
	<u>708</u>	<u>37,442</u>	<u>-</u>	<u>(29,708)</u>	<u>15,659</u>
Cash and investments - ending					
	<u>\$ 509</u>	<u>\$ 124,709</u>	<u>\$ 32,951</u>	<u>\$ (19,475)</u>	<u>\$ 4,230</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments					
	\$ 509	\$ 124,709	\$ 32,951	\$ (19,475)	\$ 4,230
Restricted assets:					
Cash and investments					
	-	-	-	-	-
Total cash and investment assets - ending					
	<u>\$ 509</u>	<u>\$ 124,709</u>	<u>\$ 32,951</u>	<u>\$ (19,475)</u>	<u>\$ 4,230</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service					
	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted					
	<u>509</u>	<u>124,709</u>	<u>32,951</u>	<u>(19,475)</u>	<u>4,230</u>
Total cash and investment fund balance - ending					
	<u>\$ 509</u>	<u>\$ 124,709</u>	<u>\$ 32,951</u>	<u>\$ (19,475)</u>	<u>\$ 4,230</u>

CENTER GROVE 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)

	Title 1 FY 2006	Title 1 FY 2007	Innovative Programs FY 2004	Innovative Programs FY 2005	Innovative Programs FY 2006
Receipts:					
Local sources	\$ -	\$ 300	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	20,300	241,479	-	13,800	9,302
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>20,300</u>	<u>241,779</u>	<u>-</u>	<u>13,800</u>	<u>9,302</u>
Disbursements:					
Current:					
Instruction	13,245	189,794	-	-	-
Support services	960	26,829	4,123	1,872	5,000
Community services	915	1,076	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>15,120</u>	<u>217,699</u>	<u>4,123</u>	<u>1,872</u>	<u>5,000</u>
Excess (deficiency) of receipts over disbursements	<u>5,180</u>	<u>24,080</u>	<u>(4,123)</u>	<u>11,928</u>	<u>4,302</u>
Other financing sources (uses):					
Transfers in	-	258	-	-	-
Transfers out	(258)	-	-	-	-
Total other financing sources (uses)	<u>(258)</u>	<u>258</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,922</u>	<u>24,338</u>	<u>(4,123)</u>	<u>11,928</u>	<u>4,302</u>
Cash and investments - beginning	<u>(4,922)</u>	<u>-</u>	<u>4,123</u>	<u>(9,528)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 24,338</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 4,302</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 24,338	\$ -	\$ 2,400	\$ 4,302
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 24,338</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 4,302</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	24,338	-	2,400	4,302
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 24,338</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 4,302</u>

CENTER GROVE 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)

	Safe and Drug Free Schools Grant FY 2005	Safe and Drug Free Schools Grant FY 2006	High Schools That Work Grant 2006-07	Federal Medicaid Reimbursement	Improve Teacher Quality State Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	2,000	-	-
Federal sources	-	15,539	-	90	191,050
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>-</u>	<u>15,539</u>	<u>2,000</u>	<u>90</u>	<u>191,050</u>
Disbursements:					
Current:					
Instruction	200	323	-	7	-
Support services	141	-	240	-	142,532
Community services	-	15,088	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>341</u>	<u>15,411</u>	<u>240</u>	<u>7</u>	<u>142,532</u>
Excess (deficiency) of receipts over disbursements	<u>(341)</u>	<u>128</u>	<u>1,760</u>	<u>83</u>	<u>48,518</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>(341)</u>	<u>128</u>	<u>1,760</u>	<u>83</u>	<u>48,518</u>
Cash and investments - beginning	<u>407</u>	<u>-</u>	<u>-</u>	<u>7,394</u>	<u>(10,366)</u>
Cash and investments - ending	<u>\$ 66</u>	<u>\$ 128</u>	<u>\$ 1,760</u>	<u>\$ 7,477</u>	<u>\$ 38,152</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 66	\$ 128	\$ 1,760	\$ 7,477	\$ 38,152
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 66</u>	<u>\$ 128</u>	<u>\$ 1,760</u>	<u>\$ 7,477</u>	<u>\$ 38,152</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>66</u>	<u>128</u>	<u>1,760</u>	<u>7,477</u>	<u>38,152</u>
Total cash and investment fund balance - ending	<u>\$ 66</u>	<u>\$ 128</u>	<u>\$ 1,760</u>	<u>\$ 7,477</u>	<u>\$ 38,152</u>

CENTER GROVE 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)

	Enhancing Education Through Technology Grant	English Proficiency Grant	Retirement Severance Bond	2005 Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 571,152	\$ 26,689	\$ 4,430,792
State sources	-	-	-	-	376,797
Federal sources	4,401	7,375	-	-	858,808
Bonds and loans	-	-	468,676	-	468,676
Sale of property, adjustments and refunds	-	-	-	-	1,404,203
Total receipts	<u>4,401</u>	<u>7,375</u>	<u>1,039,828</u>	<u>26,689</u>	<u>7,539,276</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	519,522
Support services	849	5,696	-	895	4,834,736
Community services	-	-	-	-	17,129
Debt services	-	-	1,056,236	-	1,056,236
Total disbursements	<u>849</u>	<u>5,696</u>	<u>1,056,236</u>	<u>895</u>	<u>6,427,623</u>
Excess (deficiency) of receipts over disbursements	<u>3,552</u>	<u>1,679</u>	<u>(16,408)</u>	<u>25,794</u>	<u>1,111,653</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	207,234
Transfers out	-	-	-	-	(258)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,976</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,552</u>	<u>1,679</u>	<u>(16,408)</u>	<u>25,794</u>	<u>1,318,629</u>
Cash and investments - beginning	<u>899</u>	<u>-</u>	<u>(29,813)</u>	<u>536,515</u>	<u>2,377,522</u>
Cash and investments - ending	<u>\$ 4,451</u>	<u>\$ 1,679</u>	<u>\$ (46,221)</u>	<u>\$ 562,309</u>	<u>\$ 3,696,151</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 4,451	\$ 1,679	\$ -	\$ 562,309	\$ 3,742,372
Restricted assets:					
Cash and investments	-	-	(46,221)	-	(46,221)
Total cash and investment assets - ending	<u>\$ 4,451</u>	<u>\$ 1,679</u>	<u>\$ (46,221)</u>	<u>\$ 562,309</u>	<u>\$ 3,696,151</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ (46,221)	\$ -	\$ (46,221)
Unrestricted	<u>4,451</u>	<u>1,679</u>	<u>-</u>	<u>562,309</u>	<u>3,742,372</u>
Total cash and investment fund balance - ending	<u>\$ 4,451</u>	<u>\$ 1,679</u>	<u>\$ (46,221)</u>	<u>\$ 562,309</u>	<u>\$ 3,696,151</u>

CENTER GROVE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	<u>Payroll Withholdings</u>	<u>Prepaid Lunches</u>	<u>Sales Tax</u>	<u>Totals</u>
Net assets:				
Cash and investments	\$ 634,309	\$ 29,116	\$ (1,075)	\$ 662,350
Total net assets - cash and investment basis held in trust	<u>\$ 634,309</u>	<u>\$ 29,116</u>	<u>\$ (1,075)</u>	<u>\$ 662,350</u>

CENTER GROVE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	<u>Payroll Withholdings</u>	<u>Prepaid Lunches</u>	<u>Totals</u>
Net assets:			
Cash and investments	\$ 350,687	\$ 34,770	\$ 385,457
Total net assets - cash and investment basis held in trust	<u>\$ 350,687</u>	<u>\$ 34,770</u>	<u>\$ 385,457</u>

CENTER GROVE 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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 6,516,745
Buildings	124,046,797
Improvements other than buildings	12,495,718
Machinery and equipment	29,303,007
Construction in progress	<u>24,798,055</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 197,160,322</u>

CENTER GROVE 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:		
2002 Pleasant Grove school building corporation	\$ 935,000	\$ 495,163
1999 high school improvements school building corporation	20,035,000	3,471,000
2000 new middle school holding corporation	35,595,000	2,950,000
2004 new elementary school holding corporation	34,935,000	1,600,000
Common school loans payable	982,500	182,438
Bonds payable:		
General obligation bonds:		
Pension issue of 2003 for retirement/severance	5,820,000	1,054,235
Issue of 2004 for land acquisition	1,970,000	1,999,600
Tax anticipation warrants:		
General fund	12,462,908	12,724,621
Debt service fund	3,535,440	3,609,909
Retirement/severance bond fund	468,676	478,457
Capital projects fund	4,965,771	5,058,725
Transportation operating fund	1,646,043	1,684,397
School bus replacement fund	394,917	402,371
Certificates of participation:		
Energy savings contract	1,630,000	410,417
Total governmental activities debt	<u>\$ 125,376,255</u>	<u>\$ 36,121,333</u>

CENTER GROVE COMMUNITY SCHOOL CORPORATION
OTHER REPORTS

The audit report presented herein was prepared in addition to an official report prepared for the School Corporation:

Public Works Projects

CENTER GROVE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The following funds were overdrawn as of June 30, 2006 and 2007:

Fund	June 30, 2006	June 30, 2007
Retirement Severance Bond	\$ 29,812.63	\$ 46,220.55
Textbook Rental	101,654.64	-
Safe School Haven Grant	-	678.92
Tech Prep Grant	9,673.68	9,836.45
CIESC/Lily Grant	29,707.03	19,474.80
Title 1 FY 2006	4,921.67	-
Innovative Programs FY 2005	9,527.91	-
Improving Teacher Quality State Grant	10,365.92	-
Sales Tax	1,074.65	-

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

TRAVEL POLICY

There was not a travel policy presented for audit.

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)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

Information presented for audit indicates the number of honors diplomas reported on Form 30A, were incorrect for the school year ending June 30, 2007.

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

School Year	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2006-2007	205	203	2

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CENTER GROVE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL DEPOSITS (Applies to Center Grove Elementary, Maple Grove Elementary, Pleasant Grove Elementary)

Textbook rental receipts were not always deposited within a reasonable time. During the audit period, textbook rental receipts were prewritten on the same date. The date the money is actually received is not indicated on the textbook rental receipt. Therefore, timeliness of the deposit cannot be determined.

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

EDUCATIONAL DONATION (Applies to Center Grove Elementary, Maple Grove Elementary, North Grove Elementary, Pleasant Grove Elementary, Sugar Grove Elementary, West Grove Elementary, Middle School Central, Middle School North, Center Grove High School)

Donations and/or grants were accepted and receipted into an extra-curricular fund, from outside organizations, to be used for the purchase of supplies and equipment.

All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. (Accounting and Uniform compliance Guidelines for Extra-Curricular Accounts, Chapter 6)

DEPOSITS (Applies to Center Grove High School)

Some receipt classifications did not always agree to the classification on the deposit slips.

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."

DISBURSEMENT DOCUMENTATION (Applies to Center Grove High School)

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OVERPAYMENT COLLECTIONS (Applies to Center Grove High School)

Overpayments of \$85.14 were made to Erik Armin Inc. Refunds have not been received as of February 4, 2008.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

APPROVAL OF FORMS (Applies to Center Grove High School)

Center Grove High School was using the following form which had not been approved for use in lieu of prescribed forms:

Athletic Ticket Sales

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)

TICKET SALES (Applies to Center Grove High School)

Ticket stubs were not retained for audit.

A similar comment appeared in the previous report.

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extracurricular 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 for Extra-Curricular Accounts, Chapter 2)

INTERNAL CONTROLS - ATHLETIC RECEIPTS (Applies to Center Grove High School)

Controls for receipts generated by Athletics are insufficient. The Athletic Director receives a ticket sales report from each gate that money was taken in at an athletic event. Differences in the amount reported on the ticket sales report to what is reported on the receipt do not always appear to be investigated.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CENTER GROVE COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Center Grove Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on

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

a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

The School Corporation's response to the findings identified in our audit are described in the accompanying Official Response section of the report. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

March 17, 2008

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
School Year 2005-2006		Agreement 41-4205	\$ 16,371	\$ -
School Year 2005-2006		Agreement 41-4205	-	28,210
Total for program			16,371	28,210
National School Lunch Program				
School Year 2005-2006	10.555			
School Year 2005-2006		Agreement 41-4205	364,445	-
		Agreement 41-4205	-	395,117
Total for program			364,445	395,117
Total for federal grantor agency			380,816	423,327
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies				
Fiscal Year 2005	84.010	Project 05-4205	44,006	-
Fiscal Year 2006		Project 06-4205	233,356	15,378
Fiscal Year 2007		Project 07-4205	-	217,698
Total for program			277,362	233,076
Vocational Education - Basic Grants to States				
High Schools That Work	84.048	05-1303-4205	2,500	-
High Schools That Work		05-1303-4205	2,000	-
First Robotics Grant		CPR-6-113	-	2,930
High Schools That Work		07-1303-4205	-	240
Total for program			4,500	3,170
Safe and Drug Free Schools and Communities - State Grants				
Fiscal Year 2004	84.186	Project 04-031	4,613	-
Fiscal Year 2005		Project 05-011	18,622	341
Fiscal Year 2006		Project 4205-06	-	15,411
Total for program			23,235	15,752
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
Fiscal Year 2004	84.243	Project TP-4-113	14,924	-
Fiscal Year 2005		Project TP-5-113	11,233	32,776
Fiscal Year 2006		Project TP-6-113	-	19,576
Total for program			26,157	52,352
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs				
Fiscal Year 2003	84.298	Project 03-186	12,244	-
Fiscal Year 2004		Project 04-205	16,615	4,123
Fiscal Year 2005		Project 05-121	14,186	1,872
Fiscal Year 2006		Project 4205-06	-	5,000
Total for program			43,045	10,995
Education Technology State Grants				
Fiscal Year 2003	84.318	Project No. 03	9	-
Fiscal Year 2004		None	4,874	900
Total for program			4,883	900
Pass-Through Clark-Pleasant Community School Corporation				
English Language Acquisition Grants				
Fiscal Year 2006	84.365	None	-	5,696
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants				
Fiscal Year 2003	84.367	Project 03-237	10,301	-
Fiscal Year 2004		Project 04-171	109,911	6,602
Fiscal Year 2005		Project 05-175	50,701	81,198
Fiscal Year 2006		Project 06-4205	-	54,732
Total for program			170,913	142,532
Total for federal grantor agency			550,095	464,473
Total federal awards expended			\$ 930,911	\$ 887,800

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

CENTER GROVE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	School Year 2005-2006	School Year 2006-2007
Child Nutrition Cluster	\$ 63,525	\$ 67,855

CENTER GROVE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title 1 Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CENTER GROVE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 8, 2008, with Paul G. Gabriel, Chief Financial Officer; Steven P. Stephanoff, Superintendent of Schools; and Matt Shepherd, President of the School Board. The official response has been made a part of this report and may be found on page 57.

Tuesday, April 15, 2008

OFFICIAL RESPONSE

State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204

To Whom It May Concern:

This letter is an official response to the issues raised at our exit conference on Tuesday, April 8, 2008. We would first like to say that we appreciate the time and effort of your auditing staff, who at all times conducted themselves in a thorough and professional manner.

The following paragraphs respond to each item of the Audit Results and Comments:

Overdrawn Fund Balances

Most of the overdrawn funds were grants, which occasionally are overdrawn because of the timing of the receipt of funds. We will continue to work to insure that other funds are not overdrawn.

Travel Policy

We are in the process of reviewing our travel guidelines. We will present a travel policy to the Board for their approval prior to the end of this year.

Honors Diplomas – Incorrect Reporting to the State

We will research this difference of two students and contact the Indiana Department of Education. We will look at our procedures so that in future years we retain the correct documentation of the number of honors diplomas.

Remaining Items

The remaining eight Audit Results and Comments apply to extra-curricular treasurers at various schools. Members of the business office have been involved in the school exit interviews, and we have also had discussions with the auditors. We will use these discussions as well as the Audit Results and Comments as the basis of training for school treasurers that will address all these issues.

We appreciate the opportunity to make this response as part of the audit report.

Sincerely,



Paul G. Gabriel
Chief Financial Officer