

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

AUDIT REPORT
OF
LAKE RIDGE SCHOOL CORPORATION
LAKE 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	Kimberly A. Pusateri	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Robert Beach Dr. Sharon Johnson-Shirley	07-01-05 to 06-30-06 07-01-06 to 06-30-08
President of the School Board	Richard Lowe G. Annette Wells	07-01-05 to 06-30-06 07-01-06 to 06-30-08



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

TO: THE OFFICIALS OF THE LAKE RIDGE SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Ridge 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, the business-type activities 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 10, 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.

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.

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Basis - Other Governmental Funds, 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 Long-Term Debt is presented for additional analysis and is not a required part of the basic financial statements. The Schedule of Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

March 10, 2008



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

TO: THE OFFICIALS OF THE LAKE RIDGE SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, business-activities, each major fund, and the aggregate remaining fund information of the Lake Ridge 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 10, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, we believe that the significant deficiency described above is not a material weakness.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan and 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 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 10, 2008

LAKE RIDGE 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	\$ 8,615,196	\$ -	\$ 271,569	\$ (8,343,627)
Support services	14,025,639	308,723	1,006,634	(12,710,282)
Community services	329,621	-	-	(329,621)
Nonprogrammed charges	3,521,852	-	-	(3,521,852)
Debt service	<u>3,829,628</u>	<u>-</u>	<u>-</u>	<u>(3,829,628)</u>
Total governmental activities	<u>\$ 30,321,936</u>	<u>\$ 308,723</u>	<u>\$ 1,278,203</u>	<u>(28,735,010)</u>
General receipts:				
Property taxes				7,446,103
Other local sources				1,589,068
State aid				14,537,238
Bonds and loans				6,346,928
Grants and contributions not restricted to specific programs				1,070,606
Sale of property, adjustments, and refunds				45,713
Investment earnings				<u>44,210</u>
Total general receipts				<u>31,079,866</u>
Change in net assets				2,344,856
Net assets - beginning				<u>857,356</u>
Net assets - ending				<u>\$ 3,202,212</u>
<u>Assets</u>				
Cash and investments				\$ 1,829,105
Restricted assets:				
Cash and investments				<u>1,373,107</u>
Total assets				<u>\$ 3,202,212</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 62,995
Other purposes				1,310,112
Unrestricted				<u>1,829,105</u>
Total net assets				<u>\$ 3,202,212</u>

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

LAKE RIDGE 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 8,248,794	\$ -	\$ 202,287	\$ (8,046,507)
Support services	9,261,545	325,899	953,334	(7,982,312)
Community services	396,180	-	-	(396,180)
Nonprogrammed charges	4,687,684	-	-	(4,687,684)
Debt service	<u>3,695,776</u>	<u>-</u>	<u>-</u>	<u>(3,695,776)</u>
Total governmental activities	<u>\$ 26,289,979</u>	<u>\$ 325,899</u>	<u>\$ 1,155,621</u>	<u>(24,808,459)</u>
General receipts:				
Property taxes				6,540,313
Other local sources				1,014,188
State aid				14,363,503
Bonds and loans				3,769,568
Grants and contributions not restricted to specific programs				1,501,554
Sale of property, adjustments, and refunds				196,302
Investment earnings				<u>179,571</u>
Total general receipts				<u>27,564,999</u>
Change in net assets				2,756,540
Net assets - beginning				<u>3,202,212</u>
Net assets - ending				<u>\$ 5,958,752</u>
 <u>Assets</u>				
Cash and investments				\$ 4,607,061
Restricted assets:				
Cash and investments				<u>1,351,691</u>
Total assets				<u>\$ 5,958,752</u>
 <u>Net Assets</u>				
Restricted for:				
Other purposes				\$ 1,351,691
Unrestricted				<u>4,607,061</u>
Total net assets				<u>\$ 5,958,752</u>

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

LAKE RIDGE 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	Local Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Common School	Construction	Other	Totals
Receipts:										
Local sources	\$ 3,507,580	\$ 1,418,907	\$ -	\$ 2,317,004	\$ 1,025,880	\$ 228,164	\$ -	\$ -	\$ 491,507	\$ 8,989,042
Intermediate sources	391,581	-	-	-	-	-	-	-	656	392,237
State sources	14,792,848	-	-	-	-	-	-	-	281,395	15,074,243
Federal sources	-	-	-	-	-	-	-	-	1,811,804	1,811,804
Bonds and loans	1,857,574	-	-	-	-	-	4,489,354	-	-	6,346,928
Sale of property, adjustments and refunds	26,539	-	-	-	-	-	-	-	19,173	45,712
Total receipts	20,576,122	1,418,907	-	2,317,004	1,025,880	228,164	4,489,354	-	2,604,535	32,659,966
Disbursements:										
Current:										
Instruction	7,719,387	-	-	-	-	-	-	-	895,809	8,615,196
Support services	8,273,288	961,842	-	-	941,392	-	4,485,629	-	1,869,072	16,531,223
Community services	329,069	-	-	-	-	-	-	-	552	329,621
Nonprogrammed charges	1,160,129	-	-	-	-	-	-	-	17,983	1,178,112
Debt services	1,920,648	-	-	1,718,430	-	76,590	-	-	113,960	3,829,628
Total disbursements	19,402,521	961,842	-	1,718,430	941,392	76,590	4,485,629	-	2,897,376	30,483,780
Excess (deficiency) of receipts over disbursements	1,173,601	457,065	-	598,574	84,488	151,574	3,725	-	(292,841)	2,176,186
Other financing sources (uses):										
Transfers in	7,248	-	-	-	-	-	-	-	76,095	83,343
Transfers out	-	-	-	-	-	-	-	-	(83,343)	(83,343)
Total other financing sources (uses)	7,248	-	-	-	-	-	-	-	(7,248)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,180,849	457,065	-	598,574	84,488	151,574	3,725	-	(300,089)	2,176,186
Cash and investments - beginning	(864,661)	(396,190)	1,075,000	(535,579)	(292,238)	323,063	5,924	304,220	96,375	(284,086)
Cash and investments - ending	<u>\$ 316,188</u>	<u>\$ 60,875</u>	<u>\$ 1,075,000</u>	<u>\$ 62,995</u>	<u>\$ (207,750)</u>	<u>\$ 474,637</u>	<u>\$ 9,649</u>	<u>\$ 304,220</u>	<u>\$ (203,714)</u>	<u>\$ 1,892,100</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										1,310,112
Net assets of governmental activities										<u>\$ 3,202,212</u>
Cash and Investment Assets - Ending										
Cash and investments	\$ 316,188	\$ 60,875	\$ 1,075,000	\$ -	\$ (207,750)	\$ 474,637	\$ 9,649	\$ 304,220	\$ (203,714)	\$ 1,829,105
Restricted assets:										
Cash and investments	-	-	-	62,995	-	-	-	-	-	62,995
Total cash and investment assets - ending	<u>\$ 316,188</u>	<u>\$ 60,875</u>	<u>\$ 1,075,000</u>	<u>\$ 62,995</u>	<u>\$ (207,750)</u>	<u>\$ 474,637</u>	<u>\$ 9,649</u>	<u>\$ 304,220</u>	<u>\$ (203,714)</u>	<u>\$ 1,892,100</u>
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ 62,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,995
Unrestricted	316,188	60,875	1,075,000	-	(207,750)	474,637	9,649	304,220	(203,714)	1,829,105
Total cash and investment fund balance - ending	<u>\$ 316,188</u>	<u>\$ 60,875</u>	<u>\$ 1,075,000</u>	<u>\$ 62,995</u>	<u>\$ (207,750)</u>	<u>\$ 474,637</u>	<u>\$ 9,649</u>	<u>\$ 304,220</u>	<u>\$ (203,714)</u>	<u>\$ 1,892,100</u>

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

LAKE RIDGE 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	Local Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Common School	Construction	Other	Totals
Receipts:										
Local sources	\$ 2,829,759	\$ 1,213,200	\$ -	\$ 1,879,930	\$ 1,064,704	\$ 221,789	\$ -	\$ -	\$ 478,009	\$ 7,687,391
Intermediate sources	352,828	-	-	-	-	-	-	-	4,938	357,766
State sources	14,549,427	-	-	-	-	-	-	-	298,190	14,847,617
Federal sources	-	-	-	-	-	-	-	-	2,173,061	2,173,061
Bonds and loans	2,449,410	-	-	-	525,000	-	795,158	-	-	3,769,568
Sale of property, adjustments and refunds	39,479	-	-	-	-	-	-	134,800	22,023	196,302
Total receipts	20,220,903	1,213,200	-	1,879,930	1,589,704	221,789	795,158	134,800	2,976,221	29,031,705
Disbursements:										
Current:										
Instruction	7,426,405	-	-	-	-	-	-	-	822,389	8,248,794
Support services	8,043,606	952,219	-	-	892,577	60,895	793,727	-	2,044,441	12,787,465
Community services	384,526	-	-	-	-	-	-	-	11,654	396,180
Nonprogrammed charges	1,186,938	-	-	-	-	-	-	-	1,591	1,188,529
Debt services	1,737,574	-	-	1,814,919	-	66,643	-	-	76,640	3,695,776
Total disbursements	18,779,049	952,219	-	1,814,919	892,577	127,538	793,727	-	2,956,715	26,316,744
Excess (deficiency) of receipts over disbursements	1,441,854	260,981	-	65,011	697,127	94,251	1,431	134,800	19,506	2,714,961
Other financing sources (uses):										
Transfers in	18,189	160,904	-	-	-	-	-	-	69,324	248,417
Transfers out	-	-	-	(210,639)	-	-	-	-	(37,778)	(248,417)
Total other financing sources (uses)	18,189	160,904	-	(210,639)	-	-	-	-	31,546	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,460,043	421,885	-	(145,628)	697,127	94,251	1,431	134,800	51,052	2,714,961
Cash and investments - beginning	316,188	60,875	1,075,000	62,995	(207,750)	474,637	9,649	304,220	(203,714)	1,892,100
Cash and investments - ending	<u>\$ 1,776,231</u>	<u>\$ 482,760</u>	<u>\$ 1,075,000</u>	<u>\$ (82,633)</u>	<u>\$ 489,377</u>	<u>\$ 568,888</u>	<u>\$ 11,080</u>	<u>\$ 439,020</u>	<u>\$ (152,662)</u>	<u>\$ 4,607,061</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										1,351,691
Net assets of governmental activities										<u>\$ 5,958,752</u>
Cash and Investment Assets - Ending										
Cash and investments	<u>\$ 1,776,231</u>	<u>\$ 482,760</u>	<u>\$ 1,075,000</u>	<u>\$ (82,633)</u>	<u>\$ 489,377</u>	<u>\$ 568,888</u>	<u>\$ 11,080</u>	<u>\$ 439,020</u>	<u>\$ (152,662)</u>	<u>\$ 4,607,061</u>
Cash and Investment Fund Balance - Ending										
Unrestricted	<u>\$ 1,776,231</u>	<u>\$ 482,760</u>	<u>\$ 1,075,000</u>	<u>\$ (82,633)</u>	<u>\$ 489,377</u>	<u>\$ 568,888</u>	<u>\$ 11,080</u>	<u>\$ 439,020</u>	<u>\$ (152,662)</u>	<u>\$ 4,607,061</u>

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

LAKE RIDGE SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2006

	Internal Service Fund
Operating receipts:	
Miscellaneous	<u>\$ 2,512,410</u>
Operating disbursements:	
Insurance claims and expense	<u>2,343,740</u>
Change in net assets	168,670
Cash and investment fund balance - beginning	<u>1,141,442</u>
Cash and investment fund balance - ending	<u><u>\$ 1,310,112</u></u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u><u>\$ 1,310,112</u></u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u><u>\$ 1,310,112</u></u>

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

LAKE RIDGE SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 3,540,734
Operating disbursements:	
Insurance claims and expense	<u>3,499,155</u>
Change in net assets	41,579
Cash and investment fund balance - beginning	<u>1,310,112</u>
Cash and investment fund balance - ending	<u>\$ 1,351,691</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,351,691</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,351,691</u>

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

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

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Other	\$ 275,000	
Deductions:		
Benefits	480,413	
Deficiency of total additions over total deductions	(205,413)	
Cash and investment fund balance - beginning	347,236	
Cash and investment fund balance - ending	<u>\$ 141,823</u>	<u>\$ 330,714</u>
Net assets:		
Cash and investments	<u>\$ 141,823</u>	<u>\$ 330,714</u>
Total net assets - cash and investment basis held in trust	<u>\$ 141,823</u>	<u>\$ 330,714</u>

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

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

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Other	\$ 334,000	
Deductions:		
Benefits	473,966	
Deficiency of total additions over total deductions	(139,966)	
Cash and investment fund balance - beginning	141,823	
Cash and investment fund balance - ending	<u>\$ 1,857</u>	<u>\$ 277,223</u>
Net assets:		
Cash and investments	\$ 1,857	\$ 277,223
Total net assets - cash and investment basis held in trust	<u>\$ 1,857</u>	<u>\$ 277,223</u>

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

LAKE RIDGE 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 primary government.

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 seven other School Corporations in a joint venture to operate the Northwest Indiana Special Education Cooperative (NISEC) which was created to provide instruction for disabled children. The School Corporation is obligated by contract to make annual remittances to supplement the NISEC. Complete financial statements for the NISEC can be obtained from NISEC's administrative offices at 2150 W. 97th Avenue, Crown Point, Indiana, 46307.

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint service program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The Study Council is governed by a board composed of a member from each participating School Corporation. There is a \$1,000 annual fee to belong to the Study Council. Complete financial statements of the Study Council can be obtained through the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

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

The School Corporation is a participant with other participating School Corporations in a joint venture to operate the Northwest Indiana Natural Gas Cooperative (Gas Cooperative), which was created to procure natural gas in a more economical and efficient manner. The Gas Cooperative operates under the authority of the Northwest Indiana Educational Service Center. The School Corporation provides funding for administrative costs based upon a percentage basis of the Average Daily Membership, not to exceed \$10,000. Complete financial statements for the Gas Cooperative can be obtained from the Service Center administrative offices, 2939 41st Avenue, Highland, Indiana, 43622.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund 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 transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The local rainy day fund accounts for funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution.

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

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

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

The common school fund accounts for financial resources used for the purchase of technological equipment and the renovation of school buildings.

The construction fund accounts for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for group health insurance benefits provided to School Corporation employees.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The pension trust fund accounts for the disbursements of the general obligation pension bond which was issued to accumulate resources for pension benefit payments.

The agency fund accounts for assets held by the School Corporation as an agent for payroll withholdings and serves as a control account for certain cash transactions during the time 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.

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

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

3. Compensated Absences

a. Sick Leave

Administrative and noncertified employees, excluding cafeteria employees, earn sick leave at the rate of 10 to 12 days per year based on months of service. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to employees through cash payments prorated between 50% and 70% upon separation of employment.

Cafeteria employees earn sick leave at the rate of 10 days per year. Unused sick leave may be accumulated to a maximum of 75 days. Accumulated sick leave is paid to employees through cash payments upon separation of employment.

Teaching employees earn sick leave at the rate of 9 or 10 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to employees through cash payments prorated between 35% and 60% upon separation of employment.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 1 day to 21 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Exempt clerical, administrative, and teaching employees earn personal leave at the rate of 3 days per year. Unused personal leave is added to sick leave at July 30 of each year.

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.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. 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 and (2) operating grants and contributions. 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 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 Statement of Activities and Net Assets - Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated.

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	2006	2007
Debt Service	\$ -	\$ 82,633
Capital Projects	207,750	-
School Lunch	213,058	189,036
Textbook Rental	129,101	140,218
Title V, Part A 2005-06	-	32,539
Educate Indiana I Step Up	65,052	-
Project Head Start 2003	1,748	1,748
Project Head Start 2007	-	74,112
School to Work	623	623
Retiree Severance Bond	27,904	23,193

LAKE RIDGE 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. At June 30, 2007, 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

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had the following investments:

<u>Investment Type</u>	<u>Market Value</u>
Repurchase agreements	<u>\$ 5,713,232</u>

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.

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 America 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.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Investment Type	Investment Maturities Less Than One Year
Repurchase agreements	\$ <u>5,713,232</u>

B. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
Debt Service Fund	Transportation Operating Fund	\$ -	\$ 160,904
	Other governmental funds	-	49,735
Other governmental funds	General Fund	7,248	18,189
	Other governmental funds	76,095	19,589
Totals		\$ 83,343	\$ 248,417

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

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.

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund,

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$75,000 per year or an aggregate of \$1,849,882 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into this fund by all funds through payroll and are available to pay claims, claim reserves, and administrative costs of the program.

B. Holding Corporation

The School Corporation has entered into a capital lease with Lake Ridge Schools Renovation Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2007, totaled \$305,000.

C. Subsequent Events

1. Property Tax Distributions

Property tax rates and levies for 2006 taxes payable in 2007 were not established by February 15, 2006, as required by state statute due to the delay in the reassessment of Lake County. The 2006 taxes payable in 2007 were billed in one installment due January 31, 2008. The distribution of these taxes was not made as of March 10, 2008.

2. School Food Service

The School Corporation has entered into an agreement with Compass Group USA, Inc., through its Chartwells Division, to provide food and food related services at all corporation schools effective January 1, 2008. Food Service employees are no longer employees of the School Corporation; Chartwells is now responsible for these employees. Chartwells will provide all management, administrative, dietetic, and food preparation and distribution services.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits, as authorized by Indiana Code 5-10-8, to all teaching, secretarial, clerical, paraprofessional and teaching aide employees who retire from the School Corporation on or after attaining age 55 except for exempt clerical, administrative, and teaching employees. The exempt employees receive such benefits after attaining age 58 with at least 20 years of service. Currently, 29 retirees meet these eligibility requirements. The retirees provide \$200 each year for health insurance. The School Corporation provides to retirees through age 65 a \$45,000 fully paid life insurance policy and after age 65 a \$15,000 fully paid life insurance policy. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$313,460 were recognized for postemployment benefits.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

1. Agent Multiple-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.

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	\$ 181,015
Interest on net pension obligation	(15,461)
Adjustment to annual required contribution	17,619
Annual pension cost	183,173
Contributions made	204,750
Decrease in net pension obligation	(21,577)
Net pension obligation, beginning of year	(213,254)
Net pension obligation, end of year	\$ (234,831)

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	6.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 180,148	123%	\$ (172,747)
	06-30-05	177,143	123%	(213,254)
	06-30-06	183,173	112%	(234,831)

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.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation contributes 3% of the plan members' salary and 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 \$205,075, \$230,498 and \$208,557, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

LAKE RIDGE SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 3,300,675	\$ 3,610,926	\$ (310,251)	91%	\$ 3,090,223	(10%)
07-01-05	3,480,009	3,725,626	(245,617)	93%	3,100,409	(8%)
07-01-06	3,044,363	3,568,816	(524,453)	85%	3,072,705	(17%)

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

	Preschool Special Education	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Alternative Education	Library Grant Award
Receipts:							
Local sources	\$ 6,259	\$ 261,932	\$ 46,791	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	656	-	-
State sources	54,052	3,646	78,405	-	-	21,238	-
Federal sources	-	924,583	-	-	-	-	-
Sale of property, adjustments and refunds	-	19,173	-	-	-	-	-
Total receipts	60,311	1,209,334	125,196	-	656	21,238	-
Disbursements:							
Current:							
Instruction	86,020	-	-	-	-	23,329	-
Support services	-	1,120,063	258,789	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	86,020	1,120,063	258,789	-	-	23,329	-
Excess (deficiency) of receipts over disbursements	(25,709)	89,271	(133,593)	-	656	(2,091)	-
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	(25,709)	89,271	(133,593)	-	656	(2,091)	-
Cash and investments - beginning	32,156	(302,329)	4,492	2	38	17,900	744
Cash and investments - ending	\$ 6,447	\$ (213,058)	\$ (129,101)	\$ 2	\$ 694	\$ 15,809	\$ 744
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,447	\$ (213,058)	\$ (129,101)	\$ 2	\$ 694	\$ 15,809	\$ 744
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 6,447	\$ (213,058)	\$ (129,101)	\$ 2	\$ 694	\$ 15,809	\$ 744

LAKE RIDGE 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 Haven Grant 2005-06	Best Buy Gift	Solid Waste Conservancy District Grant	Gifted and Talented 2004-05	Tech Prep Staff Development	Gifted and Talented 2005-06	Technical Assistance
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	4,727	-	-	-	-	14,616	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	4,727	-	-	-	-	14,616	-
Disbursements:							
Current:							
Instruction	4,727	-	-	3,081	-	7,858	-
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	4,727	-	-	3,081	-	7,858	-
Excess (deficiency) of receipts over disbursements	-	-	-	(3,081)	-	6,758	-
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)	-	6,758	-
Cash and investments - beginning	-	1,986	1,035	3,081	1,764	-	12,639
Cash and investments - ending	\$ -	\$ 1,986	\$ 1,035	\$ -	\$ 1,764	\$ 6,758	\$ 12,639
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 1,986	\$ 1,035	\$ -	\$ 1,764	\$ 6,758	\$ 12,639
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 1,986	\$ 1,035	\$ -	\$ 1,764	\$ 6,758	\$ 12,639

LAKE RIDGE 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)

	Computer Consortium	Non-Speaking English	Technology Grants	E-Rate Reimbursements	LSTA 2005-2006	Miscellaneous Programs	Title I Canaanite 2006
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 73,124	\$ -	\$ 17,345	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	98,801	1,343	-	-	4,567	-	-
Federal sources	-	-	-	-	-	-	7,448
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	98,801	1,343	-	73,124	4,567	17,345	7,448
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	99,044	-	21,316	31,311	4,567	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	16,777	-
Debt services	-	-	-	-	-	-	-
Total disbursements	99,044	-	21,316	31,311	4,567	16,777	-
Excess (deficiency) of receipts over disbursements	(243)	1,343	(21,316)	41,813	-	568	7,448
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	(243)	1,343	(21,316)	41,813	-	568	7,448
Cash and investments - beginning	243	578	21,316	667	-	30,272	-
Cash and investments - ending	\$ -	\$ 1,921	\$ -	\$ 42,480	\$ -	\$ 30,840	\$ 7,448
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 1,921	\$ -	\$ 42,480	\$ -	\$ 30,840	\$ 7,448
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 1,921	\$ -	\$ 42,480	\$ -	\$ 30,840	\$ 7,448

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

	Title I Canaanite 2005	Title I 2005	Chapter One 2005-06	Title V 2004	Title V, Part A 2004-05	Adult Basic Education 2005-06	Adult Basic Education 2003
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	1,800	-	461,745	-	-	82,939	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	1,800	-	461,745	-	-	82,939	-
Disbursements:							
Current:							
Instruction	-	-	303,464	21,874	36,813	38,917	-
Support services	-	15,108	144,201	1,679	5,559	42,191	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	15,108	447,665	23,553	42,372	81,108	-
Excess (deficiency) of receipts over disbursements	1,800	(15,108)	14,080	(23,553)	(42,372)	1,831	-
Other financing sources (uses):							
Transfers in	-	-	-	-	74,895	-	-
Transfers out	-	-	-	(8,448)	-	-	-
Total other financing sources (uses)	-	-	-	(8,448)	74,895	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,800	(15,108)	14,080	(32,001)	32,523	1,831	-
Cash and investments - beginning	(1,800)	15,108	-	32,001	15,558	-	486
Cash and investments - ending	\$ -	\$ -	\$ 14,080	\$ -	\$ 48,081	\$ 1,831	\$ 486
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 14,080	\$ -	\$ 48,081	\$ 1,831	\$ 486
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ 14,080	\$ -	\$ 48,081	\$ 1,831	\$ 486

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

	Drug Free Program 2005-06	Drug Free Program 2004	Project Head Start 2005	Educate Indiana I Step Up	Project Head Start 2003	School To Work	Title II Part A 2004-2005
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	234,807	96,482	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	234,807	96,482	-	-	-
Disbursements:							
Current:							
Instruction	10,050	1,297	148,508	122,260	-	-	46,270
Support services	7,001	3,920	47,957	39,085	-	-	4,914
Community services	-	-	363	189	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	941
Debt services	-	-	-	-	-	-	-
Total disbursements	17,051	5,217	196,828	161,534	-	-	52,125
Excess (deficiency) of receipts over disbursements	(17,051)	(5,217)	37,979	(65,052)	-	-	(52,125)
Other financing sources (uses):							
Transfers in	-	1,200	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(74,895)
Total other financing sources (uses)	-	1,200	-	-	-	-	(74,895)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,051)	(4,017)	37,979	(65,052)	-	-	(127,020)
Cash and investments - beginning	17,216	5,004	(37,979)	-	(1,748)	(623)	149,790
Cash and investments - ending	\$ 165	\$ 987	\$ -	\$ (65,052)	\$ (1,748)	\$ (623)	\$ 22,770
Cash and Investment Assets - Ending							
Cash and investments	\$ 165	\$ 987	\$ -	\$ (65,052)	\$ (1,748)	\$ (623)	\$ 22,770
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 165	\$ 987	\$ -	\$ (65,052)	\$ (1,748)	\$ (623)	\$ 22,770

LAKE RIDGE 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)

	Take Five For Life	Title II, Part D 2004-05	Title II, Part A 2003-04	Title II, Part D 2004	Retiree Severance Bond	Indiana School Academic Improvement	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 86,056	\$ -	\$ 491,507
Intermediate sources	-	-	-	-	-	-	656
State sources	-	-	-	-	-	-	281,395
Federal sources	2,000	-	-	-	-	-	1,811,804
Sale of property, adjustments and refunds	-	-	-	-	-	-	19,173
Total receipts	2,000	-	-	-	86,056	-	2,604,535
Disbursements:							
Current:							
Instruction	-	6,379	31,916	3,046	-	-	895,809
Support services	-	3,935	18,432	-	-	-	1,869,072
Community services	-	-	-	-	-	-	552
Nonprogrammed charges	-	199	66	-	-	-	17,983
Debt services	-	-	-	-	113,960	-	113,960
Total disbursements	-	10,513	50,414	3,046	113,960	-	2,897,376
Excess (deficiency) of receipts over disbursements	2,000	(10,513)	(50,414)	(3,046)	(27,904)	-	(292,841)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	76,095
Transfers out	-	-	-	-	-	-	(83,343)
Total other financing sources (uses)	-	-	-	-	-	-	(7,248)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,000	(10,513)	(50,414)	(3,046)	(27,904)	-	(300,089)
Cash and investments - beginning	-	12,739	50,414	3,046	-	10,579	96,375
Cash and investments - ending	\$ 2,000	\$ 2,226	\$ -	\$ -	\$ (27,904)	\$ 10,579	\$ (203,714)
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,000	\$ 2,226	\$ -	\$ -	\$ (27,904)	\$ 10,579	\$ (203,714)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,000	\$ 2,226	\$ -	\$ -	\$ (27,904)	\$ 10,579	\$ (203,714)

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

	Preschool Special Education	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Alternative Education	Library Grant Award
Receipts:							
Local sources	\$ 5,423	\$ 256,717	\$ 70,645	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	938	-	-
State sources	45,370	3,603	73,827	-	-	21,569	-
Federal sources	-	875,905	-	-	-	-	-
Sale of property, adjustments and refunds	-	22,023	-	-	-	-	-
Total receipts	50,793	1,158,248	144,472	-	938	21,569	-
Disbursements:							
Current:							
Instruction	30,871	-	-	-	-	23,636	-
Support services	-	1,134,226	205,324	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,556	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	30,871	1,134,226	205,324	-	1,556	23,636	-
Excess (deficiency) of receipts over disbursements	19,922	24,022	(60,852)	-	(618)	(2,067)	-
Other financing sources (uses):							
Transfers in	-	-	49,735	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	49,735	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,922	24,022	(11,117)	-	(618)	(2,067)	-
Cash and investments - beginning	6,447	(213,058)	(129,101)	2	694	15,809	744
Cash and investments - ending	\$ 26,369	\$ (189,036)	\$ (140,218)	\$ 2	\$ 76	\$ 13,742	\$ 744
Cash and Investment Assets - Ending							
Cash and investments	\$ 26,369	\$ (189,036)	\$ (140,218)	\$ 2	\$ 76	\$ 13,742	\$ 744
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 26,369	\$ (189,036)	\$ (140,218)	\$ 2	\$ 76	\$ 13,742	\$ 744

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

	Best Buy Gift	Solid Waste Conservancy District Grant	Gifted and Talented 2006-07	Tech Prep Staff Development	Gifted and Talented 2005-06	Technical Assistance
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	14,616	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	14,616	-	-	-
Disbursements:						
Current:						
Instruction	-	-	12,051	-	6,758	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	12,051	-	6,758	-
Excess (deficiency) of receipts over disbursements	-	-	2,565	-	(6,758)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(293)	-	-	-
Total other financing sources (uses)	-	-	(293)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,272	-	(6,758)	-
Cash and investments - beginning	1,986	1,035	-	1,764	6,758	12,639
Cash and investments - ending	<u>\$ 1,986</u>	<u>\$ 1,035</u>	<u>\$ 2,272</u>	<u>\$ 1,764</u>	<u>\$ -</u>	<u>\$ 12,639</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 1,986</u>	<u>\$ 1,035</u>	<u>\$ 2,272</u>	<u>\$ 1,764</u>	<u>\$ -</u>	<u>\$ 12,639</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 1,986</u>	<u>\$ 1,035</u>	<u>\$ 2,272</u>	<u>\$ 1,764</u>	<u>\$ -</u>	<u>\$ 12,639</u>

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

	Computer Consortium	Drug Free Alliance	Non-Speaking English	E-Rate Reimbursements	Miscellaneous Programs	Title I Canaanite 2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 49,313	\$ 14,560	\$ -
Intermediate sources	-	4,000	-	-	-	-
State sources	137,309	-	1,896	-	-	-
Federal sources	-	-	-	-	-	2,200
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>137,309</u>	<u>4,000</u>	<u>1,896</u>	<u>49,313</u>	<u>14,560</u>	<u>2,200</u>
Disbursements:						
Current:						
Instruction	-	4,000	1,885	-	-	-
Support services	137,309	-	-	60,433	-	9,648
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>137,309</u>	<u>4,000</u>	<u>1,885</u>	<u>60,433</u>	<u>-</u>	<u>9,648</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>11</u>	<u>(11,120)</u>	<u>14,560</u>	<u>(7,448)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>11</u>	<u>(11,120)</u>	<u>14,560</u>	<u>(7,448)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>1,921</u>	<u>42,480</u>	<u>30,840</u>	<u>7,448</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 31,360</u>	<u>\$ 45,400</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 31,360</u>	<u>\$ 45,400</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 31,360</u>	<u>\$ 45,400</u>	<u>\$ -</u>

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

	Title I 2006-07	Chapter One 2005-06	Title V, Part A 2004-05	Title V, Part A 2005-06	Adult Basic Education 2005-06	Adult Basic Education 2003
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	466,695	-	-	9,503	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	466,695	-	-	9,503	-	-
Disbursements:						
Current:						
Instruction	297,472	-	23,949	14,134	335	-
Support services	144,491	9,828	23,709	26,569	1,496	-
Community services	2,460	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	444,423	9,828	47,658	40,703	1,831	-
Excess (deficiency) of receipts over disbursements	22,272	(9,828)	(47,658)	(31,200)	(1,831)	-
Other financing sources (uses):						
Transfers in	4,252	-	-	-	-	-
Transfers out	(11,748)	(4,252)	(423)	(1,339)	-	-
Total other financing sources (uses)	(7,496)	(4,252)	(423)	(1,339)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,776	(14,080)	(48,081)	(32,539)	(1,831)	-
Cash and investments - beginning	-	14,080	48,081	-	1,831	486
Cash and investments - ending	\$ 14,776	\$ -	\$ -	\$ (32,539)	\$ -	\$ 486
Cash and Investment Assets - Ending						
Cash and investments	\$ 14,776	\$ -	\$ -	\$ (32,539)	\$ -	\$ 486
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 14,776	\$ -	\$ -	\$ (32,539)	\$ -	\$ 486

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

	Adult Basic Education 2006	Drug Free Program 2005-07	Drug Free Program 2005-06	Drug Free Program 2004	Educate Indiana I Step Up	Project Head Start 2003
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	82,353	15,232	-	-	261,595	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	82,353	15,232	-	-	261,595	-
Disbursements:						
Current:						
Instruction	37,318	9,096	-	-	151,361	-
Support services	43,607	5,113	-	47	44,723	-
Community services	-	-	-	-	452	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	80,925	14,209	-	47	196,536	-
Excess (deficiency) of receipts over disbursements	1,428	1,023	-	(47)	65,059	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(314)	(165)	(940)	-	-
Total other financing sources (uses)	-	(314)	(165)	(940)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,428	709	(165)	(987)	65,059	-
Cash and investments - beginning	-	-	165	987	(65,052)	(1,748)
Cash and investments - ending	\$ 1,428	\$ 709	\$ -	\$ -	\$ 7	\$ (1,748)
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,428	\$ 709	\$ -	\$ -	\$ 7	\$ (1,748)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 1,428	\$ 709	\$ -	\$ -	\$ 7	\$ (1,748)

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

	Project Head Start 2007	School To Work	Title II Part A 2004-2005	Take Five For Life	Title II, Part A 2005-06	Title II, Part D 2004-05
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	90,385	-	-	-	149,983	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	90,385	-	-	-	149,983	-
Disbursements:						
Current:						
Instruction	132,065	-	16,509	2,000	30,986	209
Support services	32,277	-	5,824	-	14,933	1,982
Community services	155	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	35
Debt services	-	-	-	-	-	-
Total disbursements	164,497	-	22,333	2,000	45,919	2,226
Excess (deficiency) of receipts over disbursements	(74,112)	-	(22,333)	(2,000)	104,064	(2,226)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(437)	-	(17,242)	-
Total other financing sources (uses)	-	-	(437)	-	(17,242)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(74,112)	-	(22,770)	(2,000)	86,822	(2,226)
Cash and investments - beginning	-	(623)	22,770	2,000	-	2,226
Cash and investments - ending	<u>\$ (74,112)</u>	<u>\$ (623)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,822</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (74,112)</u>	<u>\$ (623)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,822</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (74,112)</u>	<u>\$ (623)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,822</u>	<u>\$ -</u>

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

	Title II, Part D 2005-07	Title II-D IN Access	Title III Part A	Retiree Severance Bond	Indiana School Academic Improvement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 81,351	\$ -	\$ 478,009
Intermediate sources	-	-	-	-	-	4,938
State sources	-	-	-	-	-	298,190
Federal sources	9,663	186,832	22,715	-	-	2,173,061
Sale of property, adjustments and refunds	-	-	-	-	-	22,023
Total receipts	9,663	186,832	22,715	81,351	-	2,976,221
Disbursements:						
Current:						
Instruction	9,161	-	18,593	-	-	822,389
Support services	1,264	140,286	1,352	-	-	2,044,441
Community services	8,587	-	-	-	-	11,654
Nonprogrammed charges	-	-	-	-	-	1,591
Debt services	-	-	-	76,640	-	76,640
Total disbursements	19,012	140,286	19,945	76,640	-	2,956,715
Excess (deficiency) of receipts over disbursements	(9,349)	46,546	2,770	4,711	-	19,506
Other financing sources (uses):						
Transfers in	15,337	-	-	-	-	69,324
Transfers out	(625)	-	-	-	-	(37,778)
Total other financing sources (uses)	14,712	-	-	-	-	31,546
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,363	46,546	2,770	4,711	-	51,052
Cash and investments - beginning	-	-	-	(27,904)	10,579	(203,714)
Cash and investments - ending	\$ 5,363	\$ 46,546	\$ 2,770	\$ (23,193)	\$ 10,579	\$ (152,662)
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,363	\$ 46,546	\$ 2,770	\$ (23,193)	\$ 10,579	\$ (152,662)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 5,363	\$ 46,546	\$ 2,770	\$ (23,193)	\$ 10,579	\$ (152,662)

LAKE RIDGE 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 lease:		
1993 LRMS and CHS Renovations	\$ 2,360,000	\$ 380,000
Notes and loans payable	26,928,455	1,161,714
General obligation pension bonds payable	<u>940,000</u>	<u>85,315</u>
Total governmental activities debt	<u>\$ 30,228,455</u>	<u>\$ 1,627,029</u>

LAKE RIDGE SCHOOL CORPORATION
OTHER REPORTS

The audit report presented herein was prepared in addition to other official reports prepared for the individual School Corporation offices listed below:

Longfellow Elementary School
Hosford Park Elementary School

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

COMPENSATION

The Superintendent's contract includes a provision for a \$6,000 auto allowance. The allowance was paid to the Superintendent by check on July 1, 2006 and 2007. The car allowance was not included as compensation on the Wage and Tax Statement (Federal Form W-2) or as miscellaneous income on Miscellaneous Income Statement (Federal Form 1099).

All compensation and benefits paid to officials and employees must be included in the labor contract, ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROVAL OF PAYROLL

The School Corporation does not prepare and present a payroll claim (General Payroll Form 99) to the School Board for approval.

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 Indiana Public School Corporations, Chapter 9)

SCHOOL LUNCH - PREPAID MEALS

Students are permitted to prepay for meals. The following items were noted regarding prepayments:

1. Prepaid amounts are not tracked in the financial accounting system. Prepaid amounts are combined with normal meal payments; not separately identified in the information submitted to the treasurer for recording in the accounting system. Therefore, the financial accounting system is not used to track amounts collected and used for prepayments or the related balances.
2. The cash registers, manual spread sheets, and other records used by the food service staff are used to track the number of meals served and amounts collected. The records are not designed to track financial balances of prepaid accounts.
3. No reconciliation of amounts collected as prepayments or prepayment amounts used is performed.
4. Records for Grissom Elementary School which support prepaid collections were not presented for the 2005-2006 and 2006-2007 school years.
5. Receipts are not issued to students who prepay for meals.

As a result, controls for receipts generated by prepayments for student meals are insufficient. Based upon limited procedures performed, prepaid collections cannot be verified. Additionally, revenue is recognized at the time the prepayment is made, rather than when earned (meal served).

LAKE RIDGE SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

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. Receipts shall be issued and recorded at the time of the transaction, for example when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ORDINANCES AND RESOLUTIONS

The School Board approved a resolution on December 29, 2005, to transfer up to \$144,000 from the Transportation Operating Fund to the Local Rainy Day Fund. However, the approved transfer was not made.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

VENDOR CHECKS

The following deficiencies were noted with the duplicate vendor checks:

1. The fund and account numbers from which the expenditure is made are not printed on the check.
2. Discrepancies were found with the number printed on several cleared checks when compared to the check number printed on the claim, posted in the expenditure ledger, and listed on the claim docket.

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 Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at June 30, 2006 and 2007, respectively:

Fund	2006	2007
Debt Service	\$ -	\$ 82,633
Capital Projects	207,750	-
School Lunch	213,058	189,036
Textbook Rental	129,101	140,218
Title V, Part A 2005-06	-	32,539
Educate Indiana I Step Up	65,052	-
Project Head Start 2003	1,748	1,748
Project Head Start 2007	-	74,112
School to Work	623	623
Retiree Severance Bond	27,904	23,193

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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

ADULT EDUCATION FEES

The following deficiencies were noted with the accounting for the receipts of the Adult Education Department:

1. The fees for adult education classes and the General Educational Development exam were collected without proper authorization by the School Board.
2. Receipts issued for adult education classes cannot be verified to corresponding School Corporation receipts and deposits.
3. Collections were not remitted to the School Corporation treasurer timely. Some receipts were held over 30 days before they were remitted for deposit.
4. The duplicate copies of some receipts were voided without the original copy being retained.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

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 Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Adequate records were not presented for audit to support the ADM claimed by the School Corporation. The ADM claimed by the School Corporation for 2005-2006 could not be verified because class rosters were not available for Grissom and Longfellow Elementary Schools. The 2005-2006 and 2006-2007 ADM records that were available to support the number of students reported for each building did not have written certification by the principal. Additionally, the cash transfer tuition students were not properly identified on the report. There were 60 students who paid tuition in 2005-2006, but only 44 were reported as transfer students on the ADM report.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998)

OPTICAL IMAGES OF CHECKS (Applies to Calumet High School,
Lake Ridge Middle School and Grissom Elementary School)

First Midwest Bank does not return canceled checks with the monthly bank statements; instead they provide an optical image of the front of the check only.

Indiana Code 26-2-8-111(e) states: "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

OLD OUTSTANDING CHECKS (Applies to Calumet High School)

Checks are included on the outstanding check lists which have been outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

NONUSE OF PRENUMBERED TICKETS (Applies to Lake Ridge Middle School)

The School offers a family rate for sporting events; however, tickets are not used to support the sales. A preprinted slip of paper which states the date and the number of family "tickets" sold is included as support for sales at the family rate. Therefore, full accountability for all money received from admissions could not be verified.

Tickets are used for the student and adult admission, but the tickets retained for audit were not torn in half; indicating that half of the ticket was not given to the person attending the event.

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

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

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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

USE OF FORM SA-5, FINANCIAL REPORT (Applies to Grissom Elementary School)

Financial Reports (Form SA-5) presented for audit for the 2005-2006 school year were inaccurate and incomplete. The balances according to the ledger were \$401.37 higher for the General Fund and \$41.33 lower for the Art Fund than the amounts reported in the financial reports. The ending ledger balances for the 2005-2006 school year did not agree to the beginning balances reported in the 2006-2007 financial reports.

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)

OVERDRAWN CASH BALANCES (Applies to Grissom Elementary School)

The cash balances of several funds were overdrawn at the close of both school years. Three funds were overdrawn as of May 31, 2006, and four funds were overdrawn as of May 31, 2007.

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

FEES (Applies to Grissom Elementary School)

Some fees were being receipted to and retained in an Extra-Curricular Fund that are to be remitted to the School Corporation. Textbook rental was collected in both school years but not remitted to the School Corporation. The Cafeteria Fund, after the remittance of the May and June collections in June of 2006 and 2007, had an unidentified balance in excess of \$1,200 in both years.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the School Corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate School Corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS (Applies to Grissom Elementary School)

Depository reconciliations of the ledger balances to the bank account balances as of May 31, 2006 and 2007 were incorrect. The reconcilements provided for audit did not use the actual bank balance and did not include deposits in transit. After adjustment for these items, the bank and record balances do not reconcile at the end of either school year.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECEIPT RECORDS (Applies to Grissom Elementary School)

The following deficiencies were noted in the accounting for receipts:

1. The Treasurer does not use the receipt form as prescribed.
2. The Summary Collection Form SA-8 was only used for cafeteria collections. The form, as prescribed, is a duplicate form and prenumbered. The form in use was not prenumbered, was not in duplicate, and was a photocopy.
3. Textbook rental receipts (Form TBR-2) to support amounts collected for textbook rental were not presented for audit for the 2006-2007 school year. As a result, full accountability for all monies received could not be established.

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

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

TRANSACTION RECORDING (Applies to Grissom Elementary School)

The elementary schools offer an athletic program for the 4th and 5th grade students. The students play volleyball and basketball games at the Middle School and an admission fee is charged to the spectators. School employees collect and remit the fees to the Grissom Extra-Curricular Treasurer, who then accounts for the funds in a separate bank account. The account was not accounted for in the extra-curricular account of the school. We observed a bank statement for an elementary athletic program, which led us to inquire about the program. The following was noted regarding the records for this program:

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

1. A separate bank account was maintained for the athletic program at Grissom. The only records available for the 2005-2006 and 2006-2007 school years were bank statements and a check register.
2. Ticket stubs and ticket sales reports were not retained for audit. As a result, full accountability for all monies received could not be established.
3. Receipts were not issued for collections.
4. Copies of deposit tickets were not available.
5. Deposits were made only once, at the conclusion of a sport season.
6. No claims or invoices were available to support disbursements made.
7. A cash change fund of \$100 was created by check in October 2005. We could not verify that the cash change had been redeposited, since there are no records to support the amounts deposited into the account.
8. The check register had not been reconciled since April 2006.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

OUTSIDE ORGANIZATIONS (Applies to Grissom Elementary School)

Grissom Elementary has a PTC, a parent teacher organization. A copy of a PTC bank statement documented that the PTC used the same tax exempt number on checks as Grissom's extra-curricular account. The bank statement also documented that the Grissom's Extra-Curricular Treasurer also served as the PTC Treasurer.

Indiana Code 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ." Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside organization's monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

LAKE RIDGE SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

DISBURSEMENT DOCUMENTATION (Applies to Grissom Elementary School)

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

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. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BLANK CHECK DISBURSEMENTS (Applies to Grissom Elementary School)

Multiple disbursements were observed where blank signed checks (including the duplicate copy) were given to the Principal to pay for purchases at various local stores.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BOOKSTORE SALES CONTROLS (Applies to Grissom Elementary School)

Information was not presented for audit to indicate that inventories and reconcilements to purchases and sales concerning the sale of bookstore supplies were performed.

A significant increase, approximately \$3,300, in the purchase of bookstore supplies occurred in the 2006-2007 school without a correlating increase in bookstore sale proceeds. Further review of the 2007-2008 bookstore receipts and disbursements indicated a problem with disbursements exceeding receipts by approximately \$1,200. An inventory was performed in February 2008 and a significant amount of inventory was observed in the bookstore, which appears to account for the difference.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper Officials. The reconcilements should provide an accurate accounting.

Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 LAKE RIDGE SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Lake Ridge 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.

As described in item 2007-3 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding reporting that is applicable to its Child Nutrition Cluster program. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2006 and 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2007-2.

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)

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in items 2007-2 and 2007-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2007-3, to be material weaknesses.

The School Corporation's response to the findings identified in our audit are described in the accompanying Corrective Action Plan and Official Response sections 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 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 10, 2008

LAKE RIDGE 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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 254,464	\$ 302,500
National School Lunch Program	10.555		<u>891,421</u>	<u>892,883</u>
Total for federal grantor agency			<u>1,145,885</u>	<u>1,195,383</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute				
Supervised Visitation, Safe Havens for Children	16.527	05-SH-086	<u>4,727</u>	<u>-</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Gary Community School Corporation				
Adult Education - State Grant Program	84.002	2006-8013 2007-8013	81,107	1,832
			<u>-</u>	<u>80,925</u>
Total for program			<u>81,107</u>	<u>82,757</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	05-4650 06-4650 07-4650	15,108	-
			447,665	14,080
			<u>-</u>	<u>456,171</u>
Total for program			<u>462,773</u>	<u>470,251</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	03-210 04-198 05-280	5,216	987
			17,051	165
			<u>-</u>	<u>14,523</u>
Total for program			<u>22,267</u>	<u>15,675</u>
State Grants for Innovative Programs	84.298	03-263 04-248 05-239	32,001	-
			42,372	48,081
			<u>-</u>	<u>42,042</u>
Total for program			<u>74,373</u>	<u>90,123</u>
Education Technology State Grants	84.318	FY2003 2003-2005 2005-2007 S318X040014	3,046	-
			10,513	2,226
			-	19,638
			<u>-</u>	<u>140,286</u>
Total for program			<u>13,559</u>	<u>162,150</u>
English Language Acquisition Grants	84.365	2006-2007	<u>-</u>	<u>19,945</u>
Improving Teacher Quality State Grants	84.367	03-288 04-174 05-252	50,414	-
			127,020	22,770
			<u>-</u>	<u>63,160</u>
Total for program			<u>177,434</u>	<u>85,930</u>
Total for federal grantor agency			<u>831,513</u>	<u>926,831</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Geminus Corporation				
Head Start	93.600	FY 05 FY 06 FY 07	196,828	-
			161,534	196,535
			<u>-</u>	<u>164,498</u>
Total for federal grantor agency			<u>358,362</u>	<u>361,033</u>
Total federal awards expended			<u>\$ 2,340,487</u>	<u>\$ 2,483,247</u>

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

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

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

II. Noncash Assistance

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

Program Title	2006	2007
Child Nutrition Cluster	\$ 25,823	\$ 61,157

LAKE RIDGE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Reportable conditions identified that are not considered to be material weaknesses?	yes

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

Qualified for Child Nutrition Cluster
Unqualified for Title I Grants to Local Educational Agencies and Head Start

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster
93.600	Title I Grants to Local Educational Agencies Head Start

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2007-1, SCHOOL LUNCH - PREPAID TRANSACTIONS

Students are permitted to prepay for meals. The following items were noted regarding prepayments:

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Prepaid amounts are not tracked in the financial accounting system. Prepaid amounts are combined with normal meal payments; not separately identified in the information submitted to the Treasurer for recording in the accounting system. Therefore, the financial accounting system is not used to track amounts collected and used for prepayments or the related balances.
2. The cash registers, manual spread sheets, and other records used by the food service staff are used to track the number of meals served and amounts collected. The records are not designed to track financial balances of prepaid accounts.
3. No reconciliation of amounts collected as prepayments or prepayment amounts used is performed.
4. Records for Grissom Elementary School which support prepaid collections were not presented for the 2005-2006 and 2006-2007 school years.
5. Receipts are not issued to students who prepay for meals.

As a result, controls for receipts for student meals are insufficient. Based upon limited procedures performed, prepaid collections cannot be verified. Also, revenue is recognized at the time the prepayment is made, rather than when earned (meal served).

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. Receipts shall be issued and recorded at the time of the transaction, for example when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that the School Corporation implement adequate controls over prepaid transactions by maintaining a record of prepaid activity and performing monthly reconciliations of student account balances held in trust to the bank balance. Additionally, we recommended that a prescribed or approved receipt be issued for payments received for meals sold in advance.

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-2, ALLOWABLE COSTS

Federal Agency: U.S. Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Pass-Through Entity: Geminus Corporation

The following expenditures were made from the Head Start Program's account for office supplies:

1. Christmas luncheon for the Head Start staff for \$170.46.
2. Two floral arrangements for \$90.63.
3. A staff workshop luncheon for \$142.92.

LAKE RIDGE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

These expenditures were charged to the program and not detected by administration; therefore, controls over allowable costs are insufficient.

EDGAR Part 80 Subpart C Section 80.20(b) (3) states: "Internal Control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . . (5) Allowable Cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs."

We recommended that the School Corporation implement adequate training over allowable costs guidelines to ensure only allowable expenditures are made from grant funds.

FINDING 2007-3, REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555
Pass-Through Entity: Indiana Department of Education

Each school uses a cash register to document the number and type of breakfast and lunches served each day. The register tapes are summarized on a daily lunch reconciliation worksheet and provide the supporting documentation for the amounts reported on the monthly claims for reimbursement.

Differences between meals served and meals reported were noted in October 2006 and March 2007 in Grissom Elementary and Lake Ridge Middle School's records that supported the Claims for Reimbursement (CND-1) to the Indiana Department of Education. The October 2006 CND-1 for Grissom Elementary over- reported 11 paid lunches and 2 reduced price lunches. The March 2007 CND-1 for Lake Ridge Middle School under-reported lunches served by 369 (66 paid, 256 free, 47 reduced); Grissom Elementary under-reported 7 reduced breakfasts and 76 free lunches as well as over-reported 10 paid and 1 reduced lunches. Also, in school year 2005-2006 no meals served to children in the Head Start Program (breakfast and lunch) were reported.

The Claims for Reimbursement (CND-1) for the 2005-2006 school year were requested multiple times. However, the records were not presented until the exit conference. The records were not available during field work therefore, we were unable to verify the accuracy of the amounts reported and subsequently reimbursed to the School Corporation.

7CFR 210.8 Claims for reimbursement (a) states: Internal controls. The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an onsite review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced price and paid lunch counts against data which will assist in the identification of lunch counts in excess of the number of free, reduced price and paid lunches served each day to children eligible for such lunches; and a system for following up on those lunch counts which suggest the likelihood of lunch counting problems.

Failure to follow the specific grant guidelines may jeopardize the School Corporation's ability to obtain future federal awards.

We recommended that the School Corporation establish guidelines and procedures to ensure the accuracy of lunch and breakfast counts.

LAKE RIDGE SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

FINDING 2007-1 SCHOOL LUNCH- PREPAID TRANSACTIONS

CORRECTIVE ACTION PLAN

From: Deborah Over/FSD Lake Ridge Schools/dover@lakeridge.k12.in.us

Re: Food Service Corrective Action Plan

Date: 03/10/2008

FINDING 2007-1 SCHOOL LUNCH – PRE-PAID TRANSACTIONS

1. Prepaid amounts are not tracked in the financial accounting system.
 - A. Corrective Action Recommendation: Installation of P.O.S. System to begin 03/21/08. A recommendation that all offices keep an alphabetical ledger and log as payments are made. At the close of each day the office would reconcile and bring accounts to their respective balances.
 - B. Implementation of new P.O.S. register system will track all of pre-paid information. New P.O.S. System effective 03/21/2008.
 - C. Recommendation as stated in line item A, for all offices to establish a daily alphabetical ledger. The bookkeeper would log as received and at the end of each day reconcile balances.
 - D. Recommendation for all business offices to purchase two part receipt books and issue when money is received. One part would remain in book and one issued to client.
 - E. Mary Lou only able to find one year of pre-paid for Grissom.

FINDING 2007-3

Effective 03/21/2008 a P.O.S. system will be in place and each student will have to input their information to receive a meal. The new P.O.S. system will be an exact count. On exit of audit I was made aware that there had been 5 or 6 requests to Mary Lou for missing paperwork for Grissom. I e-mailed a response to audit on Wednesday 03/05/08 and that I would research for return visit. On return visit the Grissom files did not have all pre-paid information.

Kimberly Puotinen

Treasurer

3/10/08

SUPERINTENDENT
Sharon Johnson-Shirley, Ed.D.

ASSISTANT SUPERINTENDENT
Janet Flores

ADMINISTRATOR
Hilda Damianick, Business Manager

BOARD OF SCHOOL TRUSTEES
Mr. Jerry Akers
Mrs. Estelle Keck-Becke
Mr. Richard Lowe
Mrs. Beatrice Rice
Mrs. Annette Wells

CORRECTIVE ACTION PLAN

FINDING NO. 2007-2

Allowable Costs

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Head Start
CFDA Number: 93.600
Pass-Through Entity: Geminus Corporation

Auditee Contact Person: Sheryl Ginaven Sprague
Title of Contact Person: Director
Phone Number: 219-989-7823
Expected Completion Date: April, 2008

Corrective Action: Working luncheons are an acceptable expenditure under line item: 635 22120.07 312 00. The floral arrangements were an inappropriate expense. The director will give more careful oversight to assure that expenditures are taken from the correct budget line item.

Signature Sheryl Ginaven Sprague

Date 3-7-08

SUPERINTENDENT
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ASSISTANT SUPERINTENDENT
Janet Flores

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Hilda Damianick, Business Manager

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LAKE RIDGE SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 10, 2008, with G. Annette Wells, President of the School Board; Dr. Sharon Johnson-Shirley, Superintendent of Schools; Kimberly Pusateri, Treasurer; and Hilda Damianick, former Business Manager. The official response has been made a part of this report and may be found on page 65.

March 17, 2008

OFFICIAL RESPONSE

State Of Indiana
Indiana State Board of Accounts

To Whom It May Concern:

This letter is in response to the recent audit results concerning our school system.

1. Oridances and Resolutions

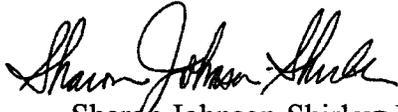
The resolution that was approved on December 29, 2005, to transfer funds from Transportation Operating Fund to the Local Rainy Day Fund was never made. This was due to property taxes not coming in on a timely basis.

In the future we will follow through with such transfers. If for any reason we do not make the transfer we will follow up with a resolution to the School Board letting them know the reason the transfer was not made.

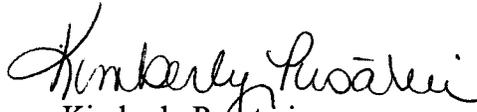
2. ADM

The building officials will be contacted and informed that better records should be maintained and submitted to the Central Office for ADM.

Sincerely,



Sharon Johnson-Shirley, Ed.D.
Superintendent



Kimberly Pusateri
Treasurer

SUPERINTENDENT
Sharon Johnson-Shirley, Ed.D.
ASSISTANT SUPERINTENDENT
Janet Flores

ADMINISTRATOR
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