

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

AUDIT REPORT

OF

LAKE CENTRAL SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

03/27/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	3
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	4-5
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	6-7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	8-9
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	10-13
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	14-15
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	16-17
Notes to Financial Statements	18-34
Required Supplementary Information:	
Schedule of Funding Progress	35
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	36-52
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Internal Service Funds	53-54
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	55-56
Schedule of Capital Assets.....	57
Schedule of Long-Term Debt	58
Other Report	59

TABLE OF CONTENTS
(Continued)

<u>Description</u>	<u>Page</u>
Audit Results and Comments:	
Internal Controls Over Bank Reconcilements	60
Average Daily Membership (ADM) – Incorrect Reporting to the State.....	60-61
Tax Anticipation Warrant Repayments	61
Pension Debt Service	61
Textbook Rental Fund	62
School Bus Replacement Fund	62
Internal Controls Over Grant Receipts	63
Current Payment of Claims	63
Advance Payments to Hotels	63
Overdrawn Cash Balances	64
General Fund Appropriations	65
Bus Rider Fee.....	65
Transfer Tuition.....	65
Textbook Rental Receipts	65-66
Old Outstanding Checks.....	66
Fines and Fees.....	66-67
Extra-Curricular Account Purchase Orders	67
Supplemental Audit of Federal Awards:	
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.....	70-71
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards.....	73
Schedule of Findings and Questioned Costs	74-77
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	78
Corrective Action Plan.....	79-80
Exit Conference.....	81
Official Response	82-88

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cora Mollick Lorri Miskus	07-01-06 to 09-28-07 10-01-07 to 06-30-09
Director of Business Services	Dr. Thomas Dykiel	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Janet Emerick Dr. Gerald Chabot	07-01-06 to 06-30-08 07-01-08 to 06-30-09
President of the School Board	John DeVries Howard Marshall Margaret Clark John DeVries	07-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09



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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 CENTRAL 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 Central School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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 pre-scribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, 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 2, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, 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, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 2, 2009



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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 CENTRAL SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Central School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 2, 2009. 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 2008-1 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, of the significant deficiencies described above, we consider item 2008-1 to be 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 Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

March 2, 2009

LAKE CENTRAL 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>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 44,905,262	\$ -	\$ 204,694	\$ (44,700,568)
Support services	25,970,374	2,963,614	795,221	(22,211,539)
Community services	507,472	-	-	(507,472)
Nonprogrammed charges	11,542,312	-	-	(11,542,312)
Debt service	<u>16,608,280</u>	<u>-</u>	<u>-</u>	<u>(16,608,280)</u>
Total government	<u>\$ 99,533,700</u>	<u>\$ 2,963,614</u>	<u>\$ 999,915</u>	<u>(95,570,171)</u>
General receipts:				
Property taxes				32,650,486
Other local sources				15,789,566
State aid				26,418,463
Bonds and loans				9,000,000
Grants and contributions not restricted to specific programs				3,544,405
Sale of property, adjustments, and refunds				3,339,628
Investment earnings				<u>941,397</u>
Total general receipts				<u>91,683,945</u>
Change in net assets				(3,886,226)
Net assets - beginning				<u>16,822,279</u>
Net assets - ending				<u>\$ 12,936,053</u>
<u>Assets</u>				
Cash and investments				\$ 10,452,652
Restricted assets:				
Cash and investments				<u>2,483,401</u>
Total assets				<u>\$ 12,936,053</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 590,338
Other purposes				1,893,063
Unrestricted				<u>10,452,652</u>
Total net assets				<u>\$ 12,936,053</u>

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

LAKE CENTRAL SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<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	\$ 48,518,844	\$ -	\$ 322,518	\$ (48,196,326)
Support services	39,808,734	2,611,744	916,853	(36,280,137)
Community services	667,846	-	-	(667,846)
Nonprogrammed charges	12,306,451	-	-	(12,306,451)
Debt service	<u>26,675,751</u>	<u>-</u>	<u>-</u>	<u>(26,675,751)</u>
Total government	<u>\$ 127,977,626</u>	<u>\$ 2,611,744</u>	<u>\$ 1,239,371</u>	<u>(124,126,511)</u>
General receipts:				
Property taxes				37,829,509
Other local sources				21,499,029
State aid				25,106,237
Bonds and loans				25,900,000
Grants and contributions not restricted to specific programs				3,463,617
Sale of property, adjustments, and refunds				328,383
Investment earnings				<u>367,050</u>
Total general receipts				<u>114,493,825</u>
Change in net assets				(9,632,686)
Net assets - beginning				<u>12,936,053</u>
Net assets - ending				<u>\$ 3,303,367</u>
<u>Assets</u>				
Cash and investments				\$ (75,086)
Restricted assets:				
Cash and investments				<u>3,378,453</u>
Total assets				<u>\$ 3,303,367</u>
<u>Net Assets</u>				
Restricted for:				
Other purposes				\$ 3,378,453
Unrestricted				<u>(75,086)</u>
Total net assets				<u>\$ 3,303,367</u>

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

LAKE CENTRAL 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	Rainy Day	Textbook Rental	West Lake Coop Joint Service and Supply	Insurance/ Other Adjustment	Debt Service
Receipts:							
Local sources	\$ 26,690,130	\$ 4,586,710	\$ -	\$ 806,491	\$ 9,938,845	\$ 16,300	\$ 1,853,217
Intermediate sources	225,566	-	-	-	-	-	-
State sources	26,370,272	-	-	96,175	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	9,000,000	-	-	-	-	-	-
Sale of property, adjustments and refunds	71,382	90,118	-	113	-	2,597,017	-
Total receipts	62,357,350	4,676,828	-	902,779	9,938,845	2,613,317	1,853,217
Disbursements:							
Current:							
Instruction	34,275,415	8,580	-	13,268	7,614,028	16,145	-
Support services	10,491,866	3,830,676	-	708,832	2,426,817	45,327	15,667
Community services	507,472	-	-	-	-	-	-
Nonprogrammed charges	5,464,207	-	-	-	-	-	-
Debt services	9,000,000	-	-	-	-	-	6,140,940
Total disbursements	59,738,960	3,839,256	-	722,100	10,040,845	61,472	6,156,607
Excess (deficiency) of receipts over disbursements	2,618,390	837,572	-	180,679	(102,000)	2,551,845	(4,303,390)
Other financing sources (uses):							
Transfers in	-	-	-	121,156	355,637	-	-
Transfers out	(52,038)	(50,000)	-	-	-	-	(121,156)
Total other financing sources (uses)	(52,038)	(50,000)	-	121,156	355,637	-	(121,156)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,566,352	787,572	-	301,835	253,637	2,551,845	(4,424,546)
Cash and investments - beginning	4,798,203	(1,044,389)	2,400,000	(28,451)	(1,387,004)	29,239	4,332,686
Cash and investments - ending	<u>\$ 7,364,555</u>	<u>\$ (256,817)</u>	<u>\$ 2,400,000</u>	<u>\$ 273,384</u>	<u>\$ (1,133,367)</u>	<u>\$ 2,581,084</u>	<u>\$ (91,860)</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.

Net assets of governmental activities

Cash and Investment Assets - Ending

Cash and investments	\$ 7,364,555	\$ (256,817)	\$ 2,400,000	\$ 273,384	\$ (1,133,367)	\$ 2,581,084	\$ (91,860)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 7,364,555	\$ (256,817)	\$ 2,400,000	\$ 273,384	\$ (1,133,367)	\$ 2,581,084	\$ (91,860)

Cash and Investment Fund Balance - Ending

Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,364,555	(256,817)	2,400,000	273,384	(1,133,367)	2,581,084	(91,860)
Total cash and investment fund balance - ending	\$ 7,364,555	\$ (256,817)	\$ 2,400,000	\$ 273,384	\$ (1,133,367)	\$ 2,581,084	\$ (91,860)

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

LAKE CENTRAL 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
(Continued)

	Debt Service Pension Bond	Capital Projects	School Bus Replacement	General Obligation Bond Construction	Other	Totals
Receipts:						
Local sources	\$ 1,142,718	\$ 3,329,100	\$ 603,899	\$ -	\$ 2,488,792	\$ 51,456,202
Intermediate sources	-	-	-	-	-	225,566
State sources	-	-	-	-	709,161	27,175,608
Federal sources	-	-	-	-	3,787,175	3,787,175
Bonds and loans	-	-	-	-	-	9,000,000
Sale of property, adjustments and refunds	-	12,791	-	-	32,446	2,803,867
	<u>1,142,718</u>	<u>3,341,891</u>	<u>603,899</u>	<u>-</u>	<u>7,017,574</u>	<u>94,448,418</u>
Total receipts						
Disbursements:						
Current:						
Instruction	-	-	-	-	2,977,826	44,905,262
Support services	-	9,717,763	794,271	134,351	3,451,904	31,617,474
Community services	-	-	-	-	-	507,472
Nonprogrammed charges	-	-	-	-	-	5,464,207
Debt services	1,467,340	-	-	-	-	16,608,280
	<u>1,467,340</u>	<u>9,717,763</u>	<u>794,271</u>	<u>134,351</u>	<u>6,429,730</u>	<u>99,102,695</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	<u>(324,622)</u>	<u>(6,375,872)</u>	<u>(190,372)</u>	<u>(134,351)</u>	<u>587,844</u>	<u>(4,654,277)</u>
Other financing sources (uses):						
Transfers in	-	400,000	-	-	-	876,793
Transfers out	-	(10,000)	-	-	(790,637)	(1,023,831)
	<u>-</u>	<u>390,000</u>	<u>-</u>	<u>-</u>	<u>(790,637)</u>	<u>(147,038)</u>
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(324,622)</u>	<u>(5,985,872)</u>	<u>(190,372)</u>	<u>(134,351)</u>	<u>(202,793)</u>	<u>(4,801,315)</u>
Cash and investments - beginning	<u>914,960</u>	<u>4,105,244</u>	<u>761,706</u>	<u>117,407</u>	<u>844,704</u>	<u>15,844,305</u>
Cash and investments - ending	<u>\$ 590,338</u>	<u>\$ (1,880,628)</u>	<u>\$ 571,334</u>	<u>\$ (16,944)</u>	<u>\$ 641,911</u>	<u>11,042,990</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.						<u>1,893,063</u>
Net assets of governmental activities						<u>\$ 12,936,053</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ (1,880,628)	\$ 571,334	\$ (16,944)	\$ 641,911	\$ 10,452,652
Restricted assets:						
Cash and investments	<u>590,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>590,338</u>
Total cash and investment assets - ending	<u>\$ 590,338</u>	<u>\$ (1,880,628)</u>	<u>\$ 571,334</u>	<u>\$ (16,944)</u>	<u>\$ 641,911</u>	<u>\$ 11,042,990</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ 590,338	\$ -	\$ -	\$ -	\$ -	\$ 590,338
Unrestricted	<u>-</u>	<u>(1,880,628)</u>	<u>571,334</u>	<u>(16,944)</u>	<u>641,911</u>	<u>10,452,652</u>
Total cash and investment fund balance - ending	<u>\$ 590,338</u>	<u>\$ (1,880,628)</u>	<u>\$ 571,334</u>	<u>\$ (16,944)</u>	<u>\$ 641,911</u>	<u>\$ 11,042,990</u>

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

LAKE CENTRAL 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, 2008

	General	Transportation Operating	Rainy Day	Textbook Rental	West Lake Coop Joint Service and Supply	Insurance/ Other Adjustment	Debt Service
Receipts:							
Local sources	\$ 23,773,100	\$ 4,365,556	\$ -	\$ 1,722,368	\$ 10,638,581	\$ 52,870	\$ 3,591,491
Intermediate sources	186,943	-	-	-	-	-	-
State sources	25,139,544	-	-	185,826	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	24,000,000	-	-	-	-	-	-
Sale of property, adjustments and refunds	80,018	4,957	-	-	-	89,326	-
Total receipts	73,179,605	4,370,513	-	1,908,194	10,638,581	142,196	3,591,491
Disbursements:							
Current:							
Instruction	36,565,076	10,270	-	14,759	8,206,146	263,219	-
Support services	18,627,513	4,940,933	-	1,257,247	2,747,490	5,757	-
Community services	667,846	-	-	-	-	-	-
Nonprogrammed charges	5,767,760	-	-	-	-	-	-
Debt services	18,000,000	-	-	-	-	-	7,200,686
Total disbursements	79,628,195	4,951,203	-	1,272,006	10,953,636	268,976	7,200,686
Excess (deficiency) of receipts over disbursements	(6,448,590)	(580,690)	-	636,188	(315,055)	(126,780)	(3,609,195)
Other financing sources (uses):							
Transfers in	852,621	-	-	45,143	411,116	-	19,993
Transfers out	(316,781)	(100,000)	(750,000)	-	(30,160)	-	(147,764)
Total other financing sources (uses)	535,840	(100,000)	(750,000)	45,143	380,956	-	(127,771)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,912,750)	(680,690)	(750,000)	681,331	65,901	(126,780)	(3,736,966)
Cash and investments - beginning	7,364,555	(256,817)	2,400,000	273,384	(1,133,367)	2,581,084	(91,860)
Cash and investments - ending	\$ 1,451,805	\$ (937,507)	\$ 1,650,000	\$ 954,715	\$ (1,067,466)	\$ 2,454,304	\$ (3,828,826)

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.

Net assets of governmental activities

Cash and Investment Assets - Ending

Cash and investments	<u>\$ 1,451,805</u>	<u>\$ (937,507)</u>	<u>\$ 1,650,000</u>	<u>\$ 954,715</u>	<u>\$ (1,067,466)</u>	<u>\$ 2,454,304</u>	<u>\$ (3,828,826)</u>
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Cash and Investment Fund Balance - Ending

Unrestricted	<u>\$ 1,451,805</u>	<u>\$ (937,507)</u>	<u>\$ 1,650,000</u>	<u>\$ 954,715</u>	<u>\$ (1,067,466)</u>	<u>\$ 2,454,304</u>	<u>\$ (3,828,826)</u>
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The notes to the financial statements are an integral part of this statement.

LAKE CENTRAL 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, 2008
(Continued)

	Debt Service Pension Bond	Capital Projects	School Bus Replacement	General Obligation Bond Construction	Other	Totals
Receipts:						
Local sources	\$ 231,863	\$ 9,878,283	\$ 1,724,975	\$ 2,737,597	\$ 2,665,129	\$ 61,381,813
Intermediate sources	-	-	-	-	-	186,943
State sources	-	-	-	-	784,519	26,109,889
Federal sources	-	-	-	-	3,699,336	3,699,336
Bonds and loans	-	-	-	1,900,000	-	25,900,000
Sale of property, adjustments and refunds	-	-	-	-	3,030	177,331
Total receipts	231,863	9,878,283	1,724,975	4,637,597	7,152,014	117,455,312
Disbursements:						
Current:						
Instruction	-	-	-	-	3,459,374	48,518,844
Support services	-	13,517,995	771,540	279,166	4,089,894	46,237,535
Community services	-	-	-	-	-	667,846
Nonprogrammed charges	-	-	-	-	5,652	5,773,412
Debt services	1,461,690	13,375	-	-	-	26,675,751
Total disbursements	1,461,690	13,531,370	771,540	279,166	7,554,920	127,873,388
Excess (deficiency) of receipts over disbursements	(1,229,827)	(3,653,087)	953,435	4,358,431	(402,906)	(10,418,076)
Other financing sources (uses):						
Transfers in	-	-	-	130,368	425,832	1,885,073
Transfers out	-	(155,368)	(500,000)	-	(585,000)	(2,585,073)
Total other financing sources (uses)	-	(155,368)	(500,000)	130,368	(159,168)	(700,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,229,827)	(3,808,455)	453,435	4,488,799	(562,074)	(11,118,076)
Cash and investments - beginning	590,338	(1,880,628)	571,334	(16,944)	641,911	11,042,990
Cash and investments - ending	<u>\$ (639,489)</u>	<u>\$ (5,689,083)</u>	<u>\$ 1,024,769</u>	<u>\$ 4,471,855</u>	<u>\$ 79,837</u>	<u>(75,086)</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.						
						<u>3,378,453</u>
Net assets of governmental activities						<u>\$ 3,303,367</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (639,489)</u>	<u>\$ (5,689,083)</u>	<u>\$ 1,024,769</u>	<u>\$ 4,471,855</u>	<u>\$ 79,837</u>	<u>\$ (75,086)</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (639,489)</u>	<u>\$ (5,689,083)</u>	<u>\$ 1,024,769</u>	<u>\$ 4,471,855</u>	<u>\$ 79,837</u>	<u>\$ (75,086)</u>

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

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

	<u>Internal Service Funds</u>
Operating receipts:	
Employer contributions	\$ 5,647,100
Employee contributions	663,296
Miscellaneous	<u>535,760</u>
Total operating receipts	<u>6,846,156</u>
Operating disbursements:	
Insurance claims and expense	<u>6,078,105</u>
Excess (deficiency) of operating receipts over operating disbursements	768,051
Transfers in	<u>147,038</u>
Change in net assets	915,089
Cash and investment fund balance - beginning	<u>977,974</u>
Cash and investment fund balance - ending	<u><u>\$ 1,893,063</u></u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u><u>\$ 1,893,063</u></u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u><u>\$ 1,893,063</u></u>

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

LAKE CENTRAL SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	<u>Internal Service Funds</u>
Operating receipts:	
Employer contributions	\$ 6,428,801
Employee contributions	735,822
Miscellaneous	<u>153,806</u>
Total operating receipts	<u>7,318,429</u>
Operating disbursements:	
Insurance claims and expense	<u>6,533,039</u>
Excess (deficiency) of operating receipts over operating disbursements	785,390
Transfers in	<u>700,000</u>
Change in net assets	1,485,390
Cash and investment fund balance - beginning	<u>1,893,063</u>
Cash and investment fund balance - ending	<u><u>\$ 3,378,453</u></u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u><u>\$ 3,378,453</u></u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u><u>\$ 3,378,453</u></u>

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

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

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Employer	\$ 51,536	
Other	<u>5,155</u>	
Total additions	<u>56,691</u>	
Deductions:		
Administrative and general	<u>74,444</u>	
Excess (deficiency) of total additions over total deductions	(17,753)	
Cash and investment fund balance - beginning	<u>180,244</u>	
Cash and investment fund balance - ending	<u>\$ 162,491</u>	<u>\$ 91,676</u>
Net assets:		
Cash and investment basis held in trust	<u>\$ 162,491</u>	

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

LAKE CENTRAL SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	<u>\$ 6,894,538</u>	
Deductions:		
Benefits	1,886	
Administrative and general	<u>50,000</u>	
Total deductions	<u>51,886</u>	
Excess (deficiency) of total additions over total deductions	6,842,652	
Cash and investment fund balance - beginning	<u>162,491</u>	
Cash and investment fund balance - ending	<u>\$ 7,005,143</u>	<u>\$ 70,939</u>
Net assets:		
Cash and investment basis held in trust	<u>\$ 7,005,143</u>	

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

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Lake Central School Corporation

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

Joint Venture

The School Corporation is a participant with the School Town of Munster in a joint venture to operate West Lake Cooperative (Co-op), which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit its share of expenses according to the number of children enrolled at the Co-op. The West Lake Cooperative's continued existence depends on continued funding by the School Corporation. The financial statements for the West Lake Cooperative are part of the Lake Central School Corporation's financial statements.

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

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

The School Corporation is a participant with fifteen other school corporations in Lake County in a joint venture to operate the Lake County Safe Schools Commission. The Commission was authorized in 1999 by IC 5-2-10.1. The Commission was established to improve school safety issues. The Commission is governed by a board composed of a member from each school

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

corporation in Lake County. Although the member schools may fund the Commission, the Commission has generated sufficient revenue without member payments. Complete financial statements for the Commission can be obtained through the Lake Station Community School Corporation, 2500 Pike Street, Lake Station, Indiana, 46405.

The School Corporation is a participant in the Indiana Public School Study Council (Study Council), a joint school services program for the improvement of education and the study of problems and issues involved in public education. The School Corporation pays \$600 annually to belong to the Study Council. Complete financial statements for the Study Council can be obtained from the Muncie Community Schools, 2501 N. Oakwood Avenue, Muncie, IN 47304.

The School Corporation is a participant in the Coalition of Indiana Growing & Suburban Schools (Coalition), a joint school services program for the improvement of education and the study of problems and issues involved in public education for growing and suburban schools. The School Corporation pays \$1,750 annually to belong to the Coalition. Complete financial statements for the Coalition can be obtained from the Clark-Pleasant Community School Corporation, 50 Center Street, Whiteland, IN 46184.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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, 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.

The School Corporation reports the following major governmental funds:

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

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

The rainy day fund accounts for transfers of unused and unencumbered funds in accordance with IC 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The textbook rental fund accounts for all receipts of fees collected for rent of textbooks and workbooks furnished to students; also, to record all disbursements for purchase of textbooks, for repair of textbooks and for workbooks to be used with rented textbooks furnished to students for a designated fee. Disbursements from the fund may be made without appropriation or the application of other laws relating to budgets of municipal corporations.

The West Lake Coop joint service and supply fund accounts for all financial resources for the joint venture between the School Corporation and School Town of Munster to operate the Coop.

The insurance/other adjustment fund accounts for all financial resources for the reimbursements received due to insurance claims for property damage.

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 debt service pension bond fund accounts for financial resources for the repayment of retirement/severance bonds in accordance with IC 20-48-1-2.

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 general obligation bond construction fund accounts for the financial resources for capital outlay disbursements from receipts derived from the sale of general obligation bonds.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for group health insurance and workmen's compensation provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the Retirement/Severance Bond and the Post-Retirement/Severance Future Benefit funds, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the School Corporation as an agent for federal, state and other agencies.

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.

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.

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental operations are accounted for as support services disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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 CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. 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 not reported as reimbursements but as adjustments to disbursements in the respective funds.

LAKE CENTRAL 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 or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 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 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. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the general fund by \$491,258. These disbursements were funded by available cash balance.

C. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as referenced in state statute:

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2007	2008
Transportation Operating	\$ 256,817	\$ 937,507
West Lake Coop Joint Service and Supply	1,133,367	1,067,466
Debt Service	91,860	3,828,826
Debt Service Pension Bond	-	639,489
Capital Projects	1,880,628	5,689,083
General Obligation Bond Construction	16,944	-
Early Intervention 06-07	4,685	109
Early Intervention 05-06	4,685	109
Alternative Education	-	328
Early Intervention 04-05	4,685	109
Safe Haven 03-04	-	14,440
Common School	-	19,676
Common School Loan 05-06	2,320	-
Science Fair 2008	2,015	3,611
USF Tech Refund	49,419	5,195
Title I 2004-05	17,572	-
Title I 2005-06	118,953	-
Title I 2006-07	-	35,645
Title V Part A	-	2,225
Title I 2007-2008	-	176,524
Part B New	94,488	137
Sliver 2004-05	3,682	-
Federal Preschool 06-07	6,999	-
Federal Part B 2007/2008	-	93,728
Drug Free	662	-
Drug Free 04-05	32,692	-
Drug Free 06-07	26,481	78,204
Drug Free 07-08	-	20,441
Title II Part A	-	134,409
Title II Part D (685)	5,206	7,155
Title II Part A 07-08	-	58,990
Title II Part D (687)	145	145
English Language Acquisition	11,499	34,503

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

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation's deposit policy for custodial credit risk is to deposit with a State of Indiana approved depository. 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

Statutory Authorization for Investments

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

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

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2007	2008
General Fund	Debt Service	\$ -	\$ 19,993
	Other governmental funds	-	246,788
	Internal Service	52,038	50,000
Transportation Operating	Internal Service	50,000	100,000
Rainy Day	General	-	750,000
West Lake Coop Joint Service and Supply	Other governmental funds	-	30,160
Debt Service	General	-	102,621
Debt Service	Textbook Rental	121,156	45,143
Capital Projects	General Obligation Bond Construction	-	130,368
Capital Projects	Internal Service	10,000	25,000
School Bus Replacement	Internal Service	-	500,000
Other governmental funds	Capital Projects	400,000	-
	West Lake Coop Joint Service and Supply	355,637	411,116
	Other governmental funds	-	148,884
	Internal Service	35,000	25,000
		<u> </u>	<u> </u>
Totals		<u>\$ 1,023,831</u>	<u>\$ 2,585,073</u>

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

C. Tax Anticipation Warrants

Tax anticipation warrant outstanding balances as of June 30, 2007 and 2008 are detailed in the following schedule:

Fund	Warrants Outstanding 2007	Warrants Outstanding 2008
General	<u>\$ 9,000,000</u>	<u>\$ 15,000,000</u>

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Job Related Illnesses or Injuries to Employees

The School Corporation has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees. The risk financing fund is accounted for in the Workers Compensation Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$200,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

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 Health Benefits Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with Kolling School Building Corporation and the Lake Central Multi-District School Building Corporation (the lessors). The first lessor was organized as a not-for-profit corporation and the second lessor was organized as a for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2008, totaled \$286,000 and \$6,263,500, respectively.

C. Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2008. Taxes are normally billed in two installments, the first is due in May, and the second in November. Significant delays in the reassessment process have resulted in delays in billing taxes in 2008. Lake County 2007 pay 2008 tax rates were approved on November 14, 2008. Provisional bills for 50% of 2006 pay 2007 taxes were due October 29, 2008. County officials sent the final reconciliation bill for taxes payable in 2008 in January 2009 with payment due by February 6, 2009. A similar situation occurred in 2007. This has hampered the School Corporation's ability to appropriately budget and expend funds and has forced the School Corporation to borrow extensively in anticipation of tax revenues.

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Subsequent Events

Common School Fund Loan

On August 18, 2008, the School Corporation approved to apply for Common School Fund Loan Educational Technology Program for \$200,000 payable over 5 years at 1% interest.

Phase II Lake Central High School Renovations

On October 6, 2008, the School Corporation approved to contract with O'Donnell, Wicklund, Pigozzi and Peterson (OWP/P) for architectural services and Envoy, Inc. for construction management services for phase II of Lake Central High School renovations for \$228,000 and \$185,000, respectively, payable from capital projects fund.

On January 5, 2009, the School Corporation awarded the phase II Lake Central High School cafeteria expansion payable from capital projects fund as follows:

General contractor to Larson Danielson Construction for \$982,481
Food service equipment to Stafford Smith for \$515,785
Plumbing, mechanical & HVAC to Circle R Mechanical for \$220,035
Electrical to Continental Electric Company for \$278,800

Tax Anticipation Warrants

On July 21, 2008, the School Corporation approved tax anticipation warrants for general, transportation operating and capital projects funds for \$3,000,000 each from JP Morgan Chase. The \$9,000,000 tax anticipation warrants were received and receipted to the respective funds on July 24, 2008.

On December 1, 2008, the School Corporation approved \$21,500,000 tax anticipation warrants for general, transportation operating, debt service and capital project funds from JP Morgan Chase Bank. On January 2, 2009, the school corporation received and receipted \$21,500,000 for the general, transportation operating, debt service, and capital projects funds for \$5,500,000, \$6,000,000, \$6,000,000, and \$4,000,000, respectively.

In December 2008, the School Corporation repaid \$6,763,682 of the \$15,000,000 outstanding tax anticipation warrant as of June 30, 2008. In addition, the school corporation repaid \$1,071,082 of the transportation operating \$3,000,000 mid-year tax anticipation warrant. The remaining outstanding tax anticipation warrant balances as of December 31, 2008, were \$8,236,318 and \$7,928,918 for the 2008 beginning and mid-year tax anticipation warrants, respectively.

On January 5, 2009, the School Corporation approved to refinance the outstanding tax anticipation warrant balances as of December 31, 2008. The \$8,236,318 was refinanced at 3.72% and the \$7,928,918 at 3.51% until 2008 tax settlement is received from the County or June 30, 2009.

Payment of Claims

The gas and electric invoices from July to December 2008 totaling \$1,238,533.22 were not paid until January 30, 2009, for \$15,728.24 and \$1,222,804.98 from the Transportation Operating Fund and Capital Projects Fund, respectively.

LAKE CENTRAL SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Expansion of the High School and Construction of Service Center Complex Referendum

On January 19, 2009, the School Corporation approved to hold the preliminary determination (1028) public hearing concerning the renovation and expansion of the high school and construction of the service center complex on February 2, 2009. The hearing is to discuss and hear objections to and support for the proposed renovation and expansion of the high school and construction of a service center complex and to consider adoption of a resolution making a preliminary determination to enter into a lease for said project. On February 2, 2009, the board approved the 1028 resolution to construct the project as well as the preliminary determination resolution to enter into a lease in order to construct the project.

The cost to hold the referendum will be borne by Lake County as per Indiana Code. The School Corporation will help out with some of the costs by using School Corporation personnel to transport the voting machines to and from the Lake County Government Complex. The voting will take place in five out of the six elementary schools and the County will try and place as many precincts within a school as allowable to reduce their costs. The Lake Central Freshmen Center will be open to the public for one week before the vote to allow early voters the opportunity to exercise their right to vote. Lake County will also have voting machines in the Election Office thirty days prior to the vote to also allow early voting. The preliminary date that has been established for the referendum vote is June 9, 2009. This date will be finalized in future meetings with the Lake County Election Board.

E. Termination Benefits

Administrators Early Retirement Incentive Supplement

Administrators 50 years of age or over, with 20 years of experience, 10 of which are at the Lake Central School Corporation, may elect to retire from the School Corporation and receive a one-time supplemental retirement benefit of \$2,000, plus compensation for unused sick leave days based on the number of years of experience as follows:

<u>After Years of Experience</u>	<u>Percent Value of Accumulated Sick Days</u>
10	35%
15	40%
20	45%
25	50%

Retirement benefits shall be paid in the administrator's last school year to a 401(a) plan account. For the 2007/2008 fiscal year, \$105,478 was contributed to a 401(a) plan account for one administrator.

Administrators Retirement Benefit Buy-Out Program

Upon retirement from the School Corporation, an administrator who was last employed prior to June 30, 1995, and has been employed the last 10 years in the Lake Central School Corporation shall be fully vested in the retirement benefits. For administrators hired after August 30, 2004, the

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Corporation will establish a 401(a) and a voluntary employee's beneficiary association (VEBA) account. The School Corporation will make ongoing contributions of 1.25% of the base salary in a lump sum on the first pay date of each school year. The 1.25% contribution will be apportioned with .50% deposited into the VEBA and .75% deposited into the 401(a). In addition, the administrators will be entitled to the early retirement incentive supplement noted above.

Teachers Early Retirement Incentive Supplement

A teacher member of the retirement benefit buy-out program who is 50 years of age or over, with 20 years of experience, 10 of which are at the Lake Central School Corporation or who has 25 years of experience in the Lake Central School Corporation, may elect to retire from the School Corporation and receive a one-time supplemental retirement benefit of \$2,000, plus \$50 for each unused sick leave day and \$200 per year for each year of experience in the School Corporation. Retirement benefits shall be paid in the teacher's last school year to a 401(a) plan account. For the 2007-2008 fiscal year, \$151,600 was contributed to 401(a) plan accounts for 15 teachers.

Teacher Retirement Benefit Buy-Out Program

Upon retirement from the School Corporation, a teacher who was last employed prior to June 30, 1995, has attained the age of 55, and has been employed for at least 20 years teaching experience with the last 10 at the Lake Central School Corporation shall be fully vested in the retirement benefits.

The School Corporation shall contribute to a voluntary employee's beneficiary association (VEBA) as described in section 501c(9) of the Code, that amount representing the present value of the group health insurance benefits and term life insurance as calculated for all employees under subsection 3b of the agreement. The organization administering the VEBA account shall be made by mutual agreement.

Other Classifications Supplementary Benefits

For the departmental clerical aides, transportation employees, twelve month secretarial/clerical employees, secretarial/clerical/librarian employees, registered nurses, playground aides, home-school advisors, food service employees, custodial/maintenance employees, and computer lab managers, the School Corporation will pay supplementary retirement benefits if (1) the employee has at least ten (10) years employment with the School Corporation; (2) the employee's age and years of service with the School Corporation total sixty (60); and (3) a written intent to retire must be filed with the Director of Human Resources-Personnel 90 days prior to retirement. Employees new to the School Corporation as of January 1, 2005, would not be eligible for the supplemental retirement benefit. The supplement benefit is a combination of payment for unused sick days and a rate multiplied by the number of years of service based on the employee's classification agreement. For the 2007-2008 fiscal year, \$45,326 was paid to ten retiring employees.

F. Other Postemployment Benefits

Administrators and Teachers Early Retirement Insurance

Administrators and teachers who are 55 and 50 years of age or over, respectively, and with 20 years of experience, the last 10 of which were with the Lake Central School Corporation, will be eligible to remain in the School Corporation's current hospital/major medical insurance program (group health plan) if all of the following conditions are met as of the date of retirement and thereafter:

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

1. While the retired administrator or teacher is enrolled in the group health plan, the retired administrator or teacher shall pay the entire insurance premium applicable to the insurance coverage, with the annual payment to be made on or before September 1st for the succeeding year or make arrangements for monthly payments of the premium;
2. Within ninety (90) days of the retirement date, the administrator or teacher has provided a written request to the School Corporation for participation in the group health plan.

When a retired administrator or teacher first becomes eligible for Medicare, the administrator's or teacher's eligibility to continue to participate in the School Corporation's group health plan shall terminate. The administrator's or teacher's spouse and dependents, if any, will be allowed to continue participation for 36 months as required by COBRA, or until eligible for Medicare, whichever occurs first.

Teachers Early Retirement Insurance Prior to June 2006 and Administrators Prior to August 2004

Prior to June 2006 and August 2004, teachers and administrators, respectively, who were 55 years of age with 20 years of experience, the last 10 of which were with the Lake Central School Corporation, could elect to retire early. The teacher or administrator could elect to continue with the School Corporation's hospital/major medical insurance program (group health plan) until eligible for full social security benefits. Should the teacher or administrator choose not to participate in the group health plan, the retiree would receive the School Corporation's contribution to the group health plan as a cash distribution on October 1 of each school year after severance until the school year which begins on or after the retiree has reached the age of eligibility for Medicare.

In addition to the group health plan, the retiree receives retirement pay until the school year which begins on or after the retired employee has reached the age of eligibility for full social security benefits. The amount paid each school year shall be .147 times the composite school year salary lane at which the retiree is placed the school year immediately preceding retirement. For the 2007-2008 fiscal year, the general fund disbursed \$647,634 to sixty-nine retirees.

G. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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.

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 618,374
Interest on net pension obligation	(36,581)
Adjustment to annual required contribution	41,687
Annual pension cost	623,480
Contributions made	542,221
Increase (decrease) in net pension obligation	81,259
Net pension obligation, beginning of year	(504,562)
Net pension obligation, end of year	\$ (423,303)

	PERF
Contribution rates:	
School Corporation	6.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

LAKE CENTRAL SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Actuarial Assumptions	PERF
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	06-30-05	\$ 399,102	123%	\$ (500,637)
	06-30-06	512,709	101%	(504,562)
	06-30-07	623,480	87%	(423,303)

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

Teachers' Retirement Fund

Plan Description

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

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

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

LAKE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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, 2008, 2007, and 2006, were \$1,296,627, \$1,020,937, and \$910,940, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

LAKE CENTRAL 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)
07-01-05	\$ 8,534,154	\$ 9,468,605	\$ (934,451)	90%	\$ 7,774,497	(12%)
07-01-06	9,202,268	9,952,123	(749,855)	92%	8,477,640	(9%)
07-01-07	10,185,270	10,551,542	(366,272)	97%	8,380,698	(4%)

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

	Special Education Preschool	School Lunch	Early Intervention 06-07	Early Intervention 05-06	Alternative Education	Early Intervention 04-05	Safe Haven 03-04
Receipts:							
Local sources	\$ 64,164	\$ 2,404,416	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	331,008	54,483	2,500	-	-	-	-
Federal sources	-	644,563	-	-	-	-	-
Sale of property, adjustments and refunds	-	32,446	-	-	-	-	-
Total receipts	395,172	3,135,908	2,500	-	-	-	-
Disbursements:							
Current:							
Instruction	-	-	7,185	7,185	21,557	7,185	439
Support services	-	2,843,567	-	-	-	-	-
Total disbursements	-	2,843,567	7,185	7,185	21,557	7,185	439
Excess (deficiency) of receipts over disbursements	395,172	292,341	(4,685)	(7,185)	(21,557)	(7,185)	(439)
Other financing sources (uses):							
Transfers out	(355,637)	(435,000)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	39,535	(142,659)	(4,685)	(7,185)	(21,557)	(7,185)	(439)
Cash and investments - beginning	-	632,376	-	2,500	23,170	2,500	17,094
Cash and investments - ending	<u>\$ 39,535</u>	<u>\$ 489,717</u>	<u>\$ (4,685)</u>	<u>\$ (4,685)</u>	<u>\$ 1,613</u>	<u>\$ (4,685)</u>	<u>\$ 16,655</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 39,535</u>	<u>\$ 489,717</u>	<u>\$ (4,685)</u>	<u>\$ (4,685)</u>	<u>\$ 1,613</u>	<u>\$ (4,685)</u>	<u>\$ 16,655</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 39,535</u>	<u>\$ 489,717</u>	<u>\$ (4,685)</u>	<u>\$ (4,685)</u>	<u>\$ 1,613</u>	<u>\$ (4,685)</u>	<u>\$ 16,655</u>

LAKE CENTRAL 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)

	Safe Haven 04-05	West Lake Communication Devices	MAAP Serv West Lake	Knight of Columbus	West Lake Jumpstart	Safe Haven 06-07	Kolling Nature Trail
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,340	\$ -	\$ 1,000
State sources	-	-	-	-	-	24,000	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	-	1,340	24,000	1,000
Disbursements:							
Current:							
Instruction	439	-	-	-	600	-	-
Support services	-	59	1,721	-	-	-	-
Total disbursements	439	59	1,721	-	600	-	-
Excess (deficiency) of receipts over disbursements	(439)	(59)	(1,721)	-	740	24,000	1,000
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(439)	(59)	(1,721)	-	740	24,000	1,000
Cash and investments - beginning	18,742	59	2,627	2,000	1,180	-	-
Cash and investments - ending	<u>\$ 18,303</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 2,000</u>	<u>\$ 1,920</u>	<u>\$ 24,000</u>	<u>\$ 1,000</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 18,303</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 2,000</u>	<u>\$ 1,920</u>	<u>\$ 24,000</u>	<u>\$ 1,000</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 18,303</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 2,000</u>	<u>\$ 1,920</u>	<u>\$ 24,000</u>	<u>\$ 1,000</u>

LAKE CENTRAL 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)

	United Way	Kids on the Block	Indiana Next Leaders	Recycling Tire Grant	Workforce Development 01-03	Summer Recreation	Workforce Development 05
Receipts:							
Local sources	\$ 8,420	\$ 2,863	\$ -	\$ -	\$ -	\$ -	\$ 6,589
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	50,200	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	8,420	2,863	-	50,200	-	-	6,589
Disbursements:							
Current:							
Instruction	5,594	660	-	-	-	-	4,105
Support services	-	-	-	-	-	-	2,015
Total disbursements	5,594	660	-	-	-	-	6,120
Excess (deficiency) of receipts over disbursements	2,826	2,203	-	50,200	-	-	469
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,826	2,203	-	50,200	-	-	469
Cash and investments - beginning	-	9,638	100	25,200	11,153	492	(469)
Cash and investments - ending	\$ 2,826	\$ 11,841	\$ 100	\$ 75,400	\$ 11,153	\$ 492	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,826	\$ 11,841	\$ 100	\$ 75,400	\$ 11,153	\$ 492	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,826	\$ 11,841	\$ 100	\$ 75,400	\$ 11,153	\$ 492	\$ -

LAKE CENTRAL 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)

	Common School	Common School Loan 05-06	Science Fair 2008	Non-English Speaking	USF Tech Refund	LEA/Lake Central V State of Indiana	Title I 2004-05
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	251,556	-	-	1,329	44,285	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	251,556	-	-	1,329	44,285	-	-
Disbursements:							
Current:							
Instruction	242,240	495	2,015	5,158	-	-	17,572
Support services	-	-	-	-	111,389	-	-
Total disbursements	242,240	495	2,015	5,158	111,389	-	17,572
Excess (deficiency) of receipts over disbursements	9,316	(495)	(2,015)	(3,829)	(67,104)	-	(17,572)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,316	(495)	(2,015)	(3,829)	(67,104)	-	(17,572)
Cash and investments - beginning	-	(1,825)	-	21,337	17,685	2,996	-
Cash and investments - ending	<u>\$ 9,316</u>	<u>\$ (2,320)</u>	<u>\$ (2,015)</u>	<u>\$ 17,508</u>	<u>\$ (49,419)</u>	<u>\$ 2,996</u>	<u>\$ (17,572)</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 9,316</u>	<u>\$ (2,320)</u>	<u>\$ (2,015)</u>	<u>\$ 17,508</u>	<u>\$ (49,419)</u>	<u>\$ 2,996</u>	<u>\$ (17,572)</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 9,316</u>	<u>\$ (2,320)</u>	<u>\$ (2,015)</u>	<u>\$ 17,508</u>	<u>\$ (49,419)</u>	<u>\$ 2,996</u>	<u>\$ (17,572)</u>

LAKE CENTRAL 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 2005-06	Title I 2006-07	Title II	Title V Part A	Title V-A 2006-2007	Part B Rollover	Part B New
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	41,600	166,646	-	-	12,962	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	41,600	166,646	-	-	12,962	-	-
Disbursements:							
Current:							
Instruction	160,553	126,937	-	23,178	7,210	-	-
Support services	-	-	-	-	-	-	-
Total disbursements	160,553	126,937	-	23,178	7,210	-	-
Excess (deficiency) of receipts over disbursements	(118,953)	39,709	-	(23,178)	5,752	-	-
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(118,953)	39,709	-	(23,178)	5,752	-	-
Cash and investments - beginning	-	-	4,250	34,648	-	24	(94,488)
Cash and investments - ending	<u>\$ (118,953)</u>	<u>\$ 39,709</u>	<u>\$ 4,250</u>	<u>\$ 11,470</u>	<u>\$ 5,752</u>	<u>\$ 24</u>	<u>\$ (94,488)</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (118,953)</u>	<u>\$ 39,709</u>	<u>\$ 4,250</u>	<u>\$ 11,470</u>	<u>\$ 5,752</u>	<u>\$ 24</u>	<u>\$ (94,488)</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ (118,953)</u>	<u>\$ 39,709</u>	<u>\$ 4,250</u>	<u>\$ 11,470</u>	<u>\$ 5,752</u>	<u>\$ 24</u>	<u>\$ (94,488)</u>

LAKE CENTRAL 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)

	Federal Part B 2006-07	Part B Rollover	Sliver 2004-05	Sliver 2005-06	Federal Part B 2005-06	Federal Preschool 05-06	Federal Preschool 06-07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	2,430,726	-	-	-	172,410	28,521	82,100
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	2,430,726	-	-	-	172,410	28,521	82,100
Disbursements:							
Current:							
Instruction	2,001,379	-	3,682	700	(1,053)	25,650	62,714
Support services	426,977	-	-	375	1,696	-	26,385
Total disbursements	2,428,356	-	3,682	1,075	643	25,650	89,099
Excess (deficiency) of receipts over disbursements	2,370	-	(3,682)	(1,075)	171,767	2,871	(6,999)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,370	-	(3,682)	(1,075)	171,767	2,871	(6,999)
Cash and investments - beginning	-	94,351	-	1,075	(171,246)	(2,871)	-
Cash and investments - ending	\$ 2,370	\$ 94,351	\$ (3,682)	\$ -	\$ 521	\$ -	\$ (6,999)
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,370	\$ 94,351	\$ (3,682)	\$ -	\$ 521	\$ -	\$ (6,999)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,370	\$ 94,351	\$ (3,682)	\$ -	\$ 521	\$ -	\$ (6,999)

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

	Drug Free	Drug Free 04-05	Drug Free 05-06	Drug Free 06-07	Ed for Economics	Title II Part A 2007	Title II Part A
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	10,549	-	60,000	65,068
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	10,549	-	60,000	65,068
Disbursements:							
Current:							
Instruction	662	9,288	8,930	22,714	-	4,066	167,075
Support services	-	23,404	-	14,316	-	-	-
Total disbursements	662	32,692	8,930	37,030	-	4,066	167,075
Excess (deficiency) of receipts over disbursements	(662)	(32,692)	(8,930)	(26,481)	-	55,934	(102,007)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(662)	(32,692)	(8,930)	(26,481)	-	55,934	(102,007)
Cash and investments - beginning	-	-	14,450	-	791	-	177,320
Cash and investments - ending	<u>\$ (662)</u>	<u>\$ (32,692)</u>	<u>\$ 5,520</u>	<u>\$ (26,481)</u>	<u>\$ 791</u>	<u>\$ 55,934</u>	<u>\$ 75,313</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ (662)</u>	<u>\$ (32,692)</u>	<u>\$ 5,520</u>	<u>\$ (26,481)</u>	<u>\$ 791</u>	<u>\$ 55,934</u>	<u>\$ 75,313</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ (662)</u>	<u>\$ (32,692)</u>	<u>\$ 5,520</u>	<u>\$ (26,481)</u>	<u>\$ 791</u>	<u>\$ 55,934</u>	<u>\$ 75,313</u>

LAKE CENTRAL 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 (685)	Title II Part D (687)	English Language Acquisition	Title II Part D (689)	ISAIP Professional Development	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,488,792
State sources	-	-	-	-	-	709,161
Federal sources	-	-	21,830	-	-	3,787,175
Sale of property, adjustments and refunds	-	-	-	-	-	32,446
Total receipts	-	-	21,830	-	-	7,017,574
Disbursements:						
Current:						
Instruction	9,152	-	19,136	1,944	1,480	2,977,826
Support services	-	-	-	-	-	3,451,904
Total disbursements	9,152	-	19,136	1,944	1,480	6,429,730
Excess (deficiency) of receipts over disbursements	(9,152)	-	2,694	(1,944)	(1,480)	587,844
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(790,637)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,152)	-	2,694	(1,944)	(1,480)	(202,793)
Cash and investments - beginning	3,946	(145)	(14,193)	3,484	4,753	844,704
Cash and investments - ending	<u>\$ (5,206)</u>	<u>\$ (145)</u>	<u>\$ (11,499)</u>	<u>\$ 1,540</u>	<u>\$ 3,273</u>	<u>\$ 641,911</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (5,206)</u>	<u>\$ (145)</u>	<u>\$ (11,499)</u>	<u>\$ 1,540</u>	<u>\$ 3,273</u>	<u>\$ 641,911</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (5,206)</u>	<u>\$ (145)</u>	<u>\$ (11,499)</u>	<u>\$ 1,540</u>	<u>\$ 3,273</u>	<u>\$ 641,911</u>

LAKE CENTRAL 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, 2008

	Special Education Preschool	School Lunch	Early Intervention 06-07	Early Intervention 05-06	Alternative Education	School Library	Safe Haven
Receipts:							
Local sources	\$ 58,964	\$ 2,598,458	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	314,845	60,614	-	-	-	22,117	2,500
Federal sources	-	670,413	-	-	-	-	-
Sale of property, adjustments and refunds	-	3,030	-	-	-	-	-
Total receipts	373,809	3,332,515	-	-	-	22,117	2,500
Disbursements:							
Current:							
Instruction	-	3,719	7,059	6,791	21,356	-	1,903
Support services	2,735	3,294,051	427	427	300	-	-
Nonprogrammed charges	-	5,652	-	-	-	-	-
Total disbursements	2,735	3,303,422	7,486	7,218	21,656	-	1,903
Excess (deficiency) of receipts over disbursements	371,074	29,093	(7,486)	(7,218)	(21,656)	22,117	597
Other financing sources (uses):							
Transfers in	-	-	12,062	11,794	19,715	-	-
Transfers out	(410,609)	(25,000)	-	-	-	-	-
Total other financing sources (uses)	(410,609)	(25,000)	12,062	11,794	19,715	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(39,535)	4,093	4,576	4,576	(1,941)	22,117	597
Cash and investments - beginning	39,535	489,717	(4,685)	(4,685)	1,613	-	-
Cash and investments - ending	\$ -	\$ 493,810	\$ (109)	\$ (109)	\$ (328)	\$ 22,117	\$ 597
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 493,810	\$ (109)	\$ (109)	\$ (328)	\$ 22,117	\$ 597
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 493,810	\$ (109)	\$ (109)	\$ (328)	\$ 22,117	\$ 597

LAKE CENTRAL 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, 2008
 (Continued)

	Early Intervention 04-05	Safe Haven 03-04	Safe Haven 04-05	MAAP Serv West Lake	Knight of Columbus	West Lake Jumpstart	Safe Haven 06-07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,210	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	1,210	-
Disbursements:							
Current:							
Instruction	6,791	13,718	1,142	-	1,203	2,235	-
Support services	427	-	-	-	-	20	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,218	13,718	1,142	-	1,203	2,255	-
Excess (deficiency) of receipts over disbursements	(7,218)	(13,718)	(1,142)	-	(1,203)	(1,045)	-
Other financing sources (uses):							
Transfers in	11,794	-	-	-	-	235	-
Transfers out	-	(17,377)	-	-	-	-	-
Total other financing sources (uses)	11,794	(17,377)	-	-	-	235	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,576	(31,095)	(1,142)	-	(1,203)	(810)	-
Cash and investments - beginning	(4,685)	16,655	18,303	906	2,000	1,920	24,000
Cash and investments - ending	<u>\$ (109)</u>	<u>\$ (14,440)</u>	<u>\$ 17,161</u>	<u>\$ 906</u>	<u>\$ 797</u>	<u>\$ 1,110</u>	<u>\$ 24,000</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (109)</u>	<u>\$ (14,440)</u>	<u>\$ 17,161</u>	<u>\$ 906</u>	<u>\$ 797</u>	<u>\$ 1,110</u>	<u>\$ 24,000</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ (109)</u>	<u>\$ (14,440)</u>	<u>\$ 17,161</u>	<u>\$ 906</u>	<u>\$ 797</u>	<u>\$ 1,110</u>	<u>\$ 24,000</u>

LAKE CENTRAL 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, 2008
 (Continued)

	Kolling Nature Trail	United Way	Kids on the Block	Indiana Next Leaders	Recycling Tire Grant	Workforce Development 01-03	Summer Recreation
Receipts:							
Local sources	\$ -	\$ 5,004	\$ 1,493	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	13,615	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	5,004	1,493	-	13,615	-	-
Disbursements:							
Current:							
Instruction	-	5,652	72	-	-	-	-
Support services	-	-	-	-	25,000	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	5,652	72	-	25,000	-	-
Excess (deficiency) of receipts over disbursements	-	(648)	1,421	-	(11,385)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(100)	-	(11,153)	(492)
Total other financing sources (uses)	-	-	-	(100)	-	(11,153)	(492)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(648)	1,421	(100)	(11,385)	(11,153)	(492)
Cash and investments - beginning	1,000	2,826	11,841	100	75,400	11,153	492
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ 2,178</u>	<u>\$ 13,262</u>	<u>\$ -</u>	<u>\$ 64,015</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 1,000</u>	<u>\$ 2,178</u>	<u>\$ 13,262</u>	<u>\$ -</u>	<u>\$ 64,015</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 1,000</u>	<u>\$ 2,178</u>	<u>\$ 13,262</u>	<u>\$ -</u>	<u>\$ 64,015</u>	<u>\$ -</u>	<u>\$ -</u>

LAKE CENTRAL 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, 2008
 (Continued)

	Common School	Common School Loan 05-06	Science Fair 2008	Non-English Speaking	USF Tech Refund	LEA/Lake Central V State of Indiana	Title I 2004-05
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	248,335	-	-	40,876	81,617	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	248,335	-	-	40,876	81,617	-	-
Disbursements:							
Current:							
Instruction	275,007	-	1,596	30,452	-	-	-
Support services	-	-	-	105	137,393	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	275,007	-	1,596	30,557	137,393	-	-
Excess (deficiency) of receipts over disbursements	(26,672)	-	(1,596)	10,319	(55,776)	-	-
Other financing sources (uses):							
Transfers in	-	2,320	-	-	100,000	-	17,572
Transfers out	(2,320)	-	-	-	-	-	-
Total other financing sources (uses)	(2,320)	2,320	-	-	100,000	-	17,572
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,992)	2,320	(1,596)	10,319	44,224	-	17,572
Cash and investments - beginning	9,316	(2,320)	(2,015)	17,508	(49,419)	2,996	(17,572)
Cash and investments - ending	<u>\$ (19,676)</u>	<u>\$ -</u>	<u>\$ (3,611)</u>	<u>\$ 27,827</u>	<u>\$ (5,195)</u>	<u>\$ 2,996</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (19,676)</u>	<u>\$ -</u>	<u>\$ (3,611)</u>	<u>\$ 27,827</u>	<u>\$ (5,195)</u>	<u>\$ 2,996</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ (19,676)</u>	<u>\$ -</u>	<u>\$ (3,611)</u>	<u>\$ 27,827</u>	<u>\$ (5,195)</u>	<u>\$ 2,996</u>	<u>\$ -</u>

LAKE CENTRAL 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, 2008
 (Continued)

	Title I 2005-06	Title I 2006-07	Title II	Title V Part A	Title V-A 2006-2007	Title I 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	27,865	224,723
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	27,865	224,723
Disbursements:						
Current:						
Instruction	-	57,765	-	13,326	10,223	394,291
Support services	-	17	-	369	-	6,956
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	57,782	-	13,695	10,223	401,247
Excess (deficiency) of receipts over disbursements	-	(57,782)	-	(13,695)	17,642	(176,524)
Other financing sources (uses):						
Transfers in	118,953	-	-	-	-	-
Transfers out	-	(17,572)	-	-	-	-
Total other financing sources (uses)	118,953	(17,572)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	118,953	(75,354)	-	(13,695)	17,642	(176,524)
Cash and investments - beginning	(118,953)	39,709	4,250	11,470	5,752	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ (35,645)</u>	<u>\$ 4,250</u>	<u>\$ (2,225)</u>	<u>\$ 23,394</u>	<u>\$ (176,524)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ (35,645)</u>	<u>\$ 4,250</u>	<u>\$ (2,225)</u>	<u>\$ 23,394</u>	<u>\$ (176,524)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ (35,645)</u>	<u>\$ 4,250</u>	<u>\$ (2,225)</u>	<u>\$ 23,394</u>	<u>\$ (176,524)</u>

LAKE CENTRAL 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, 2008
 (Continued)

	Part B Rollover	Part B New	Federal Part B 2006-07	Part B Rollover	Sliver 2004-05	Federal Part B 2005-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	98,700	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	98,700	-	-	-
Disbursements:						
Current:						
Instruction	-	-	98,255	-	-	39
Support services	-	-	2,815	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	101,070	-	-	39
Excess (deficiency) of receipts over disbursements	-	-	(2,370)	-	-	(39)
Other financing sources (uses):						
Transfers in	-	94,351	-	-	3,682	-
Transfers out	(24)	-	-	(94,351)	-	(482)
Total other financing sources (uses)	(24)	94,351	-	(94,351)	3,682	(482)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24)	94,351	(2,370)	(94,351)	3,682	(521)
Cash and investments - beginning	24	(94,488)	2,370	94,351	(3,682)	521
Cash and investments - ending	\$ -	\$ (137)	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (137)	\$ -	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ (137)	\$ -	\$ -	\$ -	\$ -

LAKE CENTRAL 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, 2008
 (Continued)

	Federal Preschool 06-07	Federal Part B 2007-2008	Federal Preschool 07-08	Drug Free	Drug Free 04-05	Drug Free 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	27,448	2,405,450	86,000	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	27,448	2,405,450	86,000	-	-	-
Disbursements:						
Current:						
Instruction	18,822	1,965,912	48,717	-	-	-
Support services	1,627	533,266	29,956	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	20,449	2,499,178	78,673	-	-	-
Excess (deficiency) of receipts over disbursements	6,999	(93,728)	7,327	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	662	32,692	-
Transfers out	-	-	-	-	-	(5,520)
Total other financing sources (uses)	-	-	-	662	32,692	(5,520)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,999	(93,728)	7,327	662	32,692	(5,520)
Cash and investments - beginning	(6,999)	-	-	(662)	(32,692)	5,520
Cash and investments - ending	<u>\$ -</u>	<u>\$ (93,728)</u>	<u>\$ 7,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ (93,728)</u>	<u>\$ 7,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ (93,728)</u>	<u>\$ 7,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKE CENTRAL 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, 2008
 (Continued)

	Drug Free 06-07	Drug Free 07-08	Ed for Economics	Title II Part A 2007	Title II Part A	Title II Part D (685)
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	4,000	3,234	-	27,178	124,325	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	4,000	3,234	-	27,178	124,325	-
Disbursements:						
Current:						
Instruction	24,666	8,450	-	28,143	327,723	1,949
Support services	31,057	15,225	-	335	6,324	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	55,723	23,675	-	28,478	334,047	1,949
Excess (deficiency) of receipts over disbursements	(51,723)	(20,441)	-	(1,300)	(209,722)	(1,949)
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	(51,723)	(20,441)	-	(1,300)	(209,722)	(1,949)
Cash and investments - beginning	(26,481)	-	791	55,934	75,313	(5,206)
Cash and investments - ending	<u>\$ (78,204)</u>	<u>\$ (20,441)</u>	<u>\$ 791</u>	<u>\$ 54,634</u>	<u>\$ (134,409)</u>	<u>\$ (7,155)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (78,204)</u>	<u>\$ (20,441)</u>	<u>\$ 791</u>	<u>\$ 54,634</u>	<u>\$ (134,409)</u>	<u>\$ (7,155)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (78,204)</u>	<u>\$ (20,441)</u>	<u>\$ 791</u>	<u>\$ 54,634</u>	<u>\$ (134,409)</u>	<u>\$ (7,155)</u>

LAKE CENTRAL 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, 2008
 (Continued)

	Title II Part A 07-08	Title II Part D (687)	English Language Acquisition	Title II Part D (689)	ISAIP Professional Development	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,665,129
State sources	-	-	-	-	-	784,519
Federal sources	-	-	-	-	-	3,699,336
Sale of property, adjustments and refunds	-	-	-	-	-	3,030
Total receipts	-	-	-	-	-	7,152,014
Disbursements:						
Current:						
Instruction	57,928	-	23,004	796	669	3,459,374
Support services	1,062	-	-	-	-	4,089,894
Nonprogrammed charges	-	-	-	-	-	5,652
Total disbursements	58,990	-	23,004	796	669	7,554,920
Excess (deficiency) of receipts over disbursements	(58,990)	-	(23,004)	(796)	(669)	(402,906)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	425,832
Transfers out	-	-	-	-	-	(585,000)
Total other financing sources (uses)	-	-	-	-	-	(159,168)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(58,990)	-	(23,004)	(796)	(669)	(562,074)
Cash and investments - beginning	-	(145)	(11,499)	1,540	3,273	641,911
Cash and investments - ending	<u>\$ (58,990)</u>	<u>\$ (145)</u>	<u>\$ (34,503)</u>	<u>\$ 744</u>	<u>\$ 2,604</u>	<u>\$ 79,837</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (58,990)</u>	<u>\$ (145)</u>	<u>\$ (34,503)</u>	<u>\$ 744</u>	<u>\$ 2,604</u>	<u>\$ 79,837</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (58,990)</u>	<u>\$ (145)</u>	<u>\$ (34,503)</u>	<u>\$ 744</u>	<u>\$ 2,604</u>	<u>\$ 79,837</u>

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

	Workers Compensation Self-Insurance	Health Benefits Self-Insurance	Totals
Operating receipts:			
Employer contributions	\$ -	\$ 5,647,100	\$ 5,647,100
Employee contributions	-	663,296	663,296
Miscellaneous	<u>25,038</u>	<u>510,722</u>	<u>535,760</u>
Total operating receipts	<u>25,038</u>	<u>6,821,118</u>	<u>6,846,156</u>
Operating disbursements:			
Insurance claims and expense	<u>265,213</u>	<u>5,812,892</u>	<u>6,078,105</u>
Excess (deficiency) of operating receipts over operating disbursements	(240,175)	1,008,226	768,051
Transfers in	<u>120,000</u>	<u>27,038</u>	<u>147,038</u>
Change in net assets	(120,175)	1,035,264	915,089
Cash and investment fund balance - beginning	<u>244,089</u>	<u>733,885</u>	<u>977,974</u>
Cash and investment fund balance - ending	<u>\$ 123,914</u>	<u>\$ 1,769,149</u>	<u>\$ 1,893,063</u>
<u>Cash and Investment Assets - Ending</u>			
Restricted assets:			
Cash and investments	<u>\$ 123,914</u>	<u>\$ 1,769,149</u>	<u>\$ 1,893,063</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Other purposes	<u>\$ 123,914</u>	<u>\$ 1,769,149</u>	<u>\$ 1,893,063</u>

LAKE CENTRAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2008

	Workers Compensation Self-Insurance	Health Benefits Self-Insurance	Totals
Operating receipts:			
Employer contributions	\$ -	\$ 6,428,801	\$ 6,428,801
Employee contributions	-	735,822	735,822
Miscellaneous	<u>2,754</u>	<u>151,052</u>	<u>153,806</u>
Total operating receipts	<u>2,754</u>	<u>7,315,675</u>	<u>7,318,429</u>
Operating disbursements:			
Insurance claims and expense	<u>261,765</u>	<u>6,271,274</u>	<u>6,533,039</u>
Excess (deficiency) of operating receipts over operating disbursements	(259,011)	1,044,401	785,390
Transfers in	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Change in net assets	440,989	1,044,401	1,485,390
Cash and investment fund balance - beginning	<u>123,914</u>	<u>1,769,149</u>	<u>1,893,063</u>
Cash and investment fund balance - ending	<u>\$ 564,903</u>	<u>\$ 2,813,550</u>	<u>\$ 3,378,453</u>
<u>Cash and Investment Assets - Ending</u>			
Restricted assets:			
Cash and investments	<u>\$ 564,903</u>	<u>\$ 2,813,550</u>	<u>\$ 3,378,453</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Other purposes	<u>\$ 564,903</u>	<u>\$ 2,813,550</u>	<u>\$ 3,378,453</u>

LAKE CENTRAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 51,536	\$ 51,536
Other	5,155	-	5,155
Total additions	5,155	51,536	56,691
Deductions:			
Administrative and general	74,444	-	74,444
Excess (deficiency) of total additions over total deductions	(69,289)	51,536	(17,753)
Cash and investment fund balance - beginning	157,202	23,042	180,244
Cash and investment fund balance - ending	\$ 87,913	\$ 74,578	\$ 162,491
Net assets:			
Cash and investments basis held in trust	\$ 87,913	\$ 74,578	\$ 162,491

LAKE CENTRAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 6,894,538	\$ 6,894,538
Deductions:			
Benefits	1,116	770	1,886
Administrative and general	-	50,000	50,000
Total deductions	1,116	50,770	51,886
Excess (deficiency) of total additions over total deductions	(1,116)	6,843,768	6,842,652
Cash and investment fund balance - beginning	87,913	74,578	162,491
Cash and investment fund balance - ending	\$ 86,797	\$ 6,918,346	\$ 7,005,143
Net assets:			
Cash and investments basis held in trust	\$ 86,797	\$ 6,918,346	\$ 7,005,143

LAKE CENTRAL SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 6,666,138
Buildings	106,723,988
Improvements other than buildings	3,000,161
Equipment	<u>26,436,797</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 142,827,084</u>

An inventory or record of machinery and equipment over the \$2,000 threshold for capitalization has not been maintained.

LAKE CENTRAL SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For the Year Ended June 30, 2008

Description of Debt	Principal Ending Balance	Principal Due Within One Year	Interest Ending Balance	Interest Due Within One Year	Semi-Annual Lease Payment
Governmental Activities:					
Capital Leases:					
Kolling Elementary	\$ 270,000	\$ 270,000	\$ 16,000	\$ 16,000	\$ 143,000
Homan, Bibich, Peifer & Watson Elementary	7,815,000	1,520,000	1,042,000	332,000	926,000
Kahler Middle	13,960,000	1,145,000	3,770,000	628,000	886,500
Freshman Center	13,040,000	1,090,000	3,260,000	540,000	815,000
Clark Middle	24,780,000	880,000	12,755,000	1,185,000	1,070,000
Common School Fund Loans Payable					
Loan A1296	248,335	24,834	7,437	1,850	
Loan A1238	193,266	48,317	4,348	1,812	
Loan A1179	70,000	20,000	1,400	650	
Loan A1083	75,000	30,000	1,125	675	
Loan A1054	37,919	25,280	379	316	
Loan A1000	10,000	10,000	50	50	
Bonds Payable:					
General Obligation Bonds:					
Homan HVAC Bonds	1,900,000	315,000	242,923	86,523	
Pension Bonds	15,775,000	615,000	8,686,535	850,028	
Total governmental activities long-term debt	<u>\$ 78,174,520</u>	<u>\$ 5,993,431</u>	<u>\$ 29,787,197</u>	<u>\$ 3,642,904</u>	

LAKE CENTRAL SCHOOL CORPORATION
OTHER REPORT

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

Kahler Middle School

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER BANK RECONCILEMENTS

The School Corporation has contracted with a local accounting firm to reconcile the bank balances to the ledger balance monthly. However, a review of the completed monthly reconciliation for any adjustment items is not performed by School Corporation management. As of June 30, 2008, the bank reconciliation reported a \$5,827,525.33 unidentified adjustment to the ledger to reconcile to the bank balance. We determined that the unidentified adjustment was the net effect of \$172,474.67 in interest income earned from June 2007 to June 2008 that was not received and two receipts for investments totaling \$6,000,000 that were posted in error in October 2007.

The School Corporation has subsequently posted entries to correct the ledger and approved an adjustment to the financial statements presented herein to reflect the adjustment noted above.

Controls are not in place to ensure that all reconciling items noted on monthly bank reconciliations are timely posted to the School Corporation's detail of receipts and disbursements ledgers so that material over or under statements of receipts or disbursements does not occur.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the 2006-2007 and 2007-2008 school years. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Enrollment Figures</u>	<u>Over Reporting/ (Under Reporting)</u>
2006-2007	Kindergarten	334.96	335.54	(0.58)
2006-2007	1 Through 12	9,129.73	9,133.07	(3.34)
Totals		<u>9,464.69</u>	<u>9,468.61</u>	<u>(3.92)</u>
2007-2008	Kindergarten	317.62	317.62	-
2007-2008	1 Through 12	9,355.99	9,361.66	(5.67)
Totals		<u>9,673.61</u>	<u>9,679.28</u>	<u>(5.67)</u>

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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

TAX ANTICIPATION WARRANT REPAYMENTS

As stated in the prior report, the General and Debt Service Funds received \$6,200,000 and \$4,800,000 in tax anticipation warrant proceeds, respectively, on July 2, 2004. However, when the warrants were repaid in 2005, \$7,459,461.38 was disbursed from the General Fund and \$3,540,538.62 was disbursed from the Debt Service Fund. As a result, the Debt Service Fund owed the General Fund \$1,259,461.38, which was not repaid during the audit period.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PENSION DEBT SERVICE

The School Corporation obtained \$17,200,000 of General Obligation Pension Bonds to finance the School Corporation's pension liability in 2004. The pension bonds constitute valid and legally binding obligations of the School Corporation and are payable from unlimited ad valorem taxes to be levied and collected on all taxable property within the School Corporation. Annually, the Indiana Department of Local Government Finance approved the budget for the Debt Service Pension Bond Fund based on the semiannual debt service requirements schedule for the pension bonds. However, the 2007-2008 payments totaling \$1,461,690 were not posted to the Debt Service Pension Bond Fund, but were posted as disbursements from the Debt Service Fund.

The School Corporation has subsequently posted entries to correct the ledger and approved an adjustment to the financial statements presented herein to reflect the adjustment noted above.

Retirement/Severance Bond Debt Service Fund, designated Fund Number 0250, is required by IC 20-48-1-2 for repayment of retirement/severance bonds. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 3)

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)

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL FUND

The School Corporation made payments of gross payroll and related items from the Textbook Rental Fund. The School Corporation posted the Textbook Rental Fund payroll and related items to the accounts Other Special Programs (12900), Office of Principal (24100), and Other Personnel Services (25790). The Textbook Rental Fund reported payroll disbursements of \$13,268 and \$40,141, for the fiscal years 2006-2007 and 2007-2008, respectively.

Additionally, the Textbook Rental Fund transferred \$350,000 on April 24, 2008, to the Post-Retirement/Severance Future Benefit Fund for the School Corporation's unfunded pension liability. The Post-Retirement/Severance Future Benefit Fund has not reimbursed the Textbook Rental Fund the \$350,000 transfer as of June 30, 2008.

The Textbook Rental Fund is to be used to record all receipts of fees collected for rent of textbooks and workbooks furnished to students; also, to record all disbursements for purchase of textbooks, for repair of textbooks and for workbooks to be used with rented textbooks furnished to students for a designated fee. The payment of gross payroll and related items are not allowable disbursements from the textbook rental fund. Disbursements from the fund may be made without appropriation or the application of other laws relating to budgets of municipal corporations. A detail of the receipt and expenditure accounts will be found in Parts 4 and 5. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 3)

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCHOOL BUS REPLACEMENT FUND

The School Corporation transferred \$500,000 on April 24, 2008, from the School Bus Replacement Fund to the Workers Compensation Self-Insurance Fund. The School Corporation did not present information for audit that reimbursement had been made as of June 30, 2008, to the School Bus Replacement Fund from the Workers Compensation Self-Insurance Fund.

IC 20-40-7-6 states: "Except as otherwise provided by law, the fund is the exclusive fund used to pay the following costs attributable to transportation: (1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement. (2) The costs of contracted transportation service payable from the fund under section 7 of this chapter."

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS OVER GRANT RECEIPTS

Eight grant receipts were posted to incorrect funds as follows:

Receipt Number	Receipt Date	Receipt Amount	Posted to Fund	Grant Description	Correct Fund
20089	11-17-06	\$ 20,800	418 Title I 05-06	Title I 06-07	419 Title I 06-07
20181	12-12-06	20,800	418 Title I 05-06	Title I 06-07	419 Title I 06-07
21353	09-17-07	2,000	586 Drug Free 07-08	Drug Free 06-07	585 Drug Free 06-07
21558	10-19-07	1,234	586 Drug Free 07-08	Drug Free 06-07	585 Drug Free 06-07
21661	11-15-07	11,356	371 Non-English Speaking Program	Title III Language Acquisition	688 English Language Acquisition
21663	11-21-07	30,000	684 Title II Part A	Title II A Teacher Quality 06-07	683 Title II A 2007
21846	02-19-08	29,090	060 Special Education Preschool	Title II A Teacher Quality 06-07	683 Title II A 2007
22229	04-16-08	18,865	423 Title V-A 06-07	Title II A Teacher Quality 06-07	684 Title II Part A

Controls are not in place to ensure that all grant receipts are posted to the correct grant funds for the identified grant fiscal years.

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)

CURRENT PAYMENT OF CLAIMS

The School Corporation did not pay gas and electric invoices from July to December 2008 totaling \$1,238,533.22. The invoices were paid on January 30, 2009, for \$15,728.24 and \$1,222,804.98 from the Transportation Operating Fund and Capital Projects Fund, respectively.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 11)

ADVANCE PAYMENTS TO HOTELS

Dates of transactions for payments to hotels indicate that payments were made to the hotels prior to the reservation dates.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

LAKE CENTRAL SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

OVERDRAWN CASH BALANCES

The following funds had overdrawn cash balances at June 30, 2007 and 2008:

Fund	2007	2008
Transportation Operating	\$ 256,817	\$ 937,507
West Lake Coop Joint Service and Supply	1,133,367	1,067,466
Debt Service	91,860	3,828,826
Debt Service Pension Bond	-	639,489
Capital Projects	1,880,628	5,689,083
General Obligation Bond Construction	16,944	-
Early Intervention 06-07	4,685	109
Early Intervention 05-06	4,685	109
Alternative Education	-	328
Early Intervention 04-05	4,685	109
Safe Haven 03-04	-	14,440
Common School	-	19,676
Common School Loan 05-06	2,320	-
Science Fair 2008	2,015	3,611
USF Tech Refund	49,419	5,195
Title I 2004-05	17,572	-
Title I 2005-06	118,953	-
Title I 2006-07	-	35,645
Title V Part A	-	2,225
Title I 2007-2008	-	176,524
Part B New	94,488	137
Sliver 2004-05	3,682	-
Federal Preschool 06-07	6,999	-
Federal Part B 2007/2008	-	93,728
Drug Free	662	-
Drug Free 04-05	32,692	-
Drug Free 06-07	26,481	78,204
Drug Free 07-08	-	20,441
Title II Part A	-	134,409
Title II Part D (685)	5,206	7,155
Title II Part A 07-08	-	58,990
Title II Part D (687)	145	145
English Language Acquisition	11,499	34,503

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)

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

GENERAL FUND APPROPRIATIONS

The 2007 General Fund annual disbursements exceeded the appropriations by \$491,258.

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

BUS RIDER FEE

The School Corporation approved on June 2, 2008, to charge bus riders \$10 per year for a transportation fee.

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)

The State Board of Accounts is of the audit position the following types of fees should not be assessed, collected or receipted by a school or school corporation: Air Conditioning Fees; Parking Fees; Instructional Fees; Bus Rider Fees; Fees for Payroll Positions. (Nurses, Principals, Counselors, etc.) (School Administrator and Uniform Compliance Guidelines, June 2000)

TRANSFER TUITION

A review of the calculation of Transfer Tuition prepared by the School Corporation for the 2006-2007 and 2007-2008 school years was performed. The calculation was prepared using Form 515. The amounts used by the School Corporation for expenditures on the Form 515 did not agree with the financial records. As a result, the transfer tuition charged by the School Corporation was incorrect. A similar comment appeared in the prior report.

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)

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)

TEXTBOOK RENTAL RECEIPTS (Applies to All Schools)

We noted the following concerning controls over the receipting of textbook rental fees:

1. Textbook rental receipts for all schools were preprinted on prenumbered receipts. When payment's were received, the student's preprinted receipt was pulled and payment was noted on the receipt. Since receipts are not issued in numerical order, all textbook rental collections could not be accounted for.

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

2. When full payment is collected, the amount received, payment type, date, and issuing officer's initials are noted on the preprinted receipt. The top copy of the triplicate form is then provided to the payee.
3. When partial payments are collected, the amount received, payment type, date, issuing officer's initials, and remaining balance are noted on the preprinted receipt. A photo copy is then made of the preprinted receipt and given to the payee. All copies of the preprinted receipt are then held to receipt the remaining payments. Upon the final payment the payee will then receive the top copy of the triplicate form.

The original copy of Form TBR-2 shall be given to the student if the student pays the fee, which copy serves as a receipt for the rental fees collected from the student. When book lists are used in lieu of itemization on the form, a copy of the appropriate list shall be attached to the student's copy and one copy shall be retained for audit. A TBR-2 should be issued each time a payment is received. TBR-2 forms should not be issued prior to payments being made by parents or students. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 4)

OLD OUTSTANDING CHECKS (Applies to Lake Central High School)

A review of the bank reconcilements as of June 30, 2008, revealed checks totaling \$3,221.21 outstanding in excess of two years. A similar comment appeared in the prior report.

IC 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."

IC 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states: "(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks."

FINES AND FEES (Applies to Lake Central High School)

The Lake Central High School is collecting parking fees, schedule change fees, General Educational Development (GED) fees, and Library fines and fees. These fees were being receipted to and retained in various extra-curricular funds without being remitted to the School Corporation. A similar comment appeared in the prior report.

LAKE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

IC 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.

Extra-curricular activities are defined as athletic, social or other school functions, the cost of which is not paid from public funds. These activities do not include functions conducted solely by any organization of parents and/or teachers (IC 20-41-1-7). Note that this statutory definition does not include any curricular or educational functions. All educational functions are the specific responsibility of the governing body (board of school trustees, etc.) of the school corporation acting on its behalf (IC 20-26-5-4), including providing the facilities and equipment therefore. All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. The following items erroneously appear in funds of the extra-curricular account. Accounting for them should be in the general fund of the school corporation. Examples are: Library Fund, Night School Fees. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

The following types of items should not be assessed, collected or receipted to a school extra-curricular account: Parking Fees, Instructional Fees, Fees for Payroll positions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

EXTRA-CURRICULAR ACCOUNT PURCHASE ORDERS (Applies to
Watson, Protsman, Kolling, Hohman and Bibich Elementary Schools)

The prescribed Purchase Order and Accounts Payable Voucher (SA-1) or Claim for Payment (SA-7) to support purchases was not in use. The schools use the purchase orders that were prescribed for the School Corporation. The purchase orders approved for the School Corporation are missing information required on the SA-1 and SA7.

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)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT ON 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 CENTRAL SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Lake Central 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, 2007 and 2008. 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 items 2008-2, 2008-3, and 2008-4 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding cash management, allowable costs, and reporting that are applicable to its Improving Teacher Quality State Grants. 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, 2007 and 2008.

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

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)

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 2008-2, 2008-3, and 2008-4 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 items 2008-2 and 2008-3 to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

March 2, 2009

LAKE CENTRAL SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 61,902	\$ 56,720
National School Lunch Program	10.555		626,437	663,466
Special Milk Program for Children	10.556		97	173
			<u>688,436</u>	<u>720,359</u>
Total for cluster				
Pass-Through Indiana Department of Education				
Fresh Fruit and Vegetable Program	10.582		95,162	89,203
			<u>783,598</u>	<u>809,562</u>
Total for federal grantor agency				
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027	14205-064-DY01	1,075	-
		14206-064-PN01	643	521
		14207-064-PN01	2,428,356	101,070
		14208-064-PN01	-	2,499,177
			<u>2,430,074</u>	<u>2,600,768</u>
Total for program				
Special Education - Preschool Grants	84.173	45706-064-PN01	25,650	-
		45707-064-PN01	89,099	20,449
		45708-064-PN01	-	78,672
			<u>114,749</u>	<u>99,121</u>
Total for program				
Total for cluster			<u>2,544,823</u>	<u>2,699,889</u>
Title I Grants to Local Educational Agencies	84.010	07-4615	168,537	39,709
		08-4615	-	245,723
			<u>168,537</u>	<u>285,432</u>
Total for program				
Safe and Drug-Free Schools and Communities - State Grants	84.186	05-038	8,930	5,520
		06-4615	10,549	7,234
		07-4615	-	19,780
			<u>19,479</u>	<u>32,534</u>
Total for program				
State Grants for Innovative Programs	84.298	04-077	23,178	11,470
		06-4615	7,210	5,752
		07-4615	-	4,471
			<u>30,388</u>	<u>21,693</u>
Total for program				
Education Technology State Grants	84.318	2004 - 2006	3,946	-
		2005 - 2007	1,944	796
			<u>5,890</u>	<u>796</u>
Total for program				
English Language Acquisition Grants	84.365	FY 05-06	7,594	-
		FY 06-07	11,543	10,287
		FY 07-08	-	11,356
			<u>19,137</u>	<u>21,643</u>
Total for program				
Improving Teacher Quality State Grants	84.367	04-224	96,901	-
		05-224	74,240	70,829
		06-4615	-	146,268
		07-4615	-	150,923
			<u>171,141</u>	<u>368,020</u>
Total for program				
Total for federal grantor agency			<u>2,959,395</u>	<u>3,430,007</u>
Total federal awards expended			<u>\$ 3,742,993</u>	<u>\$ 4,239,569</u>

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

LAKE CENTRAL 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 Central 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, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	06-30-07	06-30-08
School Breakfast Program	10.553	\$ 14,068	\$ 11,281
National School Lunch Program	10.555	140,898	130,659

LAKE CENTRAL 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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified for Special Education Cluster and Qualified for Improving Teacher Quality State Grants

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
84.367	Special Education Cluster Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROLS OVER BANK RECONCILEMENTS

The School Corporation has contracted with a local accounting firm to reconcile the bank balances to the ledger balance monthly. However, a review of the completed monthly reconciliation for any adjustment items is not performed by School Corporation management. As of June 30, 2008, the bank reconciliation reported a \$5,827,525.33 unidentified adjustment to the ledger to reconcile to the bank balance. We determined that the unidentified adjustment was the net effect of \$172,474.67 in interest income earned from June 2007 to June 2008 not being receipted and two receipts for investments totaling \$6,000,000 were posted in error in October 2007.

LAKE CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation has subsequently posted entries to correct the ledger and approved an adjustment to the financial statements presented herein to reflect the adjustment noted above.

Controls are not in place to ensure that all reconciling items noted on monthly bank reconciliations are timely posted to the School Corporation's detail of receipts and disbursements ledgers so that material over or under statements of receipts or disbursements does not occur.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

We recommended that the School Corporation review the prepared monthly bank reconciliations to ensure that all reconciling items noted are posted to the ledger in a timely manner.

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-2, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Numbers: 84.367
Program Numbers: 04-224, 05-224, 06-4615, 07-4615

We were unable to determine if the cash management requirements were met because of the following:

1. Officials did not maintain separate funds for each grant program.
2. The 2006-2007 school year grant receipts and disbursements were posted to three different funds.
3. Several additional employees were paid from the established grant funds that were not listed in the grant budget.
4. Employees listed on the grant budget in the 2006-2007 school year were not paid from the grant funds.

EDGAR 80.20(b)(7) states in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. treasury and disbursements by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

LAKE CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Failure to adhere to cash management requirements may cause the School Corporation to be determined to be ineligible for future federal funding.

We recommended that School Corporation Officials establish internal controls over grant funds to ensure the appropriate corresponding grant receipts and disbursements are posted to the appropriate grant funds.

FINDING 2008-3, ALLOWABLE COSTS

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Numbers: 84.367
Program Numbers: 04-224, 05-224, 06-4615, 07-4615

Three personnel were identified in the 2006-2007 grant budget. However, only 50% of one of the teacher's salary totaling \$18,503.66 was charged to the Grant Fund. The remaining grant expenditures of \$121,168.38 for salaries were for five teachers who were not identified in the grant budget.

The 2007-2008 Grant Fund expenditures did include the budgeted identified personnel. However, expenditures also included five additional teacher salaries' totaling \$207,293.85 not identified in the grant budget.

The additional salaries for unidentified teachers from the grant budget are determined unallowable grant expenditures and caused the grant funds to be overdrawn.

EDGAR 80.20(b)(4) states in part: "Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant."

EDGAR 80.20(b)(5) states: "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 School Corporation Officials establish internal controls to ensure that only properly approved budgeted disbursements are posted to the grant funds.

FINDING 2008-4, REPORTING

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Numbers: 84.367
Program Numbers: 04-224, 05-224, 06-4615, 07-4615

The 2005-2006 Final Report of Expenditures was not available for audit. The 2006-2007 Final Report of Expenditures should have been detailed by the amount expended from different categories according to the amounts budgeted in the grant application. Officials reported all of the expenditures in category three for class size reduction when actually there was a portion expended from category two for professional development.

LAKE CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

EDGAR 80.20(b)(1) states: "Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Failure to adhere to reporting requirements may cause the School Corporation to be determined to be ineligible for future federal funding.

We recommended that School Corporation Officials retain the final reports required by the federal agency and complete the final expenditures to agree to the School Corporation's detail of disbursements ledger.

LAKE CENTRAL SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Lake Central

School Corporation

8260 Wicker Avenue • St. John, IN 46373 • (219) 365-8507 • Fax (219) 365-6406 • www.lcsc.us

CORRECTIVE ACTION PLAN

BOARD OF SCHOOL TRUSTEES

Don Bacso
George Baranowski
John DeVries, D.V.M.
Val Lozanoski
Howard Marshall

Finding Number: 2008-1
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: Internal Controls over Bank Reconcilements

The School Corporation Treasurer and the outside vendor will meet every month to review and post the necessary adjustments for the prior months reconciliation.

SUPERINTENDENT

Gerald Chabot, Ph.D.

Finding Number: 2008-2
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: CASH MANAGEMENT

The School Corporation Treasurer has been instructed to separate the funds for each grant, along with submitting the grants on a timely basis so that the appropriate personnel can be properly charged to the proper fund.

CABINET

Anthony Arini
Director of Instruction

Mark Kellogg
Director of Primary Education

Thomas Dykiel, Ed.D.
Director of Business Services

Lawrence Veracco
Director of Personnel

Finding Number: 2008-3
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: ALLOWABLE COSTS

Greater care will be given to the grants to make sure that the appropriate personnel are charged to the proper fund.

The mission of the Lake Central School Corporation, as a family, community, and school partnership, is to ensure that each student becomes a self-directed learner and a contributing responsible citizen through an instructional delivery system that engages students in achieving their personal best.

Finding Number: 2008-4
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: REPORTING

Greater care will be given to the grants to make sure that the final reports are kept for the audit period, and that expenditures are properly reported to the state.


Director of Business Services

LAKE CENTRAL SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2009, with Dr. Gerald Chabot, Superintendent of Schools; John DeVries, President of the School Board; Dr. Thomas Dykiel, Director of Business Services; and Lorri Miskus, Treasurer. The official response has been made a part of this report and may be found on pages 82 through 88.



Lake Central

School Corporation

8260 Wicker Avenue • St. John, IN 46373 • (219) 365-8507 • Fax (219) 365-6406 • www.lcsc.us

March 6, 2009

**BOARD OF
SCHOOL TRUSTEES**

Don Bacso

George Baranowski

John DeVries, D.V.M.

Val Lozanoski

Howard Marshall

SUPERINTENDENT

Gerald Chabot, Ph.D.

CABINET

Anthony Arini
Director of Instruction

Mark Kellogg
*Director of
Primary Education*

Thomas Dykiel, Ed.D.
*Director of
Business Services*

Lawrence Veracco
Director of Personnel

Mr. Bruce Hartman, CPA
State Examiner
State Board of Accounts
Indiana Government Center
Room E418
Indianapolis, In. 46207.2765

**RE: Lake Central Audit Results & Comments
July 1, 2006 to June 30, 2008**

Dear Mr. Hartman:

This is our official response to the summary audit plan on prior audit findings for the audit period of July 1, 2006 to June 30, 2008.

Corporation Audit Findings

Internal Control over Bank Reconcilements

The School Corporation has contracted with a local accounting firm to reconcile the bank balances to the ledger balance monthly. However, a review of the completed monthly reconciliation for any adjustment items is not performed by School Corporation management. As of June 30, 2008, the bank reconciliation reported a \$5,827,525.33 unidentified adjustment to the ledger to balance to the bank balance. It was determined that the unidentified adjustment was the net effect of \$172,474.67 of interest income earned from June 2007 to June 2008 not being receipted and two receipts for investments totaling \$6,000,000 was posted in error in October, 2007.

Response: Better control will be utilized to insure greater accuracy. This Audit Finding has been corrected.

The mission of the Lake Central School Corporation, as a family, community, and school partnership, is to ensure that each student becomes a self-directed learner and a contributing responsible citizen through an instructional delivery system that engages students in achieving their personal best.

Average Daily Membership (ADM)-Incorrect Reporting to the State

The information presented for audit indicates enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the 2006-07 and 2007-08 school years. The difference between the count reported on the ADM and the verified figures are under reporting 3.92 students in 2006-07 and under reporting 5.67 students in 2007-08 school year.

Response: The curriculum and technology departments have been notified to compare electronic numbers with hard copy numbers.

Tax Anticipation Warrant Repayments

As stated in prior report, the general and debt service funds received \$6,200,000 and \$4,800,000 in tax anticipation warrant proceeds, respectively, on July 2, 2004. However, when the warrants were repaid in 2005, \$7,459,461.38 was disbursed from the General Fund and \$3,540,538.62 was disbursed from the Debt Service Fund. As a result, the Debt Service Fund owed the General Fund \$1,259,461.38 which was not repaid during the audit period.

Response: Better control will be utilized to insure greater accuracy. This Audit Finding has been corrected.

Pension Debt Service

In 2004, the school corporation obtained \$17,200,000 of General Obligation Pension Bonds to finance the School Corporation's pension liability. The pension bonds constitute valid and legally binding obligations of the School Corporation and are payable from unlimited ad valorem taxes to be levied and collected on all taxable property within the School Corporation. Annually, the Department of Local Government Finance approved the budget for the Debt Service Pension Bond Fund #25 based on the semi-annual debt service requirements schedule for the pension bonds. Thus, the semi-annual payments made are to be posted as disbursements to the Debt Service Pension Bond Fund #25. However, the 2007-08 payments totaling \$1,461,690 were not posted to the Debt Service Pension Bond Fund #25. The 2007-08 payments were posted as disbursements from the Debt Service Fund #20.

Response: Better control will be utilized to insure greater accuracy. This Audit Finding has been corrected.

Textbook Rental Fund

The School Corporation made unallowable disbursements per the Master Chart of Expenditure Accounts. The payment of gross payroll and related items are not allowable disbursements from the Textbook Rental Fund. However, the School Corporation posts disbursements for payroll and related items to the accounts Other

Special Programs (12900), Office of Principal (24100), and Other Personnel Services (25790). For the fiscal years 2006-2007 and 2007-08, the Textbook Rental Fund reported unallowable disbursements of \$13,268 and \$40,141 respectively.

In addition, the Textbook Rental Fund transferred \$350,000 on April 24, 2008 to the Post-Retirement Future Benefit Fund for the school corporation's unfunded pension liability. However, since the textbook rental fund is not to pay gross payroll and related items, the transfer is not allowable. Thus, the Post-Retirement/Severance Future Benefit Fund should reimburse the Textbook Rental Fund the \$350,000 unallowed transfer.

Response: We take exception to part of this audit finding. The following is the State Board of Accounts description of the Textbook Rental Fund.

The Textbook Rental Fund, designated Fund Number 0900 in the prescribed accounting system when established in the school corporation account, is to be used to record all receipts of fees collected for rent of textbooks and workbooks furnished to students; also, to record all disbursements for purchase of textbooks, for repair of textbooks and for workbooks to be used with rented textbooks furnished to students for a designated fee. Disbursements from the fund may be made without appropriation or the application of other laws relating to budgets of municipal corporations. A detail of the receipt and expenditure accounts will be found in Parts 4 and 5.

The labor costs charged to this fund were for the bookkeepers at each school who had to record the receipts of fees collected and also to record disbursements for purchase of textbooks, etc. It doesn't state that salaries can or cannot be charged, but since the bookkeeper is responsible for this fund at each school I still believe that a portion of their salary is an appropriate expenditure from this fund.

Also, when you look at the Master Chart of Expenditures Account 25510 it shows that you can charge Direction of Rental Service to the Textbook Rental Fund. When you go to the definition of Account 25510 it states: "Activities pertaining to directing and managing the textbook rental program". Therefore I believe that the labor costs associated with directing and managing the textbook rental program which are labor related are legitimate costs that should be charge to this fund.

The \$350,000 transfer should have gone to the Rainy Day Fund. It will be corrected.

School Bus Replacement Fund

On April 24, 2008, the school corporation transferred \$500,000 from the school bus Replacement Fund to the Workers' Compensation Self-Insurance Fund. This transfer is not an allowable disbursement from the School Bus Replacement Fund per Indiana Code 20-40-7-6. Thus, the school corporation should reimburse the School Bus Replacement Fund the \$500,000 from the Workers' Compensation Self-Insurance Fund for the unallowable transfer.

Response: The transfer will be reversed.

Internal Controls Over Grant Receipts

Controls are not in place to ensure that all grant receipts are posted to the correct grant funds for the identified grant fiscal years.

Response: Better control will be utilized to insure greater accuracy.

Current Payment of Claims

The School Corporation did not pay gas and electric invoices from July to December, 2008 totaling \$1,238,533.22. The invoices were paid on January 30, 2009 for \$15,728.24 and \$1,222,804.98 from the Transportation Operating Fund and Capital Projects Fund respectively.

Response: Due to late tax payments from the county it was necessary to preserve cash to meet payroll.

Advance Payments to Hotels

Dates of transactions for payments to hotels indicate that payments were made to the hotels prior to the reservation dates.

Response: Lake Central School Corporation does not have a corporation credit card. Therefore, the administration has decided to write the check ahead of time which is then given to the employee to present at time of check out instead of the hotel billing going on the employees personal credit card and then having to wait for payment from the corporation.

Overdrawn Cash Balances

The numerous funds had overdrawn cash balances at June 30, 2007 and 2008.

Response: Due to late tax payments and trying to keep TAW borrowing to a minimum for our taxpayers, it was necessary to run certain funds into a negative. The state and federal funds were negative because we didn't properly anticipate expenditures since their requirement is to maintain a small positive cash balance.

General Fund Appropriations

The 2007 General Fund annual disbursements exceeded the appropriations by \$491,258.

Response: Better control will be utilized to insure greater accuracy.

Bus Rider Fee

On June 2, 2008 the School Corporation approved to charge bus riders \$10 per year for a transportation fee. The school corporation receives local and state sources for transportation related expenditures.

Response: We have checked with our attorney and take exception to this audit position. We don't receive any state money for transportation it is all local. Since the DLGF has taken the position that since gas prices have decreased there isn't a need for any fuel appeals, we felt it was necessary to institute this fee.

Transfer Tuition

A review of the calculation of Transfer Tuition prepared by the School Corporation for the 2006-07 and 2007-08 school years was performed. The calculation was prepared using Form 515. The amounts used by the School Corporation for expenditures on the Form 515 did not agree with the financial records. As a result, the transfer tuition charged by the School Corporation was incorrect. A similar comment appeared in the prior audit.

Response: Better control will be utilized to insure greater accuracy with regard to using the final Form 9 reports.

Textbook Rental Receipts (Applies to All Schools)

We noted the following concerning controls over the receipting of textbook rental fees:

1. Textbook rental receipts for all schools were preprinted on prenumbered receipts. When payment's were received, the student's preprinted receipt was pulled and payment was noted on the receipt. Since receipts are not issued in numerical order, all textbook rental collections could not be accounted for.
2. When full payment is collected, the amount received, payment type, date, and issuing officer's initials are noted on the preprinted receipt. The top copy of the triplicate form is then provided to the payee.
3. When partial payments are collected, the amount received, payment type, date, issuing officer's initials, and remaining balance are noted on the preprinted receipt. A photo copy is then made of the preprinted receipt and given to the payee. All copies of the preprinted receipt are then held to receipt the remaining payments. Upon the final payment the payee will then receive the top copy of the triplicate form.

The original copy of Form TBR-2 shall be given to the student if the student pays the fee, which copy serves as a receipt for the rental fees collected from the student. When book lists are used in lieu of itemization on the form, a copy of the appropriate list shall be attached to the student's copy and one copy shall be retained for audit. A

TBR-2 should be issued each time a payment is received. TBR-2 forms should not be issued prior to payments being made by parents or students.

Response: We will comply with this audit exception.

Old Outstanding Checks (Applies to Lake Central High School)

As stated in the prior report, a review of the bank reconcilements as of June 30, 2008 revealed checks totaling \$3,221.21 outstanding in excess of two years.

Response: This audit exception has been corrected and will remove outstanding checks over two years old on a yearly basis.

Fines and Fees (Applies to Lake Central High School)

As stated in the prior audit report, the Lake Central High School is collecting parking fees, schedule change fees, General Educational Development (GED) fees, and Library fines and fees. These fees were being receipted to and retained in various extra-curricular funds without being remitted to the school corporation.

Response: The bookkeeper has been notified to remit these fees to the corporation office at the end of each school year.

Extra-Curricular Account Purchase Orders (Applies to Bibich, Homan, Kolling, Protsman and Watson)

The prescribed Purchase Order and Accounts Payable Voucher (SA-1) or Claim for Payment (SA-7) to support purchases was not in use. The schools use the purchase orders that were prescribed for the School Corporation. The purchase orders approved for the school corporation are missing information required on the SA-1 and SA-7.

Response: The School Corporation has submitted the purchase order to the State Board of Accounts for Approval.

CORRECTIVE ACTION PLAN FOR FEDERAL FINDINGS

Finding Number:	<u>2008-1</u>
Fiscal Year:	<u>2008</u>
Auditee Contact Person:	<u>Thomas J. Dykiel</u>
Title of Contact Person:	<u>Director of Business Services and Planning</u>
Phone Number:	<u>219.558.2715</u>
Status of Finding:	<u>Internal Controls over Bank Reconcilements</u>

The School Corporation Treasurer and the outside vendor will meet every month to review and post the necessary adjustments for the prior months reconciliation.

Finding Number: 2008-2
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: CASH MANAGEMENT

The School Corporation Treasurer has been instructed to separate the funds for each grant, along with submitting the grants on a timely basis so that the appropriate personnel can be properly charged to the proper fund.

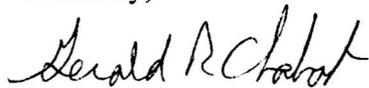
Finding Number: 2008-3
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: ALLOWABLE COSTS

Greater care will be given to the grants to make sure that the appropriate personnel are charged to the proper fund.

Finding Number: 2008-4
Fiscal Year: 2008
Auditee Contact Person: Thomas J. Dykiel
Title of Contact Person: Director of Business Services and Planning
Phone Number: 219.558.2715
Status of Finding: REPORTING

Greater care will be given to the grants to make sure that the final reports are kept for the audit period, and that expenditures are properly reported to the state.

Sincerely,



Dr. Gerald Chabot
Superintendent



Dr. Thomas J. Dykiel
Business Manager



Lori Miskus
Treasurer

Cc: file-sboapg-37-43