

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

AUDIT REPORT

OF

LAPORTE COMMUNITY SCHOOL CORPORATION

LAPORTE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

04/09/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jerry Baker	07-01-06 to 08-13-06
	Vincent Taylor	08-14-06 to 05-31-08
	Rande Thorpe	06-01-08 to 06-30-08
	Patricia G. Baxter	07-01-08 to 12-31-09
Superintendent of Schools	Dr. Judith DeMuth	07-01-06 to 06-30-09
President of the School Board	Carol Shinn	01-01-06 to 12-31-06
	Mary McDermott	01-01-07 to 12-31-07
	Ronald Gigliotti	01-01-08 to 12-31-08
	Adam Schoff	01-01-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE LAPORTE COMMUNITY SCHOOL
CORPORATION, LAPORTE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the LaPorte Community 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 prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 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 18, 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 18, 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 LAPORTE COMMUNITY SCHOOL
CORPORATION, LAPORTE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the LaPorte Community 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 18, 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.

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated March 18, 2009.

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

This report is intended solely for the information and use of the School Corporation's management, 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 18, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>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	\$ 24,824,300	\$ -	\$ 517,677	\$ (24,306,623)
Support services	23,649,051	1,448,309	1,495,657	(20,705,085)
Community services	435,062	-	-	(435,062)
Nonprogrammed charges	7,883,482	-	-	(7,883,482)
Debt service	<u>11,788,660</u>	<u>-</u>	<u>-</u>	<u>(11,788,660)</u>
Total governmental activities	<u>\$ 68,580,555</u>	<u>\$ 1,448,309</u>	<u>\$ 2,013,334</u>	<u>(65,118,912)</u>
General receipts:				
Property taxes				11,240,147
Other local sources				7,594,377
State aid				23,874,511
Bonds and loans				7,575,136
Grants and contributions not restricted to specific programs				3,646,307
Sale of property, adjustments, and refunds				1,570,544
Investment earnings				<u>1,002,145</u>
Total general receipts				<u>56,503,167</u>
Change in net assets				(8,615,745)
Net assets - beginning				<u>21,092,351</u>
Net assets - ending				<u>\$ 12,476,606</u>
Assets				
Cash and investments				\$ 10,655,561
Restricted assets:				
Cash and investments				<u>1,821,045</u>
Total assets				<u>\$ 12,476,606</u>
Net Assets				
Restricted for:				
Debt service				\$ 789
Other purposes				1,820,256
Unrestricted				<u>10,655,561</u>
Total net assets				<u>\$ 12,476,606</u>

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

LAPORTE COMMUNITY 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>
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 28,873,937	\$ -	\$ 666,454	\$ (28,207,483)
Support services	22,269,716	1,458,317	1,450,495	(19,360,904)
Community services	439,471	-	-	(439,471)
Nonprogrammed charges	6,085,863	-	-	(6,085,863)
Debt service	15,317,925	-	-	(15,317,925)
Total governmental activities	\$ 72,986,912	\$ 1,458,317	\$ 2,116,949	(69,411,646)
General receipts:				
Property taxes				23,379,331
Other local sources				9,391,385
State aid				23,783,766
Bonds and loans				2,250,171
Grants and contributions not restricted to specific programs				3,915,089
Sale of property, adjustments, and refunds				266,736
Investment earnings				534,516
Total general receipts				63,520,994
Change in net assets				(5,890,652)
Net assets - beginning				12,476,606
Net assets - ending				\$ 6,585,954
<u>Assets</u>				
Cash and investments				\$ 5,745,165
Restricted assets:				
Cash and investments				840,789
Total assets				\$ 6,585,954
<u>Net Assets</u>				
Restricted for:				
Other purposes				840,789
Unrestricted				5,745,165
Total net assets				\$ 6,585,954

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

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

	General	Transportation Operating	School Lunch	Special Education Cooperative	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 7,427,752	\$ 1,297,834	\$ 1,423,073	\$ 3,973,411	\$ 3,431,346	\$ 1,569,066	\$ 236,876	\$ 1,746,132	\$ 21,105,490
Intermediate sources	172,021	-	-	-	-	-	-	-	172,021
State sources	24,365,773	-	36,923	-	-	-	-	387,350	24,790,046
Federal sources	-	-	1,322,969	-	-	-	-	3,421,137	4,744,106
Bonds and loans	7,575,136	-	-	-	-	-	-	-	7,575,136
Sale of property, adjustments and refunds	678,530	26,336	4,950	560	-	781	-	859,387	1,570,544
Total receipts	40,219,212	1,324,170	2,787,915	3,973,971	3,431,346	1,569,847	236,876	6,414,006	59,957,343
Disbursements:									
Instruction	23,717,999	-	-	3,564,497	-	-	-	3,771,588	31,054,084
Support services	7,888,723	2,332,653	2,549,793	498,128	-	7,812,315	556,064	2,119,249	23,756,925
Community services	401,912	-	-	-	-	-	-	33,150	435,062
Nonprogrammed charges	2,585,649	-	-	-	-	-	-	161,499	2,747,148
Debt services	3,566,310	780,089	-	-	6,331,310	-	-	1,110,951	11,788,660
Total disbursements	38,160,593	3,112,742	2,549,793	4,062,625	6,331,310	7,812,315	556,064	7,196,437	69,781,879
Excess (deficiency) of receipts over disbursements	2,058,619	(1,788,572)	238,122	(88,654)	(2,899,964)	(6,242,468)	(319,188)	(782,431)	(9,824,536)
Other financing sources (uses):									
Transfers in	40,000	692,000	-	-	2,050,000	-	-	350,227	3,132,227
Transfers out	(3,064,000)	-	(40,000)	-	(28,227)	-	-	-	(3,132,227)
Total other financing sources (uses)	(3,024,000)	692,000	(40,000)	-	2,021,773	-	-	350,227	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(965,381)	(1,096,572)	198,122	(88,654)	(878,191)	(6,242,468)	(319,188)	(432,204)	(9,824,536)
Cash and investments - beginning	7,302,928	1,097,485	798,583	1,096,001	878,316	7,488,904	404,682	1,413,987	20,480,886
Cash and investments - ending	\$ 6,337,547	\$ 913	\$ 996,705	\$ 1,007,347	\$ 125	\$ 1,246,436	\$ 85,494	\$ 981,783	10,656,350
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: The internal service fund is used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									1,820,256
Net assets of governmental activities									\$ 12,476,606
Cash and Investment Assets - Ending									
Cash and investments	\$ 6,337,547	\$ 913	\$ 996,705	\$ 1,007,347	\$ -	\$ 1,246,436	\$ 85,494	\$ 981,119	\$ 10,655,561
Restricted assets:									
Cash and investments	-	-	-	-	125	-	-	664	789
Total cash and investment assets - ending	\$ 6,337,547	\$ 913	\$ 996,705	\$ 1,007,347	\$ 125	\$ 1,246,436	\$ 85,494	\$ 981,783	\$ 10,656,350
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 125	\$ -	\$ -	\$ 664	\$ 789
Unrestricted	6,337,547	913	996,705	1,007,347	-	1,246,436	85,494	981,119	10,655,561
Total cash and investment fund balance - ending	\$ 6,337,547	\$ 913	\$ 996,705	\$ 1,007,347	\$ 125	\$ 1,246,436	\$ 85,494	\$ 981,783	\$ 10,656,350

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

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

	General	Transportation Operating	School Lunch	Special Education Cooperative	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 12,403,768	\$ 2,456,181	\$ 1,441,166	\$ 4,561,816	\$ 7,433,326	\$ 3,675,560	\$ -	\$ 2,619,708	\$ 34,591,525
Intermediate sources	172,023	-	-	-	-	-	-	-	172,023
State sources	24,355,820	-	36,228	-	-	-	-	628,802	25,020,850
Federal sources	-	-	1,165,273	-	-	-	-	3,629,681	4,794,954
Bonds and loans	2,250,171	-	-	-	-	-	-	-	2,250,171
Sale of property, adjustments and refunds	249,922	7,450	4,897	3,769	-	699	-	-	266,737
Total receipts	39,431,704	2,463,631	2,647,564	4,565,585	7,433,326	3,676,259	-	6,878,191	67,096,260
Disbursements:									
Instruction	23,832,528	-	-	3,604,231	-	-	-	3,684,849	31,121,608
Support services	8,729,442	2,695,702	2,583,462	966,532	-	4,910,052	442,746	1,942,668	22,270,604
Community services	423,293	-	-	-	-	-	-	16,178	439,471
Nonprogrammed charges	2,731,629	-	-	-	-	-	-	126,208	2,857,837
Debt services	7,577,227	-	-	-	6,631,039	-	-	1,109,659	15,317,925
Total disbursements	43,294,119	2,695,702	2,583,462	4,570,763	6,631,039	4,910,052	442,746	6,879,562	72,007,445
Excess (deficiency) of receipts over disbursements	(3,862,415)	(232,071)	64,102	(5,178)	802,287	(1,233,793)	(442,746)	(1,371)	(4,911,185)
Other financing sources (uses):									
Transfers in	3,126,764	-	-	-	-	-	-	100,836	3,227,600
Transfers out	-	(692,000)	-	-	(2,150,836)	-	-	(384,764)	(3,227,600)
Total other financing sources (uses)	3,126,764	(692,000)	-	-	(2,150,836)	-	-	(283,928)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(735,651)	(924,071)	64,102	(5,178)	(1,348,549)	(1,233,793)	(442,746)	(285,299)	(4,911,185)
Cash and investments - beginning	6,337,547	913	996,705	1,007,347	125	1,246,436	85,494	981,783	10,656,350
Cash and investments - ending	\$ 5,601,896	\$ (923,158)	\$ 1,060,807	\$ 1,002,169	\$ (1,348,424)	\$ 12,643	\$ (357,252)	\$ 696,484	5,745,165
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: The internal service fund is used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									840,789
Net assets of governmental activities									<u>\$ 6,585,954</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 5,601,896	\$ (923,158)	\$ 1,060,807	\$ 1,002,169	\$ (1,348,424)	\$ 12,643	\$ (357,252)	\$ 696,484	\$ 5,745,165
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ 5,601,896	\$ (923,158)	\$ 1,060,807	\$ 1,002,169	\$ (1,348,424)	\$ 12,643	\$ (357,252)	\$ 696,484	\$ 5,745,165

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

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

	Internal Service Fund
	Self-Insured Health
Operating receipts:	
Interest on Investments	\$ 7,467
Miscellaneous	6,337,658
Total operating receipts	6,345,125
Operating disbursements:	
Insurance claims and expense	5,136,334
Change in net assets	1,208,791
Cash and investment fund balance - beginning	611,465
Cash and investment fund balance - ending	\$ 1,820,256
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,820,256
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,820,256

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

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

	Internal Service Fund
	Self-Insured Health
Operating receipts:	
Miscellaneous	\$ 2,248,559
Operating disbursements:	
Insurance claims and expense	3,228,026
Change in net assets	(979,467)
Cash and investment fund balance - beginning	1,820,256
Cash and investment fund balance - ending	\$ 840,789
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 840,789
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 840,789

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
	Severance Bond		Payroll
Additions:			
Contributions:			
Other	\$ -	\$ 430,648	
Deductions:			
Benefits	362,240	-	
Administrative and general	-	240,535	
Total deductions	362,240	240,535	
Excess (deficiency) of total additions over total deductions	(362,240)	190,113	
Cash and investment fund balance - beginning	3,158,650	1,305,094	
Cash and investment fund balance - ending	\$ 2,796,410	\$ 1,495,207	\$ (244,100)
Net assets:			
Cash and investments	\$ 2,796,410	\$ 1,495,207	

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Fund</u>
	<u>Severance Bond</u>		<u>Payroll</u>
Additions:			
Contributions:			
Other	\$ -	\$ 299,201	
Deductions:			
Benefits	478,453	-	
Administrative and general	-	245,180	
Total deductions	<u>478,453</u>	<u>245,180</u>	
Excess (deficiency) of total additions over total deductions	(478,453)	54,021	
Cash and investment fund balance - beginning	<u>2,796,410</u>	<u>1,495,207</u>	
Cash and investment fund balance - ending	<u>\$ 2,317,957</u>	<u>\$ 1,549,228</u>	<u>\$ 51,505</u>
Net assets:			
Cash and investments	<u>\$ 2,317,957</u>	<u>\$ 1,549,228</u>	

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

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the primary government. There are no significant component units which require inclusion.

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 New Prairie United and South Central Community School Corporations; Dewey, Cass and Prairie Township Schools; and Metropolitan School District of New Durham Township in a joint venture to operate the South LaPorte County Special Education Cooperative (Cooperative) which was created to provide special education services. The School Corporation is obligated by contract to remit amounts billed to it annually by the Cooperative to supplement the cost of the services provided. The amounts billed are based on enrollment for each participating school. Complete financial statements for the Cooperative can be obtained from the LaPorte Community School Corporation which includes the Cooperative's financial activity in their records.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the board members of the LaPorte Elementary School Building Corporation and the LaPorte Multi School Building Corporation.

Jointly Governed Organization

The School Corporation is a participant in the North Central Public School Study Council (Study Council), a joint school services program established for the improvement of education and the study of problems and issues involved in public education. The Study Council is an organization composed of 21 school corporations, three educational services cooperatives, and the Northern Indiana Educational Service Center. The Study Council is governed by an elected Executive Committee consisting of the President, President-Elect, immediate Past President, Treasurer, Executive Secretary, and two Executive Committee members elected from the membership-at-large. The Study Council currently services that region in northern Indiana which encompasses LaPorte, St. Joseph, Stark, Marshall, Kosciusko, Jasper, Pulaski, and Fulton counties. The

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Corporation pays an annual fee to belong to the Study Council. For more information about the Study Council contact Lee Harman, Executive Secretary, Teachers College 912, Ball State University, Muncie, Indiana, 47306-0590.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

The school lunch fund accounts for the financial resources for the operation of the school breakfast and lunch programs.

The special education cooperative fund accounts for the joint investment of money under Indiana Code 5-13, special education, and joint purchasing related to the acquisition of supplies and equipment that are not to be used jointly.

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

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

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

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation reports the following major proprietary fund:

The internal service fund accounts for the payment of medical claims made by employees, dependents and retirees.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the retirement severance bond fund, which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangement under which principal and income benefit individuals.

The agency fund accounts for assets held by the School Corporation as an agent for other governmental agencies and nongovernmental organizations.

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.

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 of January 1, 2008, the Indiana Department of Education has mandated a change in the chart of accounts used by the School Corporation. This change has caused expenses to be allocated in a manner that is not consistent with reporting prior to January 1, 2008. The change does not affect the total amount of expenses, only the allocation of the expenses.

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.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Late billings for property taxes by the County Treasurer reduced the amount of property taxes that were available for distribution at June 30, 2007 and June 30, 2008.

3. Capital Assets

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

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as bonds and loans, and payments of principal and interest are reported as disbursements.

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.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 the proprietary fund 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 reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
2. 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.

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.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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 and state statute:

Fund	June 30, 2007	June 30, 2008
Transportation Operating	\$ -	\$ 923,158
Debt Service	-	1,348,424
School Bus Replacement	-	357,252
Retirement and Severance Bond Debt	-	923,158
Payroll	244,100	-
Textbook Rental	198,893	5,231
IDEA Part B Special Education	-	106,119

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements and/or the late distribution of property taxes; these deficits will to be eliminated with future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

As of June 30, 2008, the School Corporation had no outstanding investments.

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
General Fund	Debt Service	\$ 2,050,000	\$ -
General Fund	Transportation Operating	692,000	-
General Fund	Other Governmental	322,000	-
Debt Service	General Fund	-	2,050,000
Debt Service	Other Governmental	28,227	100,836
Transportation Operating	General Fund	-	692,000
School Lunch	General Fund	40,000	-
Other Governmental	General Fund	-	384,764
		<u>\$ 3,132,227</u>	<u>\$ 3,227,600</u>

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

C. Temporary Loans

The School Corporation issues tax anticipation warrants to obtain temporary funding. At June 30, 2008, the School Corporation had one outstanding tax anticipation warrant, originally received to the General Fund, in the amount of \$2,250,171.

D. Restatements and Reclassifications

For the two years ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Governmental	\$ 21,785,980	\$ (1,305,094)	\$ 20,480,886
Proprietary:			
Internal Service	-	611,465	611,465
Fiduciary:			
Pension Trust	3,158,650	-	3,158,650
Private Purpose Trust	-	1,305,094	1,305,094
Agency	757,788	(611,465)	146,323
Totals	<u>\$ 25,702,418</u>	<u>\$ -</u>	<u>\$ 25,702,418</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Commercial insurance coverage for medical benefits to employees, retirees, and dependents began on November 1, 2007. Prior to that date these benefits were covered as noted below. Settled claims from all risks noted have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents (Excluding Post Employment Benefits)

The School Corporation was self-insured for medical benefits to employees, retirees and dependents until November 1, 2007 when the School Corporation then became insured for these benefits. The School Corporation maintains a risk financing fund which is accounted for in the internal service fund, where assets are set aside for claim settlements under the self-insured program. An excess policy through commercial insurance covers total claims in excess of \$6,000,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums were paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. The internal service fund balance is available to pay for the unpaid filed claims and to provide funding for the cost of unfiled claims.

B. Holding Corporations

The School Corporation has entered into a capital leases with the LaPorte Elementary School Building Corporation and the LaPorte Multi School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related parties of the School Corporation. Lease payments during the years ending June 30, 2007 and June 30, 2008, totaled \$6,195,500 and \$6,381,000, respectively.

C. Termination Benefits

The School Corporation offers termination (severance) benefits to administrators. The benefit for an administrator, which is paid in a single payment, is calculated based on 40% of the daily standard rate multiplied by 50% of unused sick leave and/or their daily salary rate multiplied by unused vacation leave.

The School Corporation offers termination (severance) benefits to certified teachers with a minimum of 10 years of service and minimum age of 50. The benefit for a certified teacher, which is paid in a single payment, is calculated based on 20% of their daily rate of pay multiplied by

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

unused sick leave. In addition to the payout under the current teachers' severance program, a number of teachers remained on the old severance program, which includes compensation for the number of years of service multiplied by \$40, and is paid out monthly for up to seven years.

During the years ended June 30, 2007 and 2008, the School Corporation paid \$362,240 and \$478,453 to 26 and 42 retirees, respectively.

D. Other Postemployment Benefits

In addition to the pension benefits described below the School Corporation provides an annual post employment benefit under an old retirement plan to certain certified teachers who elected to stay in the plan. In 2006, there were 23 retired teachers that received benefits totaling \$304,915. In 2007, there were 25 retired teachers that received benefits totaling \$292,046. In 2008, there were 22 retired teachers that received benefits totaling \$273,431. In 2009, there will be 20 retired teachers receiving benefits that are estimated to cost \$235,000. The cost of these benefits is paid from the Pension Trust Fund established from the proceeds of a special bond issue in 2005.

E. Pension Plans

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

Public Employees' Retirement Fund

Plan Description

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

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.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 461,702
Interest on net pension obligation	(38,454)
Adjustment to annual required contribution	43,821
Annual pension cost	467,069
Contributions made	469,052
Decrease in net pension obligation	(1,983)
Net pension obligation, beginning of year	(530,402)
Net pension obligation, end of year	\$ (532,385)
Contribution rates:	
School Corporation	7.63%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-05	\$ 369,279	117%	\$ (534,426)
06-30-06	439,821	99%	(530,402)
06-30-07	467,069	100%	(532,385)

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and 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 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$764,284, \$711,015, and \$1,167,870, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

LAPORTE COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	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	\$ 5,116,351	\$ 6,597,796	\$ (1,481,445)	78%	\$ 5,833,477	(25%)
07-01-06	5,093,769	6,335,098	(1,241,329)	80%	5,810,290	(21%)
07-01-07	5,819,040	7,117,404	(1,298,364)	82%	5,868,372	(22%)

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

	Local Preschool Operating	Textbook Rental	Levy Excess	Special Education Cooperative Preschool	Alternative Education	RTI Kingsbury Early Intervention	Crichfield Whirlpool Grant for Staff Development
Receipts:							
Local sources	\$ 21,827	\$ 551,513	\$ -	\$ 224,178	\$ -	\$ -	\$ -
State sources	126,655	128,184	-	-	1,981	69,674	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	<u>148,482</u>	<u>679,697</u>	<u>-</u>	<u>224,178</u>	<u>1,981</u>	<u>69,674</u>	<u>-</u>
Disbursements:							
Instruction	42,088	-	-	259,313	199	73,144	-
Support services	275	567,955	-	69,257	2,677	-	1,124
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	153,958	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>196,321</u>	<u>567,955</u>	<u>-</u>	<u>328,570</u>	<u>2,876</u>	<u>73,144</u>	<u>1,124</u>
Excess (deficiency) of receipts over disbursements	<u>(47,839)</u>	<u>111,742</u>	<u>-</u>	<u>(104,392)</u>	<u>(895)</u>	<u>(3,470)</u>	<u>(1,124)</u>
Other financing sources:							
Transfers in	-	28,227	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(47,839)	139,969	-	(104,392)	(895)	(3,470)	(1,124)
Cash and investments - beginning	<u>426,439</u>	<u>(338,862)</u>	<u>47,014</u>	<u>244,460</u>	<u>2,876</u>	<u>4,652</u>	<u>1,124</u>
Cash and investments - ending	<u>\$ 378,600</u>	<u>\$ (198,893)</u>	<u>\$ 47,014</u>	<u>\$ 140,068</u>	<u>\$ 1,981</u>	<u>\$ 1,182</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 378,600	\$ (198,893)	\$ 47,014	\$ 140,068	\$ 1,981	\$ 1,182	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 378,600</u>	<u>\$ (198,893)</u>	<u>\$ 47,014</u>	<u>\$ 140,068</u>	<u>\$ 1,981</u>	<u>\$ 1,182</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>378,600</u>	<u>(198,893)</u>	<u>47,014</u>	<u>140,068</u>	<u>1,981</u>	<u>1,182</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 378,600</u>	<u>\$ (198,893)</u>	<u>\$ 47,014</u>	<u>\$ 140,068</u>	<u>\$ 1,981</u>	<u>\$ 1,182</u>	<u>\$ -</u>

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

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

	Tobacco Education Grant	State Medicaid Reimbursement	Section 125 Welfare Activities	Non English Speaking Grant	School Technology Grant	Other Technology Grants	ISAIP ACD Planning Grant
Receipts:							
Local sources	\$ 4,872	\$ -	\$ 266,255	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	4,261	-	-	-
Federal sources	-	890	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	4,872	890	266,255	4,261	-	-	-
Disbursements:							
Instruction	513	-	-	-	-	138	-
Support services	6,620	890	252,220	4,261	-	4,916	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	7,133	890	252,220	4,261	-	5,054	-
Excess (deficiency) of receipts over disbursements	(2,261)	-	14,035	-	-	(5,054)	-
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(2,261)	-	14,035	-	-	(5,054)	-
Cash and investments - beginning	2,263	-	55,293	-	43,907	18,316	1,676
Cash and investments - ending	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 69,328</u>	<u>\$ -</u>	<u>\$ 43,907</u>	<u>\$ 13,262</u>	<u>\$ 1,676</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2	\$ -	\$ 69,328	\$ -	\$ 43,907	\$ 13,262	\$ 1,676
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 69,328</u>	<u>\$ -</u>	<u>\$ 43,907</u>	<u>\$ 13,262</u>	<u>\$ 1,676</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>2</u>	<u>-</u>	<u>69,328</u>	<u>-</u>	<u>43,907</u>	<u>13,262</u>	<u>1,676</u>
Total cash and investment fund balance - ending	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 69,328</u>	<u>\$ -</u>	<u>\$ 43,907</u>	<u>\$ 13,262</u>	<u>\$ 1,676</u>

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

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

	Middle Schools Project Lead the Way	LaPorte High School Project Lead the Way	Lincoln Elementary Literacy Grant	Hailmann Elementary Enrichment Grant	PNC College Bound Grant	Gifted and Talented Grant
Receipts:						
Local sources	\$ -	\$ -	\$ 5,000	\$ 4,100	\$ 26,500	\$ -
State sources	-	30,000	-	-	-	22,154
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	30,000	5,000	4,100	26,500	22,154
Disbursements:						
Instruction	7,000	30,000	3,733	3,349	24,500	22,973
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	7,000	30,000	3,733	3,349	24,500	22,973
Excess (deficiency) of receipts over disbursements	(7,000)	-	1,267	751	2,000	(819)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(7,000)	-	1,267	751	2,000	(819)
Cash and investments - beginning	7,000	-	-	-	-	3,943
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,267</u>	<u>\$ 751</u>	<u>\$ 2,000</u>	<u>\$ 3,124</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 1,267	\$ 751	\$ 2,000	\$ 3,124
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,267</u>	<u>\$ 751</u>	<u>\$ 2,000</u>	<u>\$ 3,124</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	1,267	751	2,000	3,124
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,267</u>	<u>\$ 751</u>	<u>\$ 2,000</u>	<u>\$ 3,124</u>

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

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

	Title I Grant	Title I Delinquent Grant	Title V, Part A Innovative Programs Grant	CSPD Crosswalk	IDEA Part B Special Education	Special Education Preschool
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	655,476	26,825	21,621	-	2,239,333	100,290
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	655,476	26,825	21,621	-	2,239,333	100,290
Disbursements:						
Instruction	684,685	21,790	1,250	7,997	2,248,865	85,168
Support services	19,811	-	23,974	10,925	213,493	6,836
Community services	33,150	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	737,646	21,790	25,224	18,922	2,462,358	92,004
Excess (deficiency) of receipts over disbursements	(82,170)	5,035	(3,603)	(18,922)	(223,025)	8,286
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(82,170)	5,035	(3,603)	(18,922)	(223,025)	8,286
Cash and investments - beginning	77,784	(4,545)	4,893	18,922	257,825	6,501
Cash and investments - ending	<u>\$ (4,386)</u>	<u>\$ 490</u>	<u>\$ 1,290</u>	<u>\$ -</u>	<u>\$ 34,800</u>	<u>\$ 14,787</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (4,386)	\$ 490	\$ 1,290	\$ -	\$ 34,800	\$ 14,787
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (4,386)</u>	<u>\$ 490</u>	<u>\$ 1,290</u>	<u>\$ -</u>	<u>\$ 34,800</u>	<u>\$ 14,787</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(4,386)	490	1,290	-	34,800	14,787
Total cash and investment fund balance - ending	<u>\$ (4,386)</u>	<u>\$ 490</u>	<u>\$ 1,290</u>	<u>\$ -</u>	<u>\$ 34,800</u>	<u>\$ 14,787</u>

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

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

	Middle Schools Safe Haven Grant	Title IV Drug Free Education	Federal Medicaid Reimbursement	Title II, Part A Improving Teacher Quality	Title II, Part D Professional Development	Title III Language and Migrant Education
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	3,000	-	1,441	-	-	-
Federal sources	-	28,047	-	272,757	13,418	57,230
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	3,000	28,047	1,441	272,757	13,418	57,230
Disbursements:						
Instruction	-	16,512	-	232,007	-	6,364
Support services	3,000	10,060	38,953	23,458	5,414	52,345
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	7,541	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	3,000	26,572	46,494	255,465	5,414	58,709
Excess (deficiency) of receipts over disbursements	-	1,475	(45,053)	17,292	8,004	(1,479)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	-	1,475	(45,053)	17,292	8,004	(1,479)
Cash and investments - beginning	-	653	194,036	8,947	4,912	8,973
Cash and investments - ending	\$ -	\$ 2,128	\$ 148,983	\$ 26,239	\$ 12,916	\$ 7,494
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,128	\$ 148,983	\$ 26,239	\$ 12,916	\$ 7,494
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,128	\$ 148,983	\$ 26,239	\$ 12,916	\$ 7,494
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,128	148,983	26,239	12,916	7,494
Total cash and investment fund balance - ending	\$ -	\$ 2,128	\$ 148,983	\$ 26,239	\$ 12,916	\$ 7,494

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

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

	Hurricane Aid Grant	Retirement and Severance Bond Debt	LaPorte High School Construction	Crichfield Elementary School Construction	Crichfield Elementary School Construction Bond	Totals
Receipts:						
Local sources	\$ -	\$ 638,240	\$ 3,647	\$ -	\$ -	\$ 1,746,132
State sources	-	-	-	-	-	387,350
Federal sources	5,250	-	-	-	-	3,421,137
Sale of property, adjustments and refunds	-	-	74,602	24,550	760,235	859,387
	<u>-</u>	<u>-</u>	<u>74,602</u>	<u>24,550</u>	<u>760,235</u>	<u>859,387</u>
Total receipts	<u>5,250</u>	<u>638,240</u>	<u>78,249</u>	<u>24,550</u>	<u>760,235</u>	<u>6,414,006</u>
Disbursements:						
Instruction	-	-	-	-	-	3,771,588
Support services	-	-	16,000	24,550	760,235	2,119,249
Community services	-	-	-	-	-	33,150
Nonprogrammed charges	-	-	-	-	-	161,499
Debt services	-	1,110,951	-	-	-	1,110,951
	<u>-</u>	<u>1,110,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,951</u>
Total disbursements	<u>-</u>	<u>1,110,951</u>	<u>16,000</u>	<u>24,550</u>	<u>760,235</u>	<u>7,196,437</u>
Excess (deficiency) of receipts over disbursements	<u>5,250</u>	<u>(472,711)</u>	<u>62,249</u>	<u>-</u>	<u>-</u>	<u>(782,431)</u>
Other financing sources:						
Transfers in	-	322,000	-	-	-	350,227
	<u>-</u>	<u>322,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,227</u>
Excess (deficiency) of receipts and other financing sources over disbursements	5,250	(150,711)	62,249	-	-	(432,204)
Cash and investments - beginning	<u>10,500</u>	<u>151,375</u>	<u>153,110</u>	<u>-</u>	<u>-</u>	<u>1,413,987</u>
Cash and investments - ending	<u>\$ 15,750</u>	<u>\$ 664</u>	<u>\$ 215,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 981,783</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 15,750	\$ -	\$ 215,359	\$ -	\$ -	\$ 981,119
Restricted assets:						
Cash and investments	-	664	-	-	-	664
	<u>-</u>	<u>664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664</u>
Total cash and investment assets - ending	<u>\$ 15,750</u>	<u>\$ 664</u>	<u>\$ 215,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 981,783</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ 664	\$ -	\$ -	\$ -	\$ 664
Unrestricted	<u>15,750</u>	<u>-</u>	<u>215,359</u>	<u>-</u>	<u>-</u>	<u>981,119</u>
Total cash and investment fund balance - ending	<u>\$ 15,750</u>	<u>\$ 664</u>	<u>\$ 215,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 981,783</u>

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

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Local Preschool Operating	Textbook Rental	Levy Excess	Special Education Cooperative Preschool	Alternative Education	RTI Kingsbury Early Intervention	Tobacco Education Grant
Receipts:							
Local sources	\$ 29,667	\$ 464,345	\$ -	\$ 416,539	\$ -	\$ -	\$ 5,250
State sources	161,005	248,994	-	-	2,404	71,999	-
Federal sources	-	-	-	-	-	-	-
Total receipts	<u>190,672</u>	<u>713,339</u>	<u>-</u>	<u>416,539</u>	<u>2,404</u>	<u>71,999</u>	<u>5,250</u>
Disbursements:							
Current:							
Instruction	247,212	-	-	250,986	137	65,036	130
Support services	1,093	620,513	-	152,623	1,844	2,520	4,100
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	48,049	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>296,354</u>	<u>620,513</u>	<u>-</u>	<u>403,609</u>	<u>1,981</u>	<u>67,556</u>	<u>4,230</u>
Excess (deficiency) of receipts over disbursements	<u>(105,682)</u>	<u>92,826</u>	<u>-</u>	<u>12,930</u>	<u>423</u>	<u>4,443</u>	<u>1,020</u>
Other financing sources (uses):							
Transfers in	-	100,836	-	-	-	-	-
Transfers out	-	-	(47,014)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>100,836</u>	<u>(47,014)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(105,682)</u>	<u>193,662</u>	<u>(47,014)</u>	<u>12,930</u>	<u>423</u>	<u>4,443</u>	<u>1,020</u>
Cash and investments - beginning	<u>378,600</u>	<u>(198,893)</u>	<u>47,014</u>	<u>140,068</u>	<u>1,981</u>	<u>1,182</u>	<u>2</u>
Cash and investments - ending	<u>\$ 272,918</u>	<u>\$ (5,231)</u>	<u>\$ -</u>	<u>\$ 152,998</u>	<u>\$ 2,404</u>	<u>\$ 5,625</u>	<u>\$ 1,022</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 272,918</u>	<u>\$ (5,231)</u>	<u>\$ -</u>	<u>\$ 152,998</u>	<u>\$ 2,404</u>	<u>\$ 5,625</u>	<u>\$ 1,022</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>272,918</u>	<u>(5,231)</u>	<u>-</u>	<u>152,998</u>	<u>2,404</u>	<u>5,625</u>	<u>1,022</u>

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

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Section 125 Welfare Activities	Non English Speaking Grant	School Technology Grant	Other Technology Grants	ISAIP ACD Planning Grant	Middle Schools Project Lead the Way	Lincoln Elementary Literacy Grant
Receipts:							
Local sources	\$ 243,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000
State sources	-	40,063	-	-	-	50,000	-
Federal sources	-	-	-	-	-	-	-
Total receipts	<u>243,171</u>	<u>40,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>9,000</u>
Disbursements:							
Current:							
Instruction	-	2,015	-	70	-	12,492	4,348
Support services	243,302	29,370	-	6,197	-	-	310
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>243,302</u>	<u>31,385</u>	<u>-</u>	<u>6,267</u>	<u>-</u>	<u>12,492</u>	<u>4,658</u>
Excess (deficiency) of receipts over disbursements	<u>(131)</u>	<u>8,678</u>	<u>-</u>	<u>(6,267)</u>	<u>-</u>	<u>37,508</u>	<u>4,342</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(131)</u>	<u>8,678</u>	<u>-</u>	<u>(6,267)</u>	<u>-</u>	<u>37,508</u>	<u>4,342</u>
Cash and investments - beginning	<u>69,328</u>	<u>-</u>	<u>43,907</u>	<u>13,262</u>	<u>1,676</u>	<u>-</u>	<u>1,267</u>
Cash and investments - ending	<u>\$ 69,197</u>	<u>\$ 8,678</u>	<u>\$ 43,907</u>	<u>\$ 6,995</u>	<u>\$ 1,676</u>	<u>\$ 37,508</u>	<u>\$ 5,609</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 69,197</u>	<u>\$ 8,678</u>	<u>\$ 43,907</u>	<u>\$ 6,995</u>	<u>\$ 1,676</u>	<u>\$ 37,508</u>	<u>\$ 5,609</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>69,197</u>	<u>8,678</u>	<u>43,907</u>	<u>6,995</u>	<u>1,676</u>	<u>37,508</u>	<u>5,609</u>

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

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Hailmann Elementary Enrichment Grant	PNC College Bound Grant	Gifted and Talented Grant	Title I Grant	Title I Handley Elementary Distinguished School Grant	Title I Delinquent Grant	Title V, Part A Innovative Programs Grant
Receipts:							
Local sources	\$ -	\$ 27,202	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	54,337	-	-	-	-
Federal sources	-	-	-	935,783	25,000	16,713	10,873
Total receipts	-	27,202	54,337	935,783	25,000	16,713	10,873
Disbursements:							
Current:							
Instruction	751	28,517	53,304	785,192	1,587	10,942	610
Support services	-	-	2,852	64,117	3,344	-	10,837
Community services	-	-	-	6,872	9,306	-	-
Nonprogrammed charges	-	-	-	14,804	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	751	28,517	56,156	870,985	14,237	10,942	11,447
Excess (deficiency) of receipts over disbursements	(751)	(1,315)	(1,819)	64,798	10,763	5,771	(574)
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	(751)	(1,315)	(1,819)	64,798	10,763	5,771	(574)
Cash and investments - beginning	751	2,000	3,124	(4,386)	-	490	1,290
Cash and investments - ending	\$ -	\$ 685	\$ 1,305	\$ 60,412	\$ 10,763	\$ 6,261	\$ 716
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 685	\$ 1,305	\$ 60,412	\$ 10,763	\$ 6,261	\$ 716
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	-	685	1,305	60,412	10,763	6,261	716

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

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Youth Employment Training Work Ethics Program	IDEA Part B Special Education	Special Education Preschool	Title IV Drug Free Education	Federal Medicaid Reimbursement	Title II, Part A Improving Teacher Quality	Title II, Part D Professional Development
Receipts:							
Local sources	\$ 27,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	2,252,052	95,000	22,179	-	234,840	-
Total receipts	27,274	2,252,052	95,000	22,179	-	234,840	-
Disbursements:							
Current:							
Instruction	8,660	1,801,826	89,729	14,053	2,925	215,870	-
Support services	-	444,889	18,500	7,498	24,091	29,487	12,916
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	63,355	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	8,660	2,246,715	108,229	21,551	90,371	245,357	12,916
Excess (deficiency) of receipts over disbursements	18,614	5,337	(13,229)	628	(90,371)	(10,517)	(12,916)
Other financing sources (uses):							
Transfers in	-	(146,256)	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(146,256)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,614	(140,919)	(13,229)	628	(90,371)	(10,517)	(12,916)
Cash and investments - beginning	-	34,800	14,787	2,128	148,983	26,239	12,916
Cash and investments - ending	\$ 18,614	\$ (106,119)	\$ 1,558	\$ 2,756	\$ 58,612	\$ 15,722	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 18,614	\$ (106,119)	\$ 1,558	\$ 2,756	\$ 58,612	\$ 15,722	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	18,614	(106,119)	1,558	2,756	58,612	15,722	-

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

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title III Language and Migrant Education	Hurricane Aid Grant	Other Special Education Programs	Retirement and Severance Bond Debt	LaPorte High School Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 1,397,260	\$ -	\$ 2,619,708
State sources	-	-	-	-	-	628,802
Federal sources	37,241	-	-	-	-	3,629,681
Total receipts	37,241	-	-	1,397,260	-	6,878,191
Disbursements:						
Current:						
Instruction	2,022	-	86,435	-	-	3,684,849
Support services	42,424	-	12,620	-	207,221	1,942,668
Community services	-	-	-	-	-	16,178
Nonprogrammed charges	-	-	-	-	-	126,208
Debt services	-	-	-	1,109,659	-	1,109,659
Total disbursements	44,446	-	99,055	1,109,659	207,221	6,879,562
Excess (deficiency) of receipts over disbursements	(7,205)	-	(99,055)	287,601	(207,221)	(1,371)
Other financing sources (uses):						
Transfers in	-	-	146,256	-	-	100,836
Transfers out	-	(15,750)	-	(322,000)	-	(384,764)
Total other financing sources (uses)	-	(15,750)	146,256	(322,000)	-	(283,928)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,205)	(15,750)	47,201	(34,399)	(207,221)	(285,299)
Cash and investments - beginning	7,494	15,750	-	664	215,359	981,783
Cash and investments - ending	\$ 289	\$ -	\$ 47,201	\$ (33,735)	\$ 8,138	\$ 696,484
Cash and Investment Assets - Ending						
Cash and investments	\$ 289	\$ -	\$ 47,201	\$ (33,735)	\$ 8,138	\$ 696,484
Cash and Investment Fund Balance - Ending						
Unrestricted	289	-	47,201	(33,735)	8,138	696,484

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

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

	<u>Project ED/LCC</u>	<u>LaPorte High School Whirlpool Grant</u>	<u>Kline Estate Kindergarten Support</u>	<u>Hailmann Open Door Summer Literacy Prog.</u>	<u>Missoula Children's' Theatre</u>	<u>Elementary Child Care</u>	<u>LaPorte High School Preschool</u>
Additions:							
Contributions:							
Other	\$ 6,500	\$ -	\$ 115,661	\$ 374	\$ 3,000	\$ 230,341	\$ -
Deductions:							
Administrative and general	5,000	-	-	864	3,066	194,022	3,825
Excess (deficiency) of total additions over total deductions	1,500	-	115,661	(490)	(66)	36,319	(3,825)
Cash and investment fund balance - beginning	5,000	3,622	1,200,000	1,000	5,341	83,080	3,825
Cash and investments - ending	<u>\$ 6,500</u>	<u>\$ 3,622</u>	<u>\$ 1,315,661</u>	<u>\$ 510</u>	<u>\$ 5,275</u>	<u>\$ 119,399</u>	<u>\$ -</u>
Net assets:							
Cash and investments	<u>\$ 6,500</u>	<u>\$ 3,622</u>	<u>\$ 1,315,661</u>	<u>\$ 510</u>	<u>\$ 5,275</u>	<u>\$ 119,399</u>	<u>\$ -</u>

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

	<u>Little Learners Preschool</u>	<u>PSI Teen Pregnancy</u>	<u>Indian Trail Elementary Preschool</u>	<u>Baby Think It Over</u>	<u>Scholarships</u>	<u>Handley Elementary Community Mentor Hosts</u>	<u>Totals</u>
Additions:							
Contributions:							
Other	\$ 55,652	\$ 10,000	\$ 6,620	\$ -	\$ -	\$ 2,500	\$ 430,648
Deductions:							
Administrative and general	<u>15,707</u>	<u>6,678</u>	<u>9,308</u>	<u>885</u>	<u>1,180</u>	<u>-</u>	<u>240,535</u>
Excess (deficiency) of total additions over total deductions	39,945	3,322	(2,688)	(885)	(1,180)	2,500	190,113
Cash and investment fund balance - beginning	<u>(8,190)</u>	<u>4,243</u>	<u>5,108</u>	<u>885</u>	<u>1,180</u>	<u>-</u>	<u>1,305,094</u>
Cash and investments - ending	<u>\$ 31,755</u>	<u>\$ 7,565</u>	<u>\$ 2,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 1,495,207</u>
Net assets:							
Cash and investments	<u>\$ 31,755</u>	<u>\$ 7,565</u>	<u>\$ 2,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 1,495,207</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Project ED/LLC	LaPorte High School Whirlpool Grant	Kline Estate Kindergarten Support	Hailmann Open Door Summer Literacy Prog.	Missoula Children's Theatre
Additions:					
Contributions:					
Other	\$ 3,000	\$ -	\$ 1,953	\$ -	\$ 2,665
Deductions:					
Administrative and general	6,500	3,622	-	374	2,340
Excess (deficiency) of total additions over total deductions	(3,500)	(3,622)	1,953	(374)	325
Cash and investment fund balance - beginning	6,500	3,622	1,315,661	510	5,275
Cash and investments - ending	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 1,317,614</u>	<u>\$ 136</u>	<u>\$ 5,600</u>
Net assets:					
Cash and investments	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 1,317,614</u>	<u>\$ 136</u>	<u>\$ 5,600</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	<u>Elementary Child Care</u>	<u>Little Learners Preschool</u>	<u>PSI Teen Pregnancy</u>	<u>Indian Trail Elementary Preschool</u>	<u>Preschool Programs</u>
Additions:					
Contributions:					
Other	\$ 236,065	\$ -	\$ 5,000	\$ 12,320	\$ 26,898
Deductions:					
Administrative and general	<u>191,969</u>	<u>3,376</u>	<u>6,457</u>	<u>7,464</u>	<u>18,064</u>
Excess (deficiency) of total additions over total deductions	44,096	(3,376)	(1,457)	4,856	8,834
Cash and investment fund balance - beginning	<u>119,399</u>	<u>31,755</u>	<u>7,565</u>	<u>2,420</u>	<u>-</u>
Cash and investments - ending	<u>\$ 163,495</u>	<u>\$ 28,379</u>	<u>\$ 6,108</u>	<u>\$ 7,276</u>	<u>\$ 8,834</u>
Net assets:					
Cash and investments	<u>\$ 163,495</u>	<u>\$ 28,379</u>	<u>\$ 6,108</u>	<u>\$ 7,276</u>	<u>\$ 8,834</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Handley Elementary Community Mentor Hosts	Kingsford Heights Elementary After School Program	Boston Middle School Project Wisdom	Riley Elementary School Accelerator Reader Prog.	Totals
Additions:					
Contributions:					
Other	\$ 2,000	\$ 6,000	\$ 800	\$ 2,500	\$ 299,201
Deductions:					
Administrative and general	2,476	2,538	-	-	245,180
Excess (deficiency) of total additions over total deductions	(476)	3,462	800	2,500	54,021
Cash and investment fund balance - beginning	2,500	-	-	-	1,495,207
Cash and investments - ending	<u>\$ 2,024</u>	<u>\$ 3,462</u>	<u>\$ 800</u>	<u>\$ 2,500</u>	<u>\$ 1,549,228</u>
Net assets:					
Cash and investments	<u>\$ 2,024</u>	<u>\$ 3,462</u>	<u>\$ 800</u>	<u>\$ 2,500</u>	<u>\$ 1,549,228</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 As of 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 300,455
Buildings	73,535,953
Improvements other than buildings	1,634,477
Machinery and equipment	<u>13,409,118</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 88,880,003</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
High school	\$ 24,324,787	\$ 5,403,000
Crichfield/Kingsford Heights elementary schools	9,120,000	1,009,500
Bonds payable:		
General obligation bonds:		
Pension/severance bonds	<u>7,605,000</u>	<u>1,110,206</u>
Total governmental activities debt	<u>\$ 41,049,787</u>	<u>\$ 7,522,706</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at June 30, 2007 and/or June 30, 2008:

Fund	June 30, 2007	June 30, 2008
Transportation Operating	\$ -	\$ 923,158
Debt Service	-	1,348,424
School Bus Replacement	-	357,252
Retirement and Severance Bond Debt	-	923,158
Payroll	244,100	-
Textbook Rental	198,893	5,231
IDEA Part B Special Education	-	106,119

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)

IMPROPER POSTING OF PROPERTY TAX DISTRIBUTION

A county property tax distribution in the amount of \$1,700,302 was posted incorrectly in December 2007 to the Debt Service Fund instead of the General Fund. The error was corrected with a fund transfer in January 2008.

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)

PAYROLL BANK ACCOUNT RECONCILIATIONS

The reconciliation of the payroll clearing fund balance to the bank account balances was incorrect at June 30, 2007 and 2008. The difference between the fund balance and bank balance on June 30, 2007 and 2008, was \$161,723 and \$182,620, respectively. The payroll department was able to identify the differences during the course of our audit.

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

PAYROLL FUND SUBSIDIARY ACCOUNT BALANCES

The School Corporation's computer software program produced a report for the payroll clearing fund that did not bring forward subsidiary account balances from December 31, 2007. The computerized process results in all subsidiary accounts to start January 1, 2008, with a balance of \$0. The balance of the payroll clearing fund on December 31, 2007, was \$59,059.85, which is the difference between the control balance and subsidiary balance as of January 1, 2008.

LAPORTE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Subsidiary ledger balances must reconcile to the control ledger fund balance. Every transaction should be posted to the control ledger and to the appropriate subsidiary ledger. Fund balances should reconcile between the control ledger and the subsidiary ledger. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS OVER TEXTBOOK RENTAL RECEIPTS (Applies to All Schools)

All schools within the School Corporation use a software program for textbook rental billings and collections. An Extra-Curricular Treasurer can manually input the first textbook rental receipt number at the start of each day and the computer will then generate the receipt numbers after that, or the computer system will automatically generate the receipt number. When the computer system generated the receipt number, there were instances where the receipt numbers were not in sequential order, receipt numbers were skipped and/or there were large gaps between receipt numbers series. Also, the software program will allow the Extra-Curricular Treasurer to enter any number at the start of each day and will allow the Extra-Curricular Treasurer to enter the same receipt number for more than one student.

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

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)

Form TBR-2, Official Receipt – Individual Textbook Rental List, is to be prenumbered and printed in triplicate. The form, one set for each student, is to be prepared when textbooks and related materials are issued to the student. Form TBR-2, Official Receipt – Individual Textbook Rental List provides for the date the textbooks were issued, the name of the student and the total fee collected.

The original of Form TBR-2 is to be given the payer (student or parent). The duplicate is to be retained by the issuing officer and the triplicate is to remain intact in the book. The duplicate, together with rental fees collected, must be transmitted daily to the treasurer of the extra-curricular account. The treasurer may direct the issuing officer to deposit all fees collected each day and submit an acknowledged, duplicate deposit slip with the duplicate copies of Form TBR-2. A separate TBR-2 should be issued for each payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 4)

LAPORTE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL DEPOSITS (Applies to Kingsbury and Kingsford Heights Elementary Schools)

We noted instances where some textbook rental collections were not deposited within a reasonable time. Some textbook rental collections at Kingsbury Elementary School were held for more than 32 days before being deposited. Some textbook rental collections at Kingsford Heights Elementary School, during the 2006-2007 school year were held for more than 40 days and during the 2007-2008 school year were held for more than 14 days.

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

CREDIT CARD DOCUMENTATION AND LATE PAYMENT FEES (Applies to LaPorte High School)

Credit card payments are being made without receipts for all charges. Late payment fees and finance charges are also being paid.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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

LAPORTE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSIT COMPOSITION AND OFFICIAL RECEIPTS (Applies to Kesling Middle School and Kingsford Heights Elementary School)

Classification of cash and checks on some receipts at Kesling Middle School did not agree to the coinciding deposit slip. Further examination disclosed that deposits were taken to the bank before the receipts were written, and that some checks received were taken to the bank for validation before a receipt would be issued.

We noted instances where receipts at Kingsford Heights Elementary School were written after the deposits were made.

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

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

CASH CHANGE (Applies to Boston Middle School)

Several checks were made payable to "Cash" for start-up cash change for certain events at Boston Middle School. The checks were endorsed by the Extra-Curricular Treasurer and were cashed. The cash was given to the person in charge of the event. The receipting back of the start-up cash or cash change after the event could not be verified to the ledger as the change was commingled with the proceeds from the event.

A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the corporation is charged with the duty of collecting fees or other cash revenues. When authorized by the governing body, such Cash Change Fund shall be established by a check drawn on the General Fund (or other appropriate fund) of the school corporation in an amount to be determined by the governing body. The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund. The custodian shall convert same to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation. The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund (IC 36-1-8-2). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE LAPORTE COMMUNITY SCHOOL
CORPORATION, LAPORTE COUNTY, INDIANA

Compliance

We have audited the compliance of the LaPorte Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

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

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)

expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 18, 2009

LAPORTE COMMUNITY 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 Fed Awards Expended 06-30-07	Total Fed Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 263,933	\$ 233,051
National School Lunch Program	10.555		<u>1,202,362</u>	<u>1,061,678</u>
Total for federal grantor agency			<u>1,466,295</u>	<u>1,294,729</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Special Education Cluster (IDEA)				
Special Education-Grants to States	84.027	14206-003-DN01	4,652	-
		14206-052-DY02	68,492	1,182
		14207-025-DY03	-	66,374
		14206-048-PN01	241,911	-
		14207-057-PN01	1,955,874	68,711
		14208-057-PN01	-	2,115,618
		14205-057-PY02	52,044	-
		14206-057-PY02	249,615	62,385
		14207-057-PY02	-	99,055
		14205-057-DY02	<u>18,923</u>	<u>-</u>
Total for program			<u>2,591,511</u>	<u>2,413,325</u>
Special Education-Preschool Grants	84.173	45706-057-PN01	8,467	-
		45707-057-PN01	85,503	14,787
		45708-057-PN01	-	<u>93,442</u>
Total for program			<u>93,970</u>	<u>108,229</u>
Total for cluster			<u>2,685,481</u>	<u>2,521,554</u>
Title I Grants to Local Educational Agencies	84.010	06-4945	59,155	-
		07-4945	678,492	46,223
		08-4945	-	824,761
		06-4945 Delinquent	432	-
		07-4945 Delinquent	21,358	470
		08-4945 Delinquent	-	10,471
Distinguished School Grant		SY 2007-08	-	<u>14,237</u>
Total for program			<u>759,437</u>	<u>896,162</u>
Impact Aid	84.041		-	15,750
Hurricane Emergency Impact Aid			-	15,750
Safe and Drug-Free Schools and Communities-State Grants	84.186	04-129	653	-
		05-147	25,919	2,128
		06-4945	-	<u>19,423</u>
Total for program			<u>26,572</u>	<u>21,551</u>
State Grants for Innovative Programs	84.298	04-191	4,892	-
		05-200	20,332	1,290
		06-4945	-	<u>10,157</u>
Total for program			<u>25,224</u>	<u>11,447</u>
Education Technology State Grants	84.318	SY 04-05	4,912	-
		SY 05-06	502	<u>12,916</u>
Total for program			<u>5,414</u>	<u>12,916</u>
English Language Acquisition Grants	84.365	2005-06	8,973	-
		2006-07	49,736	7,494
		2007-08	-	<u>36,951</u>
Total for program			<u>58,709</u>	<u>44,445</u>
Improving Teacher Quality State Grants	84.367	04-203	2,563	-
		05-225	54,231	7,934
		06-4945	198,672	48,507
		07-4945	-	<u>188,916</u>
Total for program			<u>255,466</u>	<u>245,357</u>
Total for federal grantor agency			<u>3,816,303</u>	<u>3,769,182</u>
Total federal awards expended			<u>\$ 5,282,598</u>	<u>\$ 5,063,911</u>

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

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School 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	2007	2008
National School Lunch Program	10.555	\$ 143,327	\$ 129,456

LAPORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



Dr. Judith A. DeMuth, Superintendent
Dr. Dennis Shawver, Associate Superintendent
Mr. Jim Dermody, Assistant Superintendent
Mr. Rande Thorpe, Business Manager
Ms. Patty Steele, Coordinator of Instructional Programs and Assessment

Board of Trustees

Mr. Adam Schoff, President
Mr. Mitch Feikes, Vice President
Ms. Rhonda Spence, Secretary
Ms. Carol Bigg, Member
Ms. Ketra Bolster, Member
Mr. Ron Gigliotti, Member
Ms. Mary McDermott, Member

Memo To: State Board of Accounts
From: Rande S. Thorpe, Business Manager 
Date: January 22, 2009
Re: **Summary Schedule of Prior Audit Findings**

Finding No. 2006-1 Cash Management

Federal Agency: Department of Education
Federal Programs: Special Education Grants to States
CFDA Numbers: 84.027A
Federal Award Numbers: 14205-057, 14206-057

Pass-through Entity: Indiana Department of Education

As stated in the attached "Response to Finding Number 2006-1, Cash Management," month-end cash balances were in excess of ten percent (10%). The school corporation has been monitoring this grant closely to maintain the cash balance within the guideline of ten percent (10%).

1921 'A' Street, LaPorte, IN 46350 Ph. (219) 362-7056 Fax (219) 324-9347
www.lpcsc.k12.in.us

The LaPorte Community Schools will be recognized among Indiana's highest achieving corporations by ensuring that all students reach their maximum academic potential, working in partnership with parents and the community to become productive and responsible citizens who are successful in a competitive global world.

Dr. Judith A. DeMuth, Superintendent
Dr. Dennis Shawver, Associate Superintendent
Mr. Jim Dermody, Assistant Superintendent
Mr. Vincent Taylor, Business Manager
Ms. Patty Steele, Coordinator of Instructional Programs and Assessment

Board of Trustees

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Ms. Sue Szilagyi, Member

Memo To: Indiana State Board of Accounts
From: Vincent R. Taylor, Business Manager 
Date: December 18, 2006
Re: **Response to Finding Number 2006-1, Cash Management**

The Special Education Grants had month-end cash balances in excess of ten percent (10%).

While it is true that the cash balances exceeded the ten percent (10%) guideline at month end in the 12 months mentioned, it is also worthy to note that the average balance for the entire period was within the guideline.

In any case, the school corporation will continue to monitor this grant in every effort to maintain the cash balance within the guideline of ten percent (10%).

VRT/tr

LAPORTE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2009, with Adam Schoff, President of the School Board; Dr. Judith DeMuth, Superintendent of Schools; Rande Thorpe, Business Manager; and Patricia G. Baxter, Treasurer. The official response has been made a part of this report and may be found on pages 58 and 59.



Board of Trustees

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Ms. Carol Bigg, Member
Ms. Ketra Bolster, Member
Mr. Ron Gigliotti, Member
Ms. Mary McDermott, Member

Dr. Judith A. DeMuth, Superintendent

Dr. Dennis Shawver, Associate Superintendent
Mr. Jim Dermody, Assistant Superintendent
Mr. Rande Thorpe, Business Manager
Ms. Patty Steele, Coordinator of Instructional Programs and Assessment

RESPONSE TO Audit Results and Comments 2006-2008 AUDIT and Discussion Items

OVERDRAWN CASH BALANCES

As indicated by the Field Examiner several funds had negative balances at fiscal year end. We concur with this observation and report that it is indicative of the failure of the timely receipts from property taxes. If property taxes are received in a timely manner as required by Indiana statute, it will be possible for our funds to maintain positive balances.

IMPROPER POSTING OF PROPERTY TAX DISTRIBUTION

We concur with the assessment made by the Field Examiner that a posting error had occurred in December 2007 that was corrected in January 2009.

PAYROLL BANK ACCOUNT RECONCILIATION

We concur with the statement that the account had not been properly reconciled. Since that time there has been a change in personnel, and a specific stated directive requiring monthly reconciliations.

PAYROLL FUND SUBSIDIARY ACCOUNT BALANCES

We are examining the system's method of handling the balances of subsidiary clearing accounts. However it should be noted that the account totals are in balance and all funds are accounted for.

INTERNAL CONTROLS OVER TEXTBOOK RENTAL RECEIPTS (ALL SCHOOLS)

The entire textbook rental processing and receipting process is being studied and we appreciate the field examiner's assistance in identifying weaknesses of our current system. We will be installing a new version of the TBR system in the near future which is reported to correct the problems associated with receipt numbers.

TEXTBOOK RENTAL DEPOSITS (KINGSBURY and KINGSFORD HEIGHTS)

We concur that receipts of textbook rental should be deposited by all schools without reasonable delay.

CREDIT CARD DOCUMENTATION AND LATE FEE PAYMENT

A specific meeting was held with the High School Principal and Athletic Director to discuss the necessity for the on time payment of credit card bills. Procedures will be administered by the High School Principal to ensure that bills are paid on time even during summer months or other times when the extracurricular treasurer is not normally scheduled to work.

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DEPOSITS COMPOSITION (KESLING)

Cash and checks will now be processed in a manner that ensures agreement with the deposit slip. This change has been confirmed in writing by the building principal.

OFFICIAL RECEIPTS (KINGSFORD HEIGHTS)

Receipts will be issued at the time of the transaction.

CASH CHANGE (BOSTON)

The Boston Middle School will revise the process to write a check to the person in charge of an event for beginning cash change funds.

The State Board of Accounts is officially thanked for the professional and thorough audit performed by the Field Examiners.

Rande S. Thorpe, Business Manager March 18, 2009

