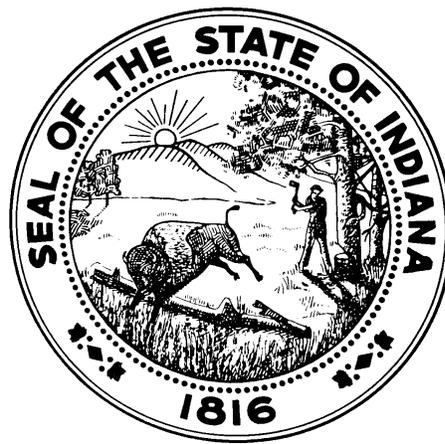


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

DEKALB COUNTY EASTERN  
COMMUNITY SCHOOL DISTRICT  
DEKALB COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

04/16/2009



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Philip Carpenter	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Jeffrey Stephens	07-01-06 to 06-30-09
President of the School Board	Leon Steury	07-01-06 to 06-30-09



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

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN  
COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Eastern Community School District (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 30, 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.

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

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 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, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, 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 30, 2009



**STATE OF INDIANA**  
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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 DEKALB COUNTY EASTERN  
COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Eastern Community School District (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 30, 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.

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 30, 2009

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 11,206,713	\$ -	\$ 50,417	\$ (11,156,296)
Support services	9,343,696	386,319	213,073	(8,744,304)
Community services	158,631	-	-	(158,631)
Nonprogrammed charges	356,226	-	-	(356,226)
Debt service	<u>5,569,686</u>	<u>-</u>	<u>-</u>	<u>(5,569,686)</u>
 Total government	 <u>\$ 26,634,952</u>	 <u>\$ 386,319</u>	 <u>\$ 263,490</u>	 <u>(25,985,143)</u>
 General receipts:				
Property taxes				6,970,761
Other local sources				4,406,102
State aid				5,824,180
Bonds and loans				3,680,168
Grants and contributions not restricted to specific programs				4,907,883
Sale of property, adjustments, and refunds				3,453
Investment earnings				<u>352,520</u>
 Total general receipts				 <u>26,145,067</u>
 Change in net assets				 159,924
 Net assets - beginning				 <u>4,164,546</u>
 Net assets - ending				 <u>\$ 4,324,470</u>
 <u>Assets</u>				
Cash and investments				\$ 4,118,804
Restricted assets:				
Cash and investments				<u>205,666</u>
 Total assets				 <u>\$ 4,324,470</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 205,666
Unrestricted				<u>4,118,804</u>
 Total net assets				 <u>\$ 4,324,470</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 11,042,687	\$ -	\$ 78,805	\$ (10,963,882)
Support services	10,891,939	367,100	318,626	(10,206,213)
Community services	135,830	-	-	(135,830)
Nonprogrammed charges	304,137	-	-	(304,137)
Debt service	<u>5,468,809</u>	<u>-</u>	<u>-</u>	<u>(5,468,809)</u>
 Total government	 <u>\$ 27,843,402</u>	 <u>\$ 367,100</u>	 <u>\$ 397,431</u>	 <u>(27,078,871)</u>
 General receipts:				
Property taxes				6,656,442
Other local sources				5,840,243
State aid				5,931,759
Bonds and loans				3,571,425
Grants and contributions not restricted to specific programs				5,611,369
Sale of property, adjustments, and refunds				9,058
Investment earnings				<u>230,487</u>
 Total general receipts				 <u>27,850,783</u>
 Change in net assets				 771,912
 Net assets - beginning				 <u>4,324,470</u>
 Net assets - ending				 <u>\$ 5,096,382</u>
 <u>Assets</u>				
Cash and investments				\$ 4,831,051
Restricted assets:				
Cash and investments				<u>265,331</u>
 Total assets				 <u>\$ 5,096,382</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 265,331
Unrestricted				<u>4,831,051</u>
 Total net assets				 <u>\$ 5,096,382</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
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	Special Education Coop	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 3,355,608	\$ 1,100,235	\$ 3,255,301	\$ 1,825,219	\$ 1,786,727	\$ 145,980	\$ 645,911	\$ 12,114,981
Intermediate sources	217	-	-	-	-	-	506	723
State sources	5,861,642	-	-	-	-	-	92,431	5,954,073
Federal sources	162	-	-	-	-	-	5,041,316	5,041,478
Bonds and loans	1,635,982	424,442	-	444,084	1,079,206	96,454	-	3,680,168
Sale of property, adjustments and refunds	2,853	-	-	-	600	-	-	3,453
<b>Total receipts</b>	<b>10,856,464</b>	<b>1,524,677</b>	<b>3,255,301</b>	<b>2,269,303</b>	<b>2,866,533</b>	<b>242,434</b>	<b>5,780,164</b>	<b>26,794,876</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	5,834,333	-	846,709	-	-	-	4,525,671	11,206,713
Support services	2,471,921	1,037,153	2,251,637	-	1,608,015	160,105	1,814,865	9,343,696
Community services	125,633	-	-	-	-	-	32,998	158,631
Nonprogrammed charges	337,727	-	-	-	-	-	18,499	356,226
Debt services	1,773,679	468,191	-	2,203,384	1,027,978	96,454	-	5,569,686
<b>Total disbursements</b>	<b>10,543,293</b>	<b>1,505,344</b>	<b>3,098,346</b>	<b>2,203,384</b>	<b>2,635,993</b>	<b>256,559</b>	<b>6,392,033</b>	<b>26,634,952</b>
Excess (deficiency) of receipts over disbursements	313,171	19,333	156,955	65,919	230,540	(14,125)	(611,869)	159,924
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	47,501	47,501
Transfers out	-	-	-	-	-	-	(47,501)	(47,501)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	313,171	19,333	156,955	65,919	230,540	(14,125)	(611,869)	159,924
Cash and investments - beginning	759,027	197,865	1,314,373	139,747	302,619	141,066	1,309,849	4,164,546
Cash and investments - ending	<u>\$ 1,072,198</u>	<u>\$ 217,198</u>	<u>\$ 1,471,328</u>	<u>\$ 205,666</u>	<u>\$ 533,159</u>	<u>\$ 126,941</u>	<u>\$ 697,980</u>	<u>\$ 4,324,470</u>
<u><b>Cash and Investment Assets - Ending</b></u>								
Cash and investments	\$ 1,072,198	\$ 217,198	\$ 1,471,328	\$ -	\$ 533,159	\$ 126,941	\$ 697,980	\$ 4,118,804
Restricted assets:								
Cash and investments	-	-	-	205,666	-	-	-	205,666
<b>Total cash and investment assets - ending</b>	<b><u>\$ 1,072,198</u></b>	<b><u>\$ 217,198</u></b>	<b><u>\$ 1,471,328</u></b>	<b><u>\$ 205,666</u></b>	<b><u>\$ 533,159</u></b>	<b><u>\$ 126,941</u></b>	<b><u>\$ 697,980</u></b>	<b><u>\$ 4,324,470</u></b>
<u><b>Cash and Investment Fund Balance - Ending</b></u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 205,666	\$ -	\$ -	\$ -	\$ 205,666
Unrestricted	1,072,198	217,198	1,471,328	-	533,159	126,941	697,980	4,118,804
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 1,072,198</u></b>	<b><u>\$ 217,198</u></b>	<b><u>\$ 1,471,328</u></b>	<b><u>\$ 205,666</u></b>	<b><u>\$ 533,159</u></b>	<b><u>\$ 126,941</u></b>	<b><u>\$ 697,980</u></b>	<b><u>\$ 4,324,470</u></b>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
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	Special Education Coop	Special Education IDEA Grant 07-08	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 3,793,459	\$ 1,166,174	\$ 4,375,300	\$ -	\$ 1,405,372	\$ 1,613,677	\$ 139,965	\$ 599,770	\$ 13,093,717
Intermediate sources	217	-	-	-	-	-	-	338	555
State sources	5,977,983	-	-	-	-	-	-	219,351	6,197,334
Federal sources	162	-	-	3,250,000	-	-	-	2,493,063	5,743,225
Bonds and loans	1,228,623	360,238	-	-	890,030	1,028,744	63,790	-	3,571,425
Sale of property, adjustments and refunds	358	-	8,700	-	-	-	-	-	9,058
<b>Total receipts</b>	<b>11,000,802</b>	<b>1,526,412</b>	<b>4,384,000</b>	<b>3,250,000</b>	<b>2,295,402</b>	<b>2,642,421</b>	<b>203,755</b>	<b>3,312,522</b>	<b>28,615,314</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	5,458,130	-	880,963	2,339,095	-	-	-	2,364,499	11,042,687
Support services	3,220,589	1,067,193	3,073,427	652,694	-	1,717,304	134,534	1,026,198	10,891,939
Community services	127,147	-	-	-	-	-	-	8,683	135,830
Nonprogrammed charges	304,137	-	-	-	-	-	-	-	304,137
Debt services	1,640,323	425,480	-	-	2,224,769	1,081,783	96,454	-	5,468,809
<b>Total disbursements</b>	<b>10,750,326</b>	<b>1,492,673</b>	<b>3,954,390</b>	<b>2,991,789</b>	<b>2,224,769</b>	<b>2,799,087</b>	<b>230,988</b>	<b>3,399,380</b>	<b>27,843,402</b>
Excess (deficiency) of receipts over disbursements	250,476	33,739	429,610	258,211	70,633	(156,666)	(27,233)	(86,858)	771,912
<b>Other financing sources (uses):</b>									
Transfers in	-	-	-	-	-	-	-	46,813	46,813
Transfers out	-	-	-	-	(10,968)	-	-	(35,845)	(46,813)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,968)</b>	<b>-</b>	<b>-</b>	<b>10,968</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	250,476	33,739	429,610	258,211	59,665	(156,666)	(27,233)	(75,890)	771,912
Cash and investments - beginning	1,072,198	217,198	1,471,328	-	205,666	533,159	126,941	697,980	4,324,470
Cash and investments - ending	\$ 1,322,674	\$ 250,937	\$ 1,900,938	\$ 258,211	\$ 265,331	\$ 376,493	\$ 99,708	\$ 622,090	\$ 5,096,382
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 1,322,674	\$ 250,937	\$ 1,900,938	\$ 258,211	\$ -	\$ 376,493	\$ 99,708	\$ 622,090	\$ 4,831,051
Restricted assets:									
Cash and investments	-	-	-	-	265,331	-	-	-	265,331
<b>Total cash and investment assets - ending</b>	<b>\$ 1,322,674</b>	<b>\$ 250,937</b>	<b>\$ 1,900,938</b>	<b>\$ 258,211</b>	<b>\$ 265,331</b>	<b>\$ 376,493</b>	<b>\$ 99,708</b>	<b>\$ 622,090</b>	<b>\$ 5,096,382</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 265,331	\$ -	\$ -	\$ -	\$ 265,331
Unrestricted	1,322,674	250,937	1,900,938	258,211	-	376,493	99,708	622,090	4,831,051
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,322,674</b>	<b>\$ 250,937</b>	<b>\$ 1,900,938</b>	<b>\$ 258,211</b>	<b>\$ 265,331</b>	<b>\$ 376,493</b>	<b>\$ 99,708</b>	<b>\$ 622,090</b>	<b>\$ 5,096,382</b>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Agency Funds</u>
Cash and investments fund balance - ending	\$ <u>4,971</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	<u>Agency Funds</u>
Cash and investments fund balance - ending	<u>\$ 5,298</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: DeKalb County Eastern CSD

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

Joint Ventures

The School Corporation is a participant with other interested School Corporations in DeKalb, LaGrange, Noble, and Steuben Counties, in a joint venture to operate the Four County Area Vocational Cooperative (Co-op), which was created to provide vocational instruction for children. The School Corporation is obligated by contract to remit a proportionate share of annual costs to supplement the Co-op. Complete financial statements for the Co-op can be obtained from the Garrett-Keyser-Butler Community School District, 801 Houston Street, Garrett, Indiana, 46738.

The School Corporation is a participant with other interested School Corporations in DeKalb, LaGrange, Noble, and Steuben Counties in a joint venture to operate the Northeast Indiana Special Education Cooperative (Co-op) which was created to provide programs and services for children with exceptional needs. The School Corporation is obligated by contract to remit a proportionate share of annual costs to supplement the Co-op. The School Corporation is the administrator for the Co-op. The Co-op's financial records are accounted for in several special revenue funds on the records of the School Corporation.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

The general fund is the School Corporation's primary operating fund and accounts for all financial resources of the School Corporation, 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 special education co-op fund accounts for financial resources used for the operation of the NE Indiana Special Education Co-op (joint venture).

The special education grant fund accounts for receipts and disbursements related to federal grants used for special education.

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

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

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

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for other entities and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

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.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 other financing sources and payment of principal and interest 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.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>	<u>2008</u>
Debt Service	Other governmental funds	\$ -	\$ 10,968
Other governmental funds	Other governmental funds	<u>47,501</u>	<u>35,845</u>
Totals		<u>\$ 47,501</u>	<u>\$ 46,813</u>

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

IV. Other Information

A. Risk Management

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

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

Workers' Compensation

During 2005, the School Corporation joined the Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers' compensation claims. The School Corporation pays an annual premium to the risk pool for its workers' compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with DeKalb Eastern High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the audit period totaled \$3,256,345.

C. Receivables From/Payables To Special Education Co-op Members

As mentioned in Note I, the School Corporation is the administrator of the Northeast Indiana Special Education Co-op. The following amounts are receivable from/(payable to) member School Corporations as of June 30, 2008:

School Corporation	
DeKalb County Eastern CSD	\$ (2,374)
Garrett-Keyser-Butler CSC	-
DeKalb County Central USD	(256,426)
Prairie Heights CSC	-
Westview School Corporation	(141,645)
Lakeland School Corporation	(20,836)
Central Noble School Corporation	71,278
West Noble School Corporation	(31,112)
Fremont Community Schools	(29,858)
Hamilton Community Schools	-
MSD Steuben County	(167,903)
Total Receivable (Payable)	<u><u>\$ (578,876)</u></u>

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 195,445
Interest on net pension obligation	(14,462)
Adjustment to annual required contribution	16,480
Annual pension cost	197,463
Contributions made	153,443
Decrease in net pension obligation	44,020
Net pension obligation, beginning of year	(199,474)
Net pension obligation, end of year	\$ (155,454)

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 133,812	101%	\$ (227,332)
	06-30-06	177,886	84%	(199,474)
	06-30-07	197,463	78%	(155,454)

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$329,579, \$287,729, and \$279,697, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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	\$ 2,411,531	\$ 2,928,088	\$ (516,557)	82%	\$ 2,468,047	21%
07-01-06	2,756,051	3,042,548	(286,497)	91%	2,750,494	10%
07-01-07	3,027,906	3,223,357	(195,451)	94%	2,569,908	8%

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

	Preschool	School Lunch	Textbook Rental	Levy Excess	Coop Administrative Hearing	Education License Plates	Safe Haven 05/06
<b>Receipts:</b>							
Local sources	\$ 16,314	\$ 319,056	\$ 46,061	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	506	-
State sources	43,859	10,058	20,167	-	-	-	-
Federal sources	-	182,978	-	-	-	-	-
<b>Total receipts</b>	<u>60,173</u>	<u>512,092</u>	<u>66,228</u>	<u>-</u>	<u>-</u>	<u>506</u>	<u>-</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	59,168	-	-	-	-	-	41
Support services	-	517,034	64,486	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	18,499	-	-	-
<b>Total disbursements</b>	<u>59,168</u>	<u>517,034</u>	<u>64,486</u>	<u>18,499</u>	<u>-</u>	<u>-</u>	<u>41</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>1,005</u>	<u>(4,942)</u>	<u>1,742</u>	<u>(18,499)</u>	<u>-</u>	<u>506</u>	<u>(41)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>1,005</u>	<u>(4,942)</u>	<u>1,742</u>	<u>(18,499)</u>	<u>-</u>	<u>506</u>	<u>(41)</u>
<b>Cash and investments - beginning</b>	<u>205</u>	<u>132,091</u>	<u>22,570</u>	<u>18,499</u>	<u>26,003</u>	<u>263</u>	<u>41</u>
<b>Cash and investments - ending</b>	<u>\$ 1,210</u>	<u>\$ 127,149</u>	<u>\$ 24,312</u>	<u>\$ -</u>	<u>\$ 26,003</u>	<u>\$ 769</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<u>\$ 1,210</u>	<u>\$ 127,149</u>	<u>\$ 24,312</u>	<u>\$ -</u>	<u>\$ 26,003</u>	<u>\$ 769</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<u>\$ 1,210</u>	<u>\$ 127,149</u>	<u>\$ 24,312</u>	<u>\$ -</u>	<u>\$ 26,003</u>	<u>\$ 769</u>	<u>\$ -</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	Coop Donation	Insurance Stabilization	Interactive Technology Donation	Challenge Education	Dekko Coop Grant	Dekko Foundation Grant
Receipts:						
Local sources	\$ 250	\$ 7,008	\$ 18,828	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	<u>250</u>	<u>7,008</u>	<u>18,828</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	895	-	7,009	658	793	8,028
Support services	613	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>1,508</u>	<u>-</u>	<u>7,009</u>	<u>658</u>	<u>793</u>	<u>8,028</u>
Excess (deficiency) of receipts over disbursements	<u>(1,258)</u>	<u>7,008</u>	<u>11,819</u>	<u>(658)</u>	<u>(793)</u>	<u>(8,028)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,258)</u>	<u>7,008</u>	<u>11,819</u>	<u>(658)</u>	<u>(793)</u>	<u>(8,028)</u>
Cash and investments - beginning	<u>1,453</u>	<u>132,927</u>	<u>-</u>	<u>728</u>	<u>4,000</u>	<u>9,661</u>
Cash and investments - ending	<u>\$ 195</u>	<u>\$ 139,935</u>	<u>\$ 11,819</u>	<u>\$ 70</u>	<u>\$ 3,207</u>	<u>\$ 1,633</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 195</u>	<u>\$ 139,935</u>	<u>\$ 11,819</u>	<u>\$ 70</u>	<u>\$ 3,207</u>	<u>\$ 1,633</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 195</u>	<u>\$ 139,935</u>	<u>\$ 11,819</u>	<u>\$ 70</u>	<u>\$ 3,207</u>	<u>\$ 1,633</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	Teacher Grant	Coop Excellence Program	CASE Program	Gifted and Talented 06/07	Extra Curricular Activities	Non English Speaking Program
Receipts:						
Local sources	\$ 14,099	\$ -	\$ 50,830	\$ -	\$ 2,636	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	12,934	-	19
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>14,099</b>	<b>-</b>	<b>50,830</b>	<b>12,934</b>	<b>2,636</b>	<b>19</b>
Disbursements:						
Current:						
Instruction	23,216	-	4,710	12,934	201	-
Support services	1,948	-	30,804	-	-	-
Community services	-	-	-	-	2,529	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>25,164</b>	<b>-</b>	<b>35,514</b>	<b>12,934</b>	<b>2,730</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(11,065)	-	15,316	-	(94)	19
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,065)	-	15,316	-	(94)	19
Cash and investments - beginning	21,354	966	940	-	151	365
Cash and investments - ending	<u>\$ 10,289</u>	<u>\$ 966</u>	<u>\$ 16,256</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 384</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 10,289</u>	<u>\$ 966</u>	<u>\$ 16,256</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 384</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 10,289</u>	<u>\$ 966</u>	<u>\$ 16,256</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 384</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	Buddy System Program	Insurance Consortium	CAPE III	Title I School Imp. 06/07	Title I 06/07	Title I 05/06
<b>Receipts:</b>						
Local sources	\$ -	\$ 59,771	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	13,118	192,957	-
<b>Total receipts</b>	<b>-</b>	<b>59,771</b>	<b>-</b>	<b>13,118</b>	<b>192,957</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	60	6,749	10,289	13,118	103,481	47,512
Support services	-	51,809	61,696	-	25,126	3,298
Community services	-	-	-	-	25,077	5,392
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>60</b>	<b>58,558</b>	<b>71,985</b>	<b>13,118</b>	<b>153,684</b>	<b>56,202</b>
Excess (deficiency) of receipts over disbursements	(60)	1,213	(71,985)	-	39,273	(56,202)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	24,823	-
Transfers out	-	-	-	-	-	(24,823)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,823</b>	<b>(24,823)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60)	1,213	(71,985)	-	64,096	(81,025)
Cash and investments - beginning	98	1,980	90,733	-	-	81,025
Cash and investments - ending	\$ 38	\$ 3,193	\$ 18,748	\$ -	\$ 64,096	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 38	\$ 3,193	\$ 18,748	\$ -	\$ 64,096	\$ -
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 38	\$ 3,193	\$ 18,748	\$ -	\$ 64,096	\$ -

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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 V, A 05/06	Title V, A 06/07	PL 108-446 Preschool 06/07	Title IV, A 06/07	PL 108-446 IDEA 05/06	Fund 6060
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	2,386	146,940	5,182	1,808,900	-
<b>Total receipts</b>	<b>-</b>	<b>2,386</b>	<b>146,940</b>	<b>5,182</b>	<b>1,810,400</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	13,886	-	146,940	-	1,990,449	1,300
Support services	5,479	16,682	-	2,525	128,181	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>19,365</b>	<b>16,682</b>	<b>146,940</b>	<b>2,525</b>	<b>2,118,630</b>	<b>1,300</b>
Excess (deficiency) of receipts over disbursements	(19,365)	(14,296)	-	2,657	(308,230)	(1,300)
<b>Other financing sources (uses):</b>						
Transfers in	-	22,678	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>22,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,365)	8,382	-	2,657	(308,230)	(1,300)
Cash and investments - beginning	22,870	-	-	-	308,230	1,300
Cash and investments - ending	\$ 3,505	\$ 8,382	\$ -	\$ 2,657	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,505	\$ 8,382	\$ -	\$ 2,657	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 3,505	\$ 8,382	\$ -	\$ 2,657	\$ -	\$ -

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	PL 108-446 IDEA 06/07	COPS 2006	Title II, A 06/07	Title II, A 05/06	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 109,558	\$ 645,911
Intermediate sources	-	-	-	-	-	506
State sources	-	5,394	-	-	-	92,431
Federal sources	2,643,500	-	45,355	-	-	5,041,316
<b>Total receipts</b>	<b>2,643,500</b>	<b>5,394</b>	<b>45,355</b>	<b>-</b>	<b>109,558</b>	<b>5,780,164</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,071,821	-	-	2,413	-	4,525,671
Support services	478,065	-	7,720	13,809	405,590	1,814,865
Community services	-	-	-	-	-	32,998
Nonprogrammed charges	-	-	-	-	-	18,499
<b>Total disbursements</b>	<b>2,549,886</b>	<b>-</b>	<b>7,720</b>	<b>16,222</b>	<b>405,590</b>	<b>6,392,033</b>
Excess (deficiency) of receipts over disbursements	93,614	5,394	37,635	(16,222)	(296,032)	(611,869)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	47,501
Transfers out	-	-	(22,678)	-	-	(47,501)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(22,678)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	93,614	5,394	14,957	(16,222)	(296,032)	(611,869)
Cash and investments - beginning	-	-	-	16,222	415,174	1,309,849
Cash and investments - ending	\$ 93,614	\$ 5,394	\$ 14,957	\$ -	\$ 119,142	\$ 697,980
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 93,614	\$ 5,394	\$ 14,957	\$ -	\$ 119,142	\$ 697,980
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 93,614	\$ 5,394	\$ 14,957	\$ -	\$ 119,142	\$ 697,980

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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

	Preschool	School Lunch	Textbook Rental	Coop Administrative Hearing	Education License Plates	Safe Haven 05/06	Coop Donation
<b>Receipts:</b>							
Local sources	\$ 9,333	\$ 307,671	\$ 28,692	\$ -	\$ -	\$ -	\$ 2,500
Intermediate sources	-	-	-	-	338	-	-
State sources	39,951	8,375	47,158	-	-	10,950	-
Federal sources	-	263,093	-	-	-	-	-
<b>Total receipts</b>	<b>49,284</b>	<b>579,139</b>	<b>75,850</b>	<b>-</b>	<b>338</b>	<b>10,950</b>	<b>2,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	47,076	-	-	-	-	-	797
Support services	-	532,035	12,216	-	614	10,950	-
Community services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>47,076</b>	<b>532,035</b>	<b>12,216</b>	<b>-</b>	<b>614</b>	<b>10,950</b>	<b>797</b>
Excess (deficiency) of receipts over disbursements	2,208	47,104	63,634	-	(276)	-	1,703
<b>Other financing sources (uses):</b>							
Transfers in	-	-	10,968	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>10,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,208	47,104	74,602	-	(276)	-	1,703
Cash and investments - beginning	1,210	127,149	24,312	26,003	769	-	195
Cash and investments - ending	<u>\$ 3,418</u>	<u>\$ 174,253</u>	<u>\$ 98,914</u>	<u>\$ 26,003</u>	<u>\$ 493</u>	<u>\$ -</u>	<u>\$ 1,898</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	<u>\$ 3,418</u>	<u>\$ 174,253</u>	<u>\$ 98,914</u>	<u>\$ 26,003</u>	<u>\$ 493</u>	<u>\$ -</u>	<u>\$ 1,898</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	<u>\$ 3,418</u>	<u>\$ 174,253</u>	<u>\$ 98,914</u>	<u>\$ 26,003</u>	<u>\$ 493</u>	<u>\$ -</u>	<u>\$ 1,898</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	Insurance Stabilization	Interactive Technology Donation	Challenge Education	Dekko Coop Grant	Dekko Foundation Grant	Teacher Grant
Receipts:						
Local sources	\$ 4,351	\$ 2,767	\$ -	\$ 40,000	\$ -	\$ 7,300
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
	<u>4,351</u>	<u>2,767</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>7,300</u>
Total receipts						
Disbursements:						
Current:						
Instruction	41,153	9,804	70	3,207	756	5,865
Support services	-	2,966	-	40,000	-	4,581
Community services	-	-	-	-	-	-
	<u>41,153</u>	<u>12,770</u>	<u>70</u>	<u>43,207</u>	<u>756</u>	<u>10,446</u>
Total disbursements						
Excess (deficiency) of receipts over disbursements	<u>(36,802)</u>	<u>(10,003)</u>	<u>(70)</u>	<u>(3,207)</u>	<u>(756)</u>	<u>(3,146)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)						
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(36,802)</u>	<u>(10,003)</u>	<u>(70)</u>	<u>(3,207)</u>	<u>(756)</u>	<u>(3,146)</u>
Cash and investments - beginning	<u>139,935</u>	<u>11,819</u>	<u>70</u>	<u>3,207</u>	<u>1,633</u>	<u>10,289</u>
Cash and investments - ending	<u>\$ 103,133</u>	<u>\$ 1,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>\$ 7,143</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 103,133</u>	<u>\$ 1,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>\$ 7,143</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 103,133</u>	<u>\$ 1,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>\$ 7,143</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	Coop Excellence Program	CASE Program	Gifted and Talented 07/08	Special Ed State Agreements	Extra Curricular Activities	Non English Speaking Program
<b>Receipts:</b>						
Local sources	\$ -	\$ 29,447	\$ -	\$ -	\$ 2,310	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	31,770	38,580	-	811
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>29,447</b>	<b>31,770</b>	<b>38,580</b>	<b>2,310</b>	<b>811</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	542	-	14,872	32,450	10	200
Support services	-	32,698	-	-	-	-
Community services	-	-	-	-	2,212	-
<b>Total disbursements</b>	<b>542</b>	<b>32,698</b>	<b>14,872</b>	<b>32,450</b>	<b>2,222</b>	<b>200</b>
Excess (deficiency) of receipts over disbursements	(542)	(3,251)	16,898	6,130	88	611
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(542)	(3,251)	16,898	6,130	88	611
Cash and investments - beginning	966	16,256	-	-	57	384
Cash and investments - ending	\$ 424	\$ 13,005	\$ 16,898	\$ 6,130	\$ 145	\$ 995
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 424	\$ 13,005	\$ 16,898	\$ 6,130	\$ 145	\$ 995
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	\$ 424	\$ 13,005	\$ 16,898	\$ 6,130	\$ 145	\$ 995

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	Buddy System Program	Insurance Consortium	CAPE III	Title I 07/08	Title I School Imp. 07/08	Title I 06/07
<b>Receipts:</b>						
Local sources	\$ -	\$ 63,075	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	245,636	28,478	-
<b>Total receipts</b>	<b>-</b>	<b>63,075</b>	<b>-</b>	<b>245,636</b>	<b>28,478</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	38	3,328	18,748	158,137	26,817	41,478
Support services	-	54,652	-	12,967	1,661	7,688
Community services	-	-	-	948	-	5,523
<b>Total disbursements</b>	<b>38</b>	<b>57,980</b>	<b>18,748</b>	<b>172,052</b>	<b>28,478</b>	<b>54,689</b>
Excess (deficiency) of receipts over disbursements	(38)	5,095	(18,748)	73,584	-	(54,689)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	9,407	-	-
Transfers out	-	-	-	-	-	(9,407)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,407</b>	<b>-</b>	<b>(9,407)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38)	5,095	(18,748)	82,991	-	(64,096)
Cash and investments - beginning	38	3,193	18,748	-	-	64,096
Cash and investments - ending	\$ -	\$ 8,288	\$ -	\$ 82,991	\$ -	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 8,288	\$ -	\$ 82,991	\$ -	\$ -
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	\$ -	\$ 8,288	\$ -	\$ 82,991	\$ -	\$ -

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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 V, A 07/08	Title V, A 05/06	Title V, A 06/07	PL 108-446 Preschool 07/08	Title IV, A 06/07	Title IV, A 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	2,331	-	-	145,813	-	5,101
<b>Total receipts</b>	<b>2,331</b>	<b>-</b>	<b>-</b>	<b>145,813</b>	<b>-</b>	<b>5,101</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	3,615	-	2,060	135,093	-	-
Support services	5,592	3,505	6,322	2,479	2,657	79
Community services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>9,207</b>	<b>3,505</b>	<b>8,382</b>	<b>137,572</b>	<b>2,657</b>	<b>79</b>
Excess (deficiency) of receipts over disbursements	(6,876)	(3,505)	(8,382)	8,241	(2,657)	5,022
<b>Other financing sources (uses):</b>						
Transfers in	26,438	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,551)
<b>Total other financing sources (uses)</b>	<b>26,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,551)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,562	(3,505)	(8,382)	8,241	(2,657)	2,471
Cash and investments - beginning	-	3,505	8,382	-	2,657	-
Cash and investments - ending	<u>\$ 19,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,241</u>	<u>\$ -</u>	<u>\$ 2,471</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 19,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,241</u>	<u>\$ -</u>	<u>\$ 2,471</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 19,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,241</u>	<u>\$ -</u>	<u>\$ 2,471</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 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)

	PL 108-446 IDEA 06/07	COPS 2006	Title II, A 06/07	Title II, A 07/08	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 102,324	\$ 599,770
Intermediate sources	-	-	-	-	-	338
State sources	-	41,756	-	-	-	219,351
Federal sources	1,754,837	-	-	47,774	-	2,493,063
<b>Total receipts</b>	<b>1,754,837</b>	<b>41,756</b>	<b>-</b>	<b>47,774</b>	<b>102,324</b>	<b>3,312,522</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,813,698	-	1,521	3,164	-	2,364,499
Support services	34,753	47,150	13,436	7,135	190,062	1,026,198
Community services	-	-	-	-	-	8,683
<b>Total disbursements</b>	<b>1,848,451</b>	<b>47,150</b>	<b>14,957</b>	<b>10,299</b>	<b>190,062</b>	<b>3,399,380</b>
Excess (deficiency) of receipts over disbursements	(93,614)	(5,394)	(14,957)	37,475	(87,738)	(86,858)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	46,813
Transfers out	-	-	-	(23,887)	-	(35,845)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,887)</b>	<b>-</b>	<b>10,968</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(93,614)	(5,394)	(14,957)	13,588	(87,738)	(75,890)
Cash and investments - beginning	93,614	5,394	14,957	-	119,142	697,980
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 13,588	\$ 31,404	\$ 622,090
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 13,588	\$ 31,404	\$ 622,090
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	\$ -	\$ -	\$ -	\$ 13,588	\$ 31,404	\$ 622,090

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2007

	Payroll Clearing	Prepaid Student Lunch Fees	Totals
Cash and investments fund balance - ending	\$ 50	\$ 4,921	\$ 4,971

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended June 30, 2008

	Payroll Clearing	Prepaid Student Lunch Fees	Totals
Cash and investments fund balance - ending	\$ -	\$ 5,298	\$ 5,298

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 874,510
Construction in progress	350,000
Buildings	27,279,086
Improvements other than buildings	374,758
Machinery and equipment	<u>6,778,143</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 35,656,497</u>

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

June 30, 2008

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital lease:		
Building construction/renovation	\$ 19,780,000	\$ 1,651,793
Energy savings certificates of participation	485,000	502,273
Temporary loans payable	<u>3,328,525</u>	<u>3,328,525</u>
Total governmental activities debt	<u>\$ 23,593,525</u>	<u>\$ 5,482,591</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE DEKALB COUNTY EASTERN  
COMMUNITY SCHOOL DISTRICT, DEKALB COUNTY, INDIANA

Compliance

We have audited the compliance of the DeKalb County Eastern Community School District (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

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

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

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

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.

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 30, 2009

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 29,217	\$ 42,283
National School Lunch Program	10.555		200,108	266,441
Total for cluster			<u>229,325</u>	<u>308,724</u>
Total for federal grantor agency			<u>229,325</u>	<u>308,724</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-046-PN01	1,300	-
		14206-046-PN01	2,118,630	-
		14207-046-PN01	2,549,886	1,848,451
		14208-046-PN01	-	2,991,789
Total for program			<u>4,669,816</u>	<u>4,840,240</u>
Special Education - Preschool Grants	84.173			
		45707-046-PN01	146,940	-
		45708-046-PN01	-	137,572
Total for program			<u>146,940</u>	<u>137,572</u>
Total for cluster			<u>4,816,756</u>	<u>4,977,812</u>
Title I Grants to Local Education Agencies	84.010			
		06-1805	56,382	-
		07-1805-1	153,683	54,689
		07-1805	13,118	-
		08-1805-1	-	172,052
		08-1805	-	28,478
Total for program			<u>223,183</u>	<u>255,219</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		1805-06	2,525	2,657
		1805-07	-	79
Total for program			<u>2,525</u>	<u>2,736</u>
Innovative Education Program Strategies	84.298			
		05-016	19,365	3,505
		06-1805	16,682	8,382
		07-1805	-	9,206
Total for program			<u>36,047</u>	<u>21,093</u>
Improving Teacher Quality - State Grants	84.367			
		05-014	16,222	-
		06-1805	7,721	14,957
		07-1805	-	10,299
Total for program			<u>23,943</u>	<u>25,256</u>
Total for federal grantor agency			<u>5,102,454</u>	<u>5,282,116</u>
Total federal awards expended			<u>\$ 5,331,779</u>	<u>\$ 5,590,840</u>

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

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
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 DeKalb County Eastern Community School District (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
School Breakfast Program	10.553	\$ 5,905	\$ 6,250
National School Lunch Program	10.555	40,442	39,381

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
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

Special Education Cluster  
Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

DEKALB COUNTY EASTERN COMMUNITY SCHOOL DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2009, with Dr. Jeffrey Stephens, Superintendent of Schools; and Philip Carpenter, Treasurer. Our audit disclosed no material items that warrant comment at this time.