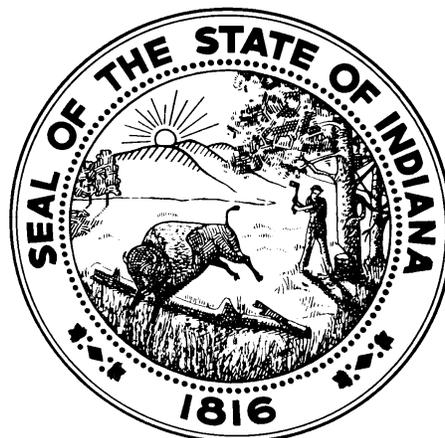


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

SOUTH DEARBORN COMMUNITY
SCHOOL CORPORATION
DEARBORN COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED
06/10/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shirley J. Retherford	07-01-06 to 06-30-09
Superintendent of Schools	Thomas L. Book	07-01-06 to 06-30-09
President of the School Board	Karla Raab Daryl Cutter Patricia Rahe	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 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 SOUTH DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Dearborn 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 April 1, 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, 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

April 1, 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 SOUTH DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Dearborn 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 April 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated April 1, 2009.

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

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

STATE BOARD OF ACCOUNTS

April 1, 2009

SOUTH DEARBORN 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>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 11,653,045	\$ -	\$ 90,884	\$ (11,562,161)
Support services	10,143,245	587,383	440,414	(9,115,448)
Community services	298,697	-	-	(298,697)
Nonprogrammed charges	3,381,467	-	-	(3,381,467)
Debt service	<u>6,055,537</u>	<u>-</u>	<u>-</u>	<u>(6,055,537)</u>
Total governmental activities	<u>\$ 31,531,991</u>	<u>\$ 587,383</u>	<u>\$ 531,298</u>	<u>(30,413,310)</u>
General receipts:				
Property taxes				8,118,579
Other local sources				2,987,129
State aid				12,736,611
Bonds and loans				2,725,907
Grants and contributions not restricted to specific programs				981,333
Sale of property, adjustments, and refunds				147,563
Investment earnings				<u>232,805</u>
Total general receipts				<u>27,929,927</u>
Change in net assets				(2,483,383)
Net assets - beginning				<u>9,322,159</u>
Net assets - ending				<u>\$ 6,838,776</u>
<u>Assets</u>				
Cash and investments				\$ 4,281,377
Restricted assets:				
Cash and investments				<u>2,557,399</u>
Total assets				<u>\$ 6,838,776</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 229,763
Other purposes				2,327,636
Unrestricted				<u>4,281,377</u>
Total net assets				<u>\$ 6,838,776</u>

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

SOUTH DEARBORN 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>Totals</u>
		Charges for Services	Operating Grants and Contributions	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 12,204,866	\$ -	\$ 127,621	\$ (12,077,245)
Support services	8,748,579	629,815	490,387	(7,628,377)
Community services	314,553	-	-	(314,553)
Nonprogrammed charges	3,632,482	-	-	(3,632,482)
Debt service	8,919,814	-	-	(8,919,814)
Total governmental activities	\$ 33,820,294	\$ 629,815	\$ 618,008	(32,572,471)
General receipts:				
Property taxes				6,918,774
Other local sources				3,793,398
State aid				12,315,453
Bonds and loans				6,462,513
Grants and contributions not restricted to specific programs				752,095
Sale of property, adjustments, and refunds				5,184
Investment earnings				129,374
Total general receipts				30,376,791
Change in net assets				(2,195,680)
Net assets - beginning				6,838,776
Net assets - ending				\$ 4,643,096
<u>Assets</u>				
Cash and investments				\$ 1,537,579
Restricted assets:				
Cash and investments				3,105,517
Total assets				\$ 4,643,096
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 648,890
Other purposes				2,456,627
Unrestricted				1,537,579
Total net assets				\$ 4,643,096

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

SOUTH DEARBORN 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	Textbook Rental	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:										
Local sources	\$ 5,507,226	\$ 1,670,932	\$ 579,194	\$ 304,444	\$ -	\$ 3,250,419	\$ 179,197	\$ -	\$ 196,003	\$ 11,687,415
Intermediate sources	237,711	-	-	-	-	-	-	-	769	238,480
State sources	12,811,632	-	18,909	76,444	-	-	-	-	232,386	13,139,371
Federal sources	-	-	345,061	-	-	-	-	-	764,811	1,109,872
Bonds and loans	2,473,330	252,577	-	-	-	-	-	-	-	2,725,907
Sale of property, adjustments and refunds	131,785	-	-	15,778	-	-	-	-	-	147,563
Total receipts	21,161,684	1,923,509	943,164	396,666	-	3,250,419	179,197	-	1,193,969	29,048,608
Disbursements:										
Current:										
Instruction	11,353,428	-	-	-	-	-	-	-	604,462	11,957,890
Support services	4,073,757	1,301,914	990,089	332,783	-	-	3,398,086	-	51,267	10,147,896
Community services	294,343	-	-	-	-	-	-	-	4,354	298,697
Nonprogrammed charges	1,118,249	-	-	-	-	-	-	-	125,000	1,243,249
Debt services	1,525,339	328,733	-	-	-	3,751,976	-	-	449,489	6,055,537
Total disbursements	18,365,116	1,630,647	990,089	332,783	-	3,751,976	3,398,086	-	1,234,572	29,703,269
Excess (deficiency) of receipts over disbursements	2,796,568	292,862	(46,925)	63,883	-	(501,557)	(3,218,889)	-	(40,603)	(654,661)
Other financing sources (uses):										
Transfers in	332,112	-	-	-	1,131,854	-	-	-	-	1,463,966
Transfers out	(1,587,441)	(160,889)	(4,572)	-	(815,446)	(398,742)	(66,074)	-	(63,410)	(3,096,574)
Total other financing sources (uses)	(1,255,329)	(160,889)	(4,572)	-	316,408	(398,742)	(66,074)	-	(63,410)	(1,632,608)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,541,239	131,973	(51,497)	63,883	316,408	(900,299)	(3,284,963)	-	(104,013)	(2,287,269)
Cash and investments - beginning	1,011,190	302,433	180,339	138,204	-	1,175,119	3,475,493	64,417	451,214	6,798,409
Cash and investments - ending	\$ 2,552,429	\$ 434,406	\$ 128,842	\$ 202,087	\$ 316,408	\$ 274,820	\$ 190,530	\$ 64,417	\$ 347,201	4,511,140
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										2,327,636
Net assets of governmental activities										\$ 6,838,776
Cash and Investment Assets - Ending										
Cash and investments	\$ 2,552,429	\$ 434,406	\$ 128,842	\$ 202,087	\$ 316,408	\$ -	\$ 190,530	\$ 64,417	\$ 392,258	\$ 4,281,377
Restricted assets:										
Cash and investments	-	-	-	-	-	274,820	-	-	(45,057)	229,763
Total cash and investment assets - ending	\$ 2,552,429	\$ 434,406	\$ 128,842	\$ 202,087	\$ 316,408	\$ 274,820	\$ 190,530	\$ 64,417	\$ 347,201	\$ 4,511,140
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,820	\$ -	\$ -	\$ (45,057)	\$ 229,763
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,552,429	434,406	128,842	202,087	316,408	-	190,530	64,417	392,258	4,281,377
Total cash and investment fund balance - ending	\$ 2,552,429	\$ 434,406	\$ 128,842	\$ 202,087	\$ 316,408	\$ 274,820	\$ 190,530	\$ 64,417	\$ 347,201	\$ 4,511,140

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

SOUTH DEARBORN 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	Textbook Rental	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:										
Local sources	\$ 5,773,776	\$ 1,250,393	\$ 619,334	\$ 311,733	\$ -	\$ 2,265,085	\$ 213,414	\$ 219,118	\$ 605,987	\$ 11,258,840
Intermediate sources	212,448	-	-	-	-	-	-	-	75	212,523
State sources	12,404,204	-	17,980	80,356	-	-	-	-	128,521	12,631,061
Federal sources	-	-	392,051	-	-	-	-	-	662,442	1,054,493
Bonds and loans	3,912,359	413,494	-	-	-	2,136,660	-	-	-	6,462,513
Sale of property, adjustments and refunds	-	-	-	5,184	-	-	-	-	-	5,184
Total receipts	22,302,787	1,663,887	1,029,365	397,273	-	4,401,745	213,414	219,118	1,397,025	31,624,614
Disbursements:										
Current:										
Instruction	11,765,445	-	-	-	-	-	-	-	812,663	12,578,108
Support services	4,280,657	1,625,094	1,018,476	313,829	-	-	1,468,947	-	44,462	8,751,465
Community services	314,255	-	-	-	-	-	-	-	298	314,553
Nonprogrammed charges	1,146,426	-	-	-	-	-	-	-	217,642	1,364,068
Debt services	4,465,330	252,577	-	-	-	3,980,153	-	-	221,754	8,919,814
Total disbursements	21,972,113	1,877,671	1,018,476	313,829	-	3,980,153	1,468,947	-	1,296,819	31,928,008
Excess (deficiency) of receipts over disbursements	330,674	(213,784)	10,889	83,444	-	421,592	(1,255,533)	219,118	100,206	(303,394)
Other financing sources (uses):										
Transfers out	(1,931,053)	(11,835)	(5,377)	-	-	-	-	-	(73,012)	(2,021,277)
Total other financing sources (uses)	(1,931,053)	(11,835)	(5,377)	-	-	-	-	-	(73,012)	(2,021,277)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,600,379)	(225,619)	5,512	83,444	-	421,592	(1,255,533)	219,118	27,194	(2,324,671)
Cash and investments - beginning	2,552,429	434,406	128,842	202,087	316,408	274,820	190,530	64,417	347,201	4,511,140
Cash and investments - ending	\$ 952,050	\$ 208,787	\$ 134,354	\$ 285,531	\$ 316,408	\$ 696,412	\$ (1,065,003)	\$ 283,535	\$ 374,395	2,186,469
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										2,456,627
Net assets of governmental activities										\$ 4,643,096
Cash and Investment Assets - Ending										
Cash and investments	\$ 952,050	\$ 208,787	\$ 134,354	\$ 285,531	\$ 316,408	\$ -	\$ (1,065,003)	\$ 283,535	\$ 421,917	\$ 1,537,579
Restricted assets:										
Cash and investments	-	-	-	-	-	696,412	-	-	(47,522)	648,890
Total cash and investment assets - ending	\$ 952,050	\$ 208,787	\$ 134,354	\$ 285,531	\$ 316,408	\$ 696,412	\$ (1,065,003)	\$ 283,535	\$ 374,395	\$ 2,186,469
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,412	\$ -	\$ -	\$ (47,522)	\$ 648,890
Unrestricted	952,050	208,787	134,354	285,531	316,408	-	(1,065,003)	283,535	421,917	1,537,579
Total cash and investment fund balance - ending	\$ 952,050	\$ 208,787	\$ 134,354	\$ 285,531	\$ 316,408	\$ 696,412	\$ (1,065,003)	\$ 283,535	\$ 374,395	\$ 2,186,469

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 309,496
Operating disbursements:	
Insurance claims and expense	<u>2,138,218</u>
Deficiency of operating receipts over operating disbursements	(1,828,722)
Transfers in	<u>1,632,608</u>
Change in net assets	(196,114)
Cash and investment fund balance - beginning	<u>2,523,750</u>
Cash and investment fund balance - ending	<u>\$ 2,327,636</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,327,636</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,327,636</u>

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 376,128
Operating disbursements:	
Insurance claims and expense	<u>2,268,414</u>
Deficiency of operating receipts over operating disbursements	(1,892,286)
Transfers in	<u>2,021,277</u>
Change in net assets	128,991
Cash and investment fund balance - beginning	<u>2,327,636</u>
Cash and investment fund balance - ending	<u>\$ 2,456,627</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,456,627</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,456,627</u>

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

SOUTH DEARBORN 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 Funds
Additions:			
Contributions:			
Other	\$ -	\$ 50,852	
Investment earnings:			
Interest	<u>23,129</u>	<u>14,472</u>	
Total additions	<u>23,129</u>	<u>65,324</u>	
Deductions:			
Benefits	238,985	-	
Administrative and general	<u>-</u>	<u>85,347</u>	
Total deductions	<u>238,985</u>	<u>85,347</u>	
Excess (deficiency) of total additions over total deductions	(215,856)	(20,023)	
Cash and investment fund balance - beginning	<u>368,442</u>	<u>383,367</u>	
Cash and investment fund balance - ending	<u>\$ 152,586</u>	<u>\$ 363,344</u>	<u>\$ 133,140</u>
Net assets:			
Cash and investments	<u>\$ 152,586</u>	<u>\$ 363,344</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 152,586</u>	<u>\$ 363,344</u>	

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ 9,279	\$ 72,705	
Investment earnings:			
Interest	4,124	14,492	
Total additions	13,403	87,197	
Deductions:			
Benefits			
Administrative and general	172,009	-	
	-	77,655	
Total deductions	172,009	77,655	
Excess (deficiency) of total additions over total deductions	(158,606)	9,542	
Cash and investment fund balance - beginning	152,586	363,344	
Cash and investment fund balance - ending	\$ (6,020)	\$ 372,886	\$ 17,194
Net assets:			
Cash and investments	\$ (6,020)	\$ 372,886	
Total net assets - cash and investment basis held in trust	\$ (6,020)	\$ 372,886	

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

SOUTH DEARBORN 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.

These financial statements present the School Corporation (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 seven other school corporations in a joint venture to operate Ripley-Ohio-Dearbourn Special Education Cooperative (Co-op) which was created to provide educational services to handicapped students. The School Corporation is obligated by contract to remit \$1,161,162 annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from the Co-op's administrative office at Sunman Dearborn Community School Corporation, Sunman, Indiana.

The School Corporation is a participant with nine other school corporations in a joint venture to operate the Southeastern Career center (Career Center) which was created to provide vocational educational services. The School Corporation is obligated by contract to remit \$281,905 annually to supplement the Career Center. Complete financial statements for the Career Center can be obtained from the Career Center's administration office in Versailles, Indiana.

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. However, there are no business-type activities to report at this time.

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,

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The school lunch fund is used to account for receipts and disbursements for the food service program.

The textbook rental fund is used to account for receipts of fees collected for rent of textbooks and workbooks furnished to students and disbursements for purchase and repair of textbooks and workbooks furnished to students.

The levy excess fund is used to account for property taxes received which exceed 102% of the ad valorem property tax levy.

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.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical claims of the School Corporation's employees.

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of the School Corporation.

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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. The School Corporation has one internal service fund for self-insurance health insurance. This fund is supported by a charge to all funds that incur a salary expense.

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.

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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide 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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
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

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2007
Special Education Preschool	\$ 166,188
Retirement/Severance Bond Debt	296,518
Total	\$ 462,706

These disbursements were funded by greater than anticipated receipts in the Retirement/Severance Bond Debt Fund and the Special Education Preschool Fund.

C. Cash and Investment Balance Deficits

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

Fund	2006-07	2007-08
Retirement/Severance Bond Debt	\$ 45,057	\$ 47,522
Capital Project Fund	-	1,065,003
Retirement/Severance Bond	-	6,020

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

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

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

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

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

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

Transfer From	Transfer To	2006-07	2007-08
General Fund	Levy Excess	\$ 483,334	\$ -
General Fund	Internal Service Fund	1,587,441	1,931,053
Levy Excess	General Fund	332,112	-
Transportation	Levy Excess	160,889	-
Debt Service	Levy Excess	398,742	-
Capital Projects	Levy Excess	66,074	-
School Lunch	Internal Service Fund	4,572	5,377
Transportation	Internal Service Fund	-	11,835
Other governmental funds	Levy Excess	22,815	-
Other governmental funds	Internal Service Fund	40,595	73,012
Totals		<u>\$ 3,096,574</u>	<u>\$ 2,021,277</u>

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

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

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

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Governmental funds	\$ 6,794,921	\$ 3,488	\$ 6,798,409
Private-Purpose funds	386,855	(3,488)	383,367

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; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$85,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund gross wages, and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with Moores Hill School Building Corporation (lessor), National City Bank of Indiana (lessor), and Aurora School Building Corporation (lessor). The lessors were organized as not-for-profit corporations, a for profit corporation, and a not-for-profit corporation, respectively, pursuant to the state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2008, totaled \$2,592,244.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plans

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

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 143,334
Interest on net pension obligation	(1,655)
Adjustment to annual required contribution	1,886
Annual pension cost	143,565
Contributions made	126,039
Increase (decrease) in net pension obligation	17,526
Net pension obligation, beginning of year	(22,825)
Net pension obligation, end of year	\$ (5,299)

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	6.25%
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

<u>Actuarial Assumptions</u>	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	\$ 113,872	105%	\$ (18,973)
	06-30-06	118,418	103%	(22,825)
	06-30-07	143,565	88%	(5,299)

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.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation 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 \$348,960, \$305,145, and \$311,628, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

SOUTH DEARBORN 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	\$ 1,957,661	\$ 2,069,645	\$ (111,984)	95%	\$ 1,972,603	(6%)
07-01-06	2,079,560	2,214,689	(135,129)	94%	2,002,767	(7%)
07-01-07	2,349,335	2,369,166	(19,831)	99%	2,011,721	(1%)

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

	Special Education Preschool	Education License Plates	School Haven Safety	Safe Haven Grant	Rising Sun Regional Foundation Grant	Morrison Estate
Receipts:						
Local sources	\$ 12,681	\$ -	\$ 2,084	\$ -	\$ 7,800	\$ 140
Intermediate sources	-	769	-	-	-	-
State sources	99,759	-	-	3,000	-	-
Federal sources	-	-	-	-	-	-
Total receipts	112,440	769	2,084	3,000	7,800	140
Disbursements:						
Current:						
Instruction	-	-	161	3,000	2,119	-
Support services	-	-	-	-	30,300	486
Community services	-	-	-	-	2,800	-
Nonprogrammed charges	125,000	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	125,000	-	161	3,000	35,219	486
Excess (deficiency) of receipts over disbursements	(12,560)	769	1,923	-	(27,419)	(346)
Other financing sources (uses):						
Transfers out	(1,556)	-	-	-	-	-
Total other financing sources (uses)	(1,556)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,116)	769	1,923	-	(27,419)	(346)
Cash and investments - beginning	132,442	9,244	(1,113)	-	32,420	3,487
Cash and investments - ending	<u>\$ 118,326</u>	<u>\$ 10,013</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 5,001</u>	<u>\$ 3,141</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 118,326	\$ 10,013	\$ 810	\$ -	\$ 5,001	\$ 3,141
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 118,326</u>	<u>\$ 10,013</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 5,001</u>	<u>\$ 3,141</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	118,326	10,013	810	-	5,001	3,141
Total cash and investment fund balance - ending	<u>\$ 118,326</u>	<u>\$ 10,013</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 5,001</u>	<u>\$ 3,141</u>

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

SOUTH DEARBORN 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)

	Gifted and Talented 2006-07	Gifted and Talented 2007-08	Non English Speaking Program	School Technology	Buddy System Project	Technology Plan Grant Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	15,844	-	20	-	4,000	109,763
Federal sources	-	-	-	-	-	-
Total receipts	15,844	-	20	-	4,000	109,763
Disbursements:						
Current:						
Instruction	14,374	6,951	-	-	-	-
Support services	1,470	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	15,844	6,951	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(6,951)	20	-	4,000	109,763
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,951)	20	-	4,000	109,763
Cash and investments - beginning	-	6,951	166	1,840	-	-
Cash and investments - ending	\$ -	\$ -	\$ 186	\$ 1,840	\$ 4,000	\$ 109,763
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 186	\$ 1,840	\$ 4,000	\$ 109,763
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 186	\$ 1,840	\$ 4,000	\$ 109,763
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	186	1,840	4,000	109,763
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 186	\$ 1,840	\$ 4,000	\$ 109,763

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

SOUTH DEARBORN 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 2005-2006	Title I 2006-07	Title V Part A 2005-06	DFSC PL 107-110	DFSC Project 04-160
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	50,000	391,187	9,772	7,715	-
Total receipts	<u>50,000</u>	<u>391,187</u>	<u>9,772</u>	<u>7,715</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	8,337	282,052	973	6,166	8,869
Support services	-	5,447	8,586	-	-
Community services	-	1,554	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>8,337</u>	<u>289,053</u>	<u>9,559</u>	<u>6,166</u>	<u>8,869</u>
Excess (deficiency) of receipts over disbursements	<u>41,663</u>	<u>102,134</u>	<u>213</u>	<u>1,549</u>	<u>(8,869)</u>
Other financing sources (uses):					
Transfers out	(149)	(33,116)	-	-	-
Total other financing sources (uses)	<u>(149)</u>	<u>(33,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,514	69,018	213	1,549	(8,869)
Cash and investments - beginning	<u>(41,514)</u>	<u>-</u>	<u>-</u>	<u>7,714</u>	<u>8,869</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 69,018</u>	<u>\$ 213</u>	<u>\$ 9,263</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 69,018	\$ 213	\$ 9,263	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 69,018</u>	<u>\$ 213</u>	<u>\$ 9,263</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	69,018	213	9,263	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 69,018</u>	<u>\$ 213</u>	<u>\$ 9,263</u>	<u>\$ -</u>

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

SOUTH DEARBORN 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)

	Federal Medicaid Reimbursement	Title II Part A	Title II Part D	Retirement/ Severance Bond Debt	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 173,298	\$ 196,003
Intermediate sources	-	-	-	-	769
State sources	-	-	-	-	232,386
Federal sources	-	122,737	183,400	-	764,811
	<u>-</u>	<u>122,737</u>	<u>183,400</u>	<u>173,298</u>	<u>1,193,969</u>
Total receipts					
	<u>-</u>	<u>122,737</u>	<u>183,400</u>	<u>173,298</u>	<u>1,193,969</u>
Disbursements:					
Current:					
Instruction	3,712	106,579	161,169	-	604,462
Support services	-	520	4,458	-	51,267
Community services	-	-	-	-	4,354
Nonprogrammed charges	-	-	-	-	125,000
Debt services	-	-	-	449,489	449,489
	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,489</u>	<u>449,489</u>
Total disbursements					
	<u>3,712</u>	<u>107,099</u>	<u>165,627</u>	<u>449,489</u>	<u>1,234,572</u>
Excess (deficiency) of receipts over disbursements					
	<u>(3,712)</u>	<u>15,638</u>	<u>17,773</u>	<u>(276,191)</u>	<u>(40,603)</u>
Other financing sources (uses):					
Transfers out	-	(7,330)	-	(21,259)	(63,410)
	<u>-</u>	<u>(7,330)</u>	<u>-</u>	<u>(21,259)</u>	<u>(63,410)</u>
Total other financing sources (uses)					
	<u>-</u>	<u>(7,330)</u>	<u>-</u>	<u>(21,259)</u>	<u>(63,410)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	(3,712)	8,308	17,773	(297,450)	(104,013)
Cash and investments - beginning					
	<u>26,432</u>	<u>3,037</u>	<u>8,846</u>	<u>252,393</u>	<u>451,214</u>
Cash and investments - ending					
	<u>\$ 22,720</u>	<u>\$ 11,345</u>	<u>\$ 26,619</u>	<u>\$ (45,057)</u>	<u>\$ 347,201</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 22,720	\$ 11,345	\$ 26,619	\$ -	\$ 392,258
Restricted assets:					
Cash and investments	-	-	-	(45,057)	(45,057)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,057)</u>	<u>(45,057)</u>
Total cash and investment assets - ending					
	<u>\$ 22,720</u>	<u>\$ 11,345</u>	<u>\$ 26,619</u>	<u>\$ (45,057)</u>	<u>\$ 347,201</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (45,057)	\$ (45,057)
Unrestricted	22,720	11,345	26,619	-	392,258
	<u>22,720</u>	<u>11,345</u>	<u>26,619</u>	<u>-</u>	<u>392,258</u>
Total cash and investment fund balance - ending					
	<u>\$ 22,720</u>	<u>\$ 11,345</u>	<u>\$ 26,619</u>	<u>\$ (45,057)</u>	<u>\$ 347,201</u>

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

SOUTH DEARBORN 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

	Special Education Preschool	Education License Plates	School Haven Safety	Rising Sun Regional Foundation Grant	Morrison Estate	State High Ability Grant
Receipts:						
Local sources	\$ 9,663	\$ -	\$ -	\$ 29,849	\$ 194	\$ 3,540
Intermediate sources	-	75	-	-	-	-
State sources	89,653	-	-	-	-	38,382
Federal sources	-	-	-	-	-	-
Total receipts	99,316	75	-	29,849	194	41,922
Disbursements:						
Current:						
Instruction	-	-	-	25,298	-	37,330
Support services	-	-	102	5,675	-	1,909
Community services	-	-	-	-	-	-
Nonprogrammed charges	217,642	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	217,642	-	102	30,973	-	39,239
Excess (deficiency) of receipts over disbursements	(118,326)	75	(102)	(1,124)	194	2,683
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(118,326)	75	(102)	(1,124)	194	2,683
Cash and investments - beginning	118,326	10,013	810	5,001	3,141	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 10,088</u>	<u>\$ 708</u>	<u>\$ 3,877</u>	<u>\$ 3,335</u>	<u>\$ 2,683</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 10,088	\$ 708	\$ 3,877	\$ 3,335	\$ 2,683
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 10,088</u>	<u>\$ 708</u>	<u>\$ 3,877</u>	<u>\$ 3,335</u>	<u>\$ 2,683</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	10,088	708	3,877	3,335	2,683
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 10,088</u>	<u>\$ 708</u>	<u>\$ 3,877</u>	<u>\$ 3,335</u>	<u>\$ 2,683</u>

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

SOUTH DEARBORN 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)

	City of Lawrenceburg Gifted and Talented Grant	Non English Speaking Program	School Technology	Buddy System Project	Technology Plan Grant Program	Title I 2006-07
Receipts:						
Local sources	\$ 343,452	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	486	-	-	-	-
Federal sources	-	-	-	-	-	45,012
Total receipts	343,452	486	-	-	-	45,012
Disbursements:						
Current:						
Instruction	103,825	-	-	4,000	22,895	102,948
Support services	25,271	-	-	-	130	515
Community services	-	-	-	-	-	207
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	129,096	-	-	4,000	23,025	103,670
Excess (deficiency) of receipts over disbursements	214,356	486	-	(4,000)	(23,025)	(58,658)
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(10,360)
Total other financing sources (uses)	-	-	-	-	-	(10,360)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	214,356	486	-	(4,000)	(23,025)	(69,018)
Cash and investments - beginning	-	186	1,840	4,000	109,763	69,018
Cash and investments - ending	\$ 214,356	\$ 672	\$ 1,840	\$ -	\$ 86,738	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 214,356	\$ 672	\$ 1,840	\$ -	\$ 86,738	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 214,356	\$ 672	\$ 1,840	\$ -	\$ 86,738	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	214,356	672	1,840	-	86,738	-
Total cash and investment fund balance - ending	\$ 214,356	\$ 672	\$ 1,840	\$ -	\$ 86,738	\$ -

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

SOUTH DEARBORN 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 I 2007-08	Title V Part A	Title V Part A	DFSC PL 107-110	Title IV Part A
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	459,423	9,481	-	11,169	11,043
Total receipts	<u>459,423</u>	<u>9,481</u>	<u>-</u>	<u>11,169</u>	<u>11,043</u>
Disbursements:					
Current:					
Instruction	360,495	513	39	12,926	358
Support services	5,760	4,269	174	-	-
Community services	91	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>366,346</u>	<u>4,782</u>	<u>213</u>	<u>12,926</u>	<u>358</u>
Excess (deficiency) of receipts over disbursements	<u>93,077</u>	<u>4,699</u>	<u>(213)</u>	<u>(1,757)</u>	<u>10,685</u>
Other financing sources (uses):					
Transfers out	(62,652)	-	-	-	-
Total other financing sources (uses)	<u>(62,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,425	4,699	(213)	(1,757)	10,685
Cash and investments - beginning	-	-	213	9,263	-
Cash and investments - ending	<u>\$ 30,425</u>	<u>\$ 4,699</u>	<u>\$ -</u>	<u>\$ 7,506</u>	<u>\$ 10,685</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 30,425	\$ 4,699	\$ -	\$ 7,506	\$ 10,685
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 30,425</u>	<u>\$ 4,699</u>	<u>\$ -</u>	<u>\$ 7,506</u>	<u>\$ 10,685</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	30,425	4,699	-	7,506	10,685
Total cash and investment fund balance - ending	<u>\$ 30,425</u>	<u>\$ 4,699</u>	<u>\$ -</u>	<u>\$ 7,506</u>	<u>\$ 10,685</u>

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

SOUTH DEARBORN 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)

	Federal Medicaid Reimbursement	Title II Part A	Title II Part D	Retirement/ Severance Bond Debt	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 219,289	\$ 605,987
Intermediate sources	-	-	-	-	75
State sources	-	-	-	-	128,521
Federal sources	-	126,314	-	-	662,442
Total receipts	-	126,314	-	219,289	1,397,025
Disbursements:					
Current:					
Instruction	5,048	113,313	23,675	-	812,663
Support services	-	-	657	-	44,462
Community services	-	-	-	-	298
Nonprogrammed charges	-	-	-	-	217,642
Debt services	-	-	-	221,754	221,754
Total disbursements	5,048	113,313	24,332	221,754	1,296,819
Excess (deficiency) of receipts over disbursements	(5,048)	13,001	(24,332)	(2,465)	100,206
Other financing sources (uses):					
Transfers out	-	-	-	-	(73,012)
Total other financing sources (uses)	-	-	-	-	(73,012)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,048)	13,001	(24,332)	(2,465)	27,194
Cash and investments - beginning	22,720	11,345	26,619	(45,057)	347,201
Cash and investments - ending	<u>\$ 17,672</u>	<u>\$ 24,346</u>	<u>\$ 2,287</u>	<u>\$ (47,522)</u>	<u>\$ 374,395</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 17,672	\$ 24,346	\$ 2,287	\$ -	\$ 421,917
Restricted assets:					
Cash and investments	-	-	-	(47,522)	(47,522)
Total cash and investment assets - ending	<u>\$ 17,672</u>	<u>\$ 24,346</u>	<u>\$ 2,287</u>	<u>\$ (47,522)</u>	<u>\$ 374,395</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (47,522)	\$ (47,522)
Unrestricted	17,672	24,346	2,287	-	421,917
Total cash and investment fund balance - ending	<u>\$ 17,672</u>	<u>\$ 24,346</u>	<u>\$ 2,287</u>	<u>\$ (47,522)</u>	<u>\$ 374,395</u>

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

SOUTH DEARBORN 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

	Donations	Dearborn County Community Foundation	Scholarships	K.E. Pitts Library Memorial	Indiana Next Leadership Grant	Totals
Additions:						
Contributions:						
Other	\$ 4,000	\$ 43,752	\$ 1,380	\$ 1,720	\$ -	\$ 50,852
Investment earnings:						
Interest	-	-	14,402	70	-	14,472
 Total additions	<u>4,000</u>	<u>43,752</u>	<u>15,782</u>	<u>1,790</u>	<u>-</u>	<u>65,324</u>
Deductions:						
Administrative and general	<u>3,707</u>	<u>66,052</u>	<u>13,852</u>	<u>1,736</u>	<u>-</u>	<u>85,347</u>
Excess (deficiency) of total additions over total deductions	293	(22,300)	1,930	54	-	(20,023)
Cash and investment fund balance - beginning	-	100,000	280,943	1,813	611	383,367
Cash and investments - June 30	<u>\$ 293</u>	<u>\$ 77,700</u>	<u>\$ 282,873</u>	<u>\$ 1,867</u>	<u>\$ 611</u>	<u>\$ 363,344</u>
Net assets:						
Cash and investments	<u>\$ 293</u>	<u>\$ 77,700</u>	<u>\$ 282,873</u>	<u>\$ 1,867</u>	<u>\$ 611</u>	<u>\$ 363,344</u>
Total net assets - cash and investment basis held in trust	<u>\$ 293</u>	<u>\$ 77,700</u>	<u>\$ 282,873</u>	<u>\$ 1,867</u>	<u>\$ 611</u>	<u>\$ 363,344</u>

SOUTH DEARBORN 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

	Donations	Dearborn County Community Foundation	Scholarships	K.E. Pitts Library Memorial	Indiana Next Leadership Grant	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 69,635	\$ 1,350	\$ 1,720	\$ -	\$ 72,705
Investment earnings:						
Interest	-	-	14,405	87	-	14,492
Total additions	-	69,635	15,755	1,807	-	87,197
Deductions:						
Administrative and general	281	62,092	13,562	1,720	-	77,655
Excess (deficiency) of total additions over total deductions	(281)	7,543	2,193	87	-	9,542
Cash and investment fund balance - beginning	293	77,700	282,873	1,867	611	363,344
Cash and investments - June 30	<u>\$ 12</u>	<u>\$ 85,243</u>	<u>\$ 285,066</u>	<u>\$ 1,954</u>	<u>\$ 611</u>	<u>\$ 372,886</u>
Net assets:						
Cash and investments	<u>\$ 12</u>	<u>\$ 85,243</u>	<u>\$ 285,066</u>	<u>\$ 1,954</u>	<u>\$ 611</u>	<u>\$ 372,886</u>
Total net assets - cash and investment basis held in trust	<u>\$ 12</u>	<u>\$ 85,243</u>	<u>\$ 285,066</u>	<u>\$ 1,954</u>	<u>\$ 611</u>	<u>\$ 372,886</u>

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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	\$ 941,532
Buildings	69,090,465
Improvements other than buildings	5,049
Machinery and equipment	<u>3,386,465</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 73,423,511</u>

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
 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 leases:		
Moore's Hill Elementary	\$ 155,000	\$ 158,198
Aurora Elementary/Middle School/High School	34,395,000	2,508,000
Common School Loans	9,957,529	1,046,081
Pension Bonds	<u>1,960,000</u>	<u>225,525</u>
Total governmental activities debt	<u>\$ 46,467,529</u>	<u>\$ 3,937,804</u>

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

1. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.
2. The Deputy Treasurer is responsible for processing payroll that includes the calculation of payroll and payroll withholding amounts paid; writing payroll checks; and establishing new employees on the payroll system.
3. The Extra-Curricular Treasurers are responsible for the collection and disbursement of textbook rental funds including writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

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 Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the funds listed below were overdrawn as of June 30, 2007 and June 30, 2008.

Fund	June 30, 2007	June 30, 2008
Retirement/Severance Bond Debt	\$ 45,057	\$ 47,522
Capital Projects	-	1,065,003
Retirement/Severance Bond	-	6,020

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

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

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Retirement/Severance Bond Debt	2007	\$ 296,518
Special Education Preschool	2007	166,188

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE SOUTH DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

Compliance

We have audited the compliance of the South Dearborn 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 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 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.

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

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

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

STATE BOARD OF ACCOUNTS

April 1, 2009

SOUTH DEARBORN 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 Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 07	\$ 49,065	\$ -
		FY 08	-	68,348
National School Lunch Program	10.555			
		FY 07	296,123	-
		FY 08	-	323,701
Special Milk Program for Children	10.556			
		FY 07	2,757	-
		FY 08	-	2,907
Total for cluster			<u>347,945</u>	<u>394,956</u>
Total for federal grantor agency			<u>347,945</u>	<u>394,956</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010			
		06-1600	8,337	-
		07-1600	289,053	103,670
		08-1600	-	366,345
Total for program			<u>297,390</u>	<u>470,015</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		05-239	6,166	-
		06-1600	8,869	1,757
		07-1600	-	11,527
Total for program			<u>15,035</u>	<u>13,284</u>
State Grants for Innovative Programs	84.298			
		06-1600	<u>9,559</u>	<u>4,995</u>
Education Technology - State Grants	84.318			
		1600-07	<u>165,627</u>	<u>24,332</u>
Improving Teacher Quality State Grants	84.367			
		04-149	23,235	-
		05-119	84,223	-
		07-1600	-	113,313
Total for program			<u>107,458</u>	<u>113,313</u>
Total for federal grantor agency			<u>595,069</u>	<u>625,939</u>
Total federal awards expended			<u>\$ 943,014</u>	<u>\$ 1,020,895</u>

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

SOUTH DEARBORN 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 South Dearborn 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	2006-2007	2007-2008
National School Lunch Program	10.555	\$ 39,386	\$ 46,210

SOUTH DEARBORN 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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	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
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
N/A	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	yes
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SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

1. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.
2. The Deputy Treasurer is responsible for processing payroll that includes the calculation of payroll and payroll withholding amounts paid; writing payroll checks; and establishing new employees on the payroll system.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting duties.

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 Indiana Public School Corporations, Chapter 9)

We recommended that the School Corporation Officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

Section III – Federal Award Findings and Questioned Costs

No matters were reportable.

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.

South Dearborn
Community School Corporation



Office of the Superintendent
6109 Squire Place
Aurora, Indiana 47001

(812) 926-2090
Fax (812) 926-4216

State Board of Accounts
Re: Finding No. 2008-1
Internal Controls: Segregation of Duties

February 23, 2009

To Whom It May Concern:

Contact Person: Robert Rollins
Title: Administrative Assistant/Business Manager
Telephone No.: 812-926-2090
Expected Completion Date: March 1, 2009

Due to the fact South Dearborn Community School Corporation (SDCSC) has a small central office staff, it is impractical to segregate the duties of Treasurer and Deputy Treasurer in an ideal manner.

Therefore, if acceptable, SDCSC will implement the following steps to minimize any irregularities and still provide good internal control:

- 1) The administrative assistant for Business Manager will receive all bank statements for review before forwarding them to the Treasurer.
- 2) In examining bank statements, the Business Manager will look for check numbers not within normal check series, abnormally large checks, unidentified bank transfers, and cancelled checks to vendors not used by the SDCSC.
- 3) The Business Manager will run monthly reports looking for unfamiliar vendors and/or unusually large claims. The check register will also be reviewed periodically for missing check numbers
- 4) The Business manager will compare monthly ledger fund balances with bank statements, and review the monthly bank reconciliation prepared by the SDCSC Treasurer for correctness

Sincerely,

A handwritten signature in black ink that reads "Robert Rollins". The signature is written in a cursive style with a long horizontal line extending to the right.

Robert Rollins
Administrative Assistant

SOUTH DEARBORN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2009, with Thomas L. Book, Superintendent of Schools; Shirley J. Retherford, Treasurer; and Patricia Rahe, President of the School Board. The officials concurred with our audit findings.