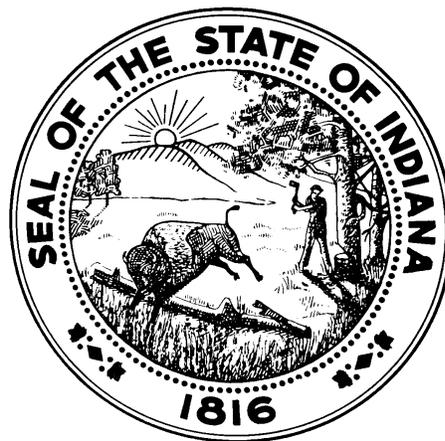


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

COMMUNITY SCHOOL CORPORATION
OF SOUTHERN HANCOCK COUNTY
HANCOCK COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/30/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert L. Yoder	07-01-06 to 06-30-09
Superintendent of Schools	James M. Halik	07-01-06 to 06-30-09
President of the School Board	Joerg Pfiefer Mark Cox Brian McKinney	01-01-05 to 12-31-06 01-01-07 to 12-31-08 01-01-09 to 12-31-09



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

TO: THE OFFICIALS OF THE COMMUNITY SCHOOL CORPORATION
OF SOUTHERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Community School Corporation of Southern Hancock County (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 June 16, 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 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

June 16, 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 COMMUNITY SCHOOL CORPORATION
OF SOUTHERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Community School Corporation of Southern Hancock County (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 June 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

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

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

June 16, 2009

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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	\$ 12,344,934	\$ -	\$ 73,772	\$ (12,271,162)
Support services	11,259,681	1,516,980	191,602	(9,551,099)
Community services	242,745	-	-	(242,745)
Nonprogrammed charges	1,314,046	-	-	(1,314,046)
Debt service	5,249,658	-	-	(5,249,658)
Total governmental activities	\$ 30,411,064	\$ 1,516,980	\$ 265,374	(28,628,710)
General receipts:				
Property taxes				7,766,407
Other local sources				1,961,374
State aid				11,235,670
Bonds and loans				4,500,000
Grants and contributions not restricted to specific programs				466,762
Sale of property, adjustments, and refunds				132,423
Investment earnings				308,583
Total general receipts				26,371,219
Change in net assets				(2,257,491)
Net assets - beginning				6,516,420
Net assets - ending				\$ 4,258,929
<u>Assets</u>				
Cash and investments				\$ 3,851,438
Restricted assets:				
Cash and investments				407,491
Total assets				\$ 4,258,929
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 407,491
Unrestricted				3,851,438
Total net assets				\$ 4,258,929

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,678,204	\$ -	\$ 169,366	\$ (12,508,838)
Support services	11,185,117	1,670,625	256,908	(9,257,584)
Community services	331,349	-	-	(331,349)
Nonprogrammed charges	1,359,621	-	-	(1,359,621)
Debt service	9,656,874	-	-	(9,656,874)
	<u>\$ 35,211,165</u>	<u>\$ 1,670,625</u>	<u>\$ 426,274</u>	<u>(33,114,266)</u>
Total governmental activities				
General receipts:				
Property taxes				12,814,405
Other local sources				2,958,637
State aid				11,086,210
Bonds and loans				4,355,000
Grants and contributions not restricted to specific programs				591,263
Sale of property, adjustments, and refunds				23,075
Investment earnings				175,524
Total general receipts				<u>32,004,114</u>
Change in net assets				(1,110,152)
Net assets - beginning				<u>4,258,929</u>
Net assets - ending				<u>\$ 3,148,777</u>
<u>Assets</u>				
Cash and investments				\$ 2,999,284
Restricted assets:				
Cash and investments				<u>149,493</u>
Total assets				<u>\$ 3,148,777</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 149,493
Unrestricted				<u>2,999,284</u>
Total net assets				<u>\$ 3,148,777</u>

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 4,374,366	\$ 802,505	\$ 1,125,034	\$ 253,533	\$ 2,867,426	\$ 1,702,145	\$ 156,459	\$ 270,311	\$ 11,551,779
Intermediate sources	47	-	-	-	-	-	-	1,518	1,565
State sources	11,293,010	-	20,365	15,606	-	-	-	224,361	11,553,342
Federal sources	-	-	155,631	-	-	-	-	258,833	414,464
Bonds and loans	1,945,000	575,000	-	-	-	1,500,000	290,000	190,000	4,500,000
Sale of property, adjustments and refunds	30,492	650	101,281	-	-	-	-	-	132,423
Total receipts	17,642,915	1,378,155	1,402,311	269,139	2,867,426	3,202,145	446,459	945,023	28,153,573
Disbursements:									
Current:									
Instruction	12,072,930	-	-	-	-	-	-	272,004	12,344,934
Support services	4,157,913	1,394,500	1,230,122	170,244	-	3,068,733	268,458	969,711	11,259,681
Community services	241,745	-	-	-	-	-	-	1,000	242,745
Nonprogrammed charges	1,018,983	-	100,000	-	-	-	-	195,063	1,314,046
Debt services	-	-	-	-	4,603,775	-	-	645,883	5,249,658
Total disbursements	17,491,571	1,394,500	1,330,122	170,244	4,603,775	3,068,733	268,458	2,083,661	30,411,064
Excess (deficiency) of receipts over disbursements	151,344	(16,345)	72,189	98,895	(1,736,349)	133,412	178,001	(1,138,638)	(2,257,491)
Other financing sources (uses):									
Transfers in	304,241	-	-	9,604	-	-	-	12,273	326,118
Transfers out	-	-	-	-	(9,604)	-	-	(316,514)	(326,118)
Total other financing sources (uses)	304,241	-	-	9,604	(9,604)	-	-	(304,241)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	455,585	(16,345)	72,189	108,499	(1,745,953)	133,412	178,001	(1,442,879)	(2,257,491)
Cash and investments - beginning	1,480,648	112,507	571,974	37,800	2,141,579	420,866	152,253	1,598,793	6,516,420
Cash and investments - ending	\$ 1,936,233	\$ 96,162	\$ 644,163	\$ 146,299	\$ 395,626	\$ 554,278	\$ 330,254	\$ 155,914	4,258,929
Net assets of governmental activities									<u>\$ 4,258,929</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,936,233	\$ 96,162	\$ 644,163	\$ 146,299	\$ -	\$ 554,278	\$ 330,254	\$ 144,049	\$ 3,851,438
Restricted assets:									
Cash and investments	-	-	-	-	395,626	-	-	11,865	407,491
Total cash and investment assets - ending	\$ 1,936,233	\$ 96,162	\$ 644,163	\$ 146,299	\$ 395,626	\$ 554,278	\$ 330,254	\$ 155,914	\$ 4,258,929
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 395,626	\$ -	\$ -	\$ 11,865	\$ 407,491
Unrestricted	1,936,233	96,162	644,163	146,299	-	554,278	330,254	144,049	3,851,438
Total cash and investment fund balance - ending	\$ 1,936,233	\$ 96,162	\$ 644,163	\$ 146,299	\$ 395,626	\$ 554,278	\$ 330,254	\$ 155,914	\$ 4,258,929

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 6,556,360	\$ 1,337,651	\$ 1,189,997	\$ 251,937	\$ 4,487,716	\$ 3,087,767	\$ 289,827	\$ 416,976	\$ 17,618,231
Intermediate sources	23	-	-	-	-	-	-	938	961
State sources	11,215,372	-	34,966	27,323	-	-	-	294,053	11,571,714
Federal sources	12,189	-	182,430	-	-	-	-	337,413	532,032
Bonds and loans	1,800,000	750,000	-	-	-	1,300,000	290,000	215,000	4,355,000
Sale of property, adjustments and refunds	21,140	647	1,228	60	-	-	-	-	23,075
Total receipts	19,605,084	2,088,298	1,408,621	279,320	4,487,716	4,387,767	579,827	1,264,380	34,101,013
Disbursements:									
Current:									
Instruction	12,308,670	-	-	-	-	-	-	369,534	12,678,204
Support services	4,914,247	1,529,371	1,292,424	89,717	-	3,039,995	304,128	15,235	11,185,117
Community services	331,032	-	-	-	-	-	-	317	331,349
Nonprogrammed charges	1,160,246	-	-	-	-	-	-	199,375	1,359,621
Debt services	1,945,000	575,000	-	-	4,726,926	1,500,000	290,000	619,948	9,656,874
Total disbursements	20,659,195	2,104,371	1,292,424	89,717	4,726,926	4,539,995	594,128	1,204,409	35,211,165
Excess (deficiency) of receipts over disbursements	(1,054,111)	(16,073)	116,197	189,603	(239,210)	(152,228)	(14,301)	59,971	(1,110,152)
Other financing sources (uses):									
Transfers in	-	-	-	10,689	-	-	-	39,419	50,108
Transfers out	-	-	-	-	(10,689)	-	-	(39,419)	(50,108)
Total other financing sources (uses)	-	-	-	10,689	(10,689)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,054,111)	(16,073)	116,197	200,292	(249,899)	(152,228)	(14,301)	59,971	(1,110,152)
Cash and investments - beginning	1,936,233	96,162	644,163	146,299	395,626	554,278	330,254	155,914	4,258,929
Cash and investments - ending	<u>\$ 882,122</u>	<u>\$ 80,089</u>	<u>\$ 760,360</u>	<u>\$ 346,591</u>	<u>\$ 145,727</u>	<u>\$ 402,050</u>	<u>\$ 315,953</u>	<u>\$ 215,885</u>	<u>\$ 3,148,777</u>
Net assets of governmental activities									<u>\$ 3,148,777</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 882,122	\$ 80,089	\$ 760,360	\$ 346,591	\$ -	\$ 402,050	\$ 315,953	\$ 212,119	\$ 2,999,284
Restricted assets:									
Cash and investments	-	-	-	-	145,727	-	-	3,766	149,493
Total cash and investment assets - ending	\$ 882,122	\$ 80,089	\$ 760,360	\$ 346,591	\$ 145,727	\$ 402,050	\$ 315,953	\$ 215,885	\$ 3,148,777
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 145,727	\$ -	\$ -	\$ 3,766	\$ 149,493
Unrestricted	882,122	80,089	760,360	346,591	-	402,050	315,953	212,119	2,999,284
Total cash and investment fund balance - ending	\$ 882,122	\$ 80,089	\$ 760,360	\$ 346,591	\$ 145,727	\$ 402,050	\$ 315,953	\$ 215,885	\$ 3,148,777

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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:			
Employer	\$ 70,248	\$ -	
Other	-	28,032	
Total contributions	70,248	28,032	
Investment earnings:			
Interest	-	51,057	
Total additions	70,248	79,089	
Deductions:			
Benefits	66,420	-	
Administrative and general	-	93,605	
Total deductions	66,420	93,605	
Excess (deficiency) of total additions over total deductions	3,828	(14,516)	
Cash and investment fund balance - beginning	487,852	951,798	
Cash and investment fund balance - ending	\$ 491,680	\$ 937,282	\$ 48,478
Net assets:			
Cash and investments	\$ 491,680	\$ 937,282	
Total net assets - cash and investment basis held in trust	\$ 491,680	\$ 937,282	

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 77,480	\$ -	
Other	<u>675</u>	<u>31,651</u>	
Total contributions	<u>78,155</u>	<u>31,651</u>	
Investment earnings:			
Interest	<u>-</u>	<u>48,270</u>	
Total additions	<u>78,155</u>	<u>79,921</u>	
Deductions:			
Benefits	54,572	-	
Administrative and general	<u>-</u>	<u>54,953</u>	
Total deductions	<u>54,572</u>	<u>54,953</u>	
Excess of total additions over total deductions	23,583	24,968	
Cash and investment fund balance - beginning	<u>491,680</u>	<u>937,282</u>	
Cash and investment fund balance - ending	<u>\$ 515,263</u>	<u>\$ 962,250</u>	<u>\$ 53,957</u>
Net assets:			
Cash and investments	<u>\$ 515,263</u>	<u>\$ 962,250</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 515,263</u>	<u>\$ 962,250</u>	

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

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Community School Corporation of Southern Hancock County

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

Jointly Governed Organization

The primary government is a participant with 45 other school corporations in a joint venture to operate East Central Educational Service Center (Service Center) which was created to increase the school corporations buying power when purchasing services, materials, supplies, and equipment. The primary government is obligated by contract to remit \$3.50 dollars per student as a membership fee, annually. The primary government paid \$13,694 and \$13,975 to the Service Center in the 2006-2007 and 2007-2008 school years, respectively. The Service Center uses its surplus resources to undertake special projects for the participants. The Service Center's continued existence depends on continued funding by the primary government. Complete financial statements for the Service Center can be obtained from the East Central Educational Services Center, 1601 Indiana Avenue, Connersville, IN 47331.

The School Corporation is a participant with Greenfield-Central Community School Corporation, Community School Corporation of Eastern Hancock County, and South Madison Community School Corporation in a joint venture to operate the Hancock-South Madison Joint Services (Co-Op) which was created to provide instruction for handicapped children. The Co-Op's continued existence depends on continued funding by the School Corporation. Funding is determined by the Special Education Pupil Count for each participating school corporation. Complete financial statements for the Co-Op can be obtained from the administrative offices of the Hancock-South Madison Joint Services Co-Op, 110 West North Street, Greenfield, IN 46140.

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.

COMMUNITY SCHOOL CORPORATION OF
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NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. 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 record all receipts from the sale of lunches, federal and state reimbursements, gifts, and other receipts. It can also be used to record all disbursements for personnel service, food, supplies, and equipment used to support the school lunch program.

The textbook rental fund is used to record all receipts of fees collected for rent of textbooks and workbooks furnished to students; also, to record all disbursements for purchase of textbooks, for repair of textbooks and for workbooks to be used with rented textbooks furnished to students for a designated fee.

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

COMMUNITY SCHOOL CORPORATION OF
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NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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).

COMMUNITY SCHOOL CORPORATION OF
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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 receipts and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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 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.

COMMUNITY SCHOOL CORPORATION OF
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NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
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:

1. 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.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following 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/

COMMUNITY SCHOOL CORPORATION OF
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2008, the School Corporation had deposit balances in the amount of \$7,161,934.

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

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
Debt Service	Textbook Rental	\$ 9,604	\$ 10,689
Other governmental funds	General Fund	304,241	-
	Other governmental funds	<u>12,273</u>	<u>39,419</u>
Totals		<u>\$ 326,118</u>	<u>\$ 50,108</u>

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

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Holding Corporations

The School district has entered into a capital leases with each of the following entities: New Palestine High School Holding Corporation, New Palestine Elementary Holding Corporation, Doe Creek Middle School Holding Corporation, Brandywine Elementary Holding Corporation and Southern Hancock 1998 School Holding Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School District. The lessors have been determined to be related parties of the School District. Lease payments during the year totaled \$2,841,777.

C. Subsequent Events

Beginning in 2009, the State General Fund as part of the basic grant distribution shall pay to each school corporation, an amount sufficient to provide all funding for the General and Special Education Preschool Funds of local school corporations. At the local level, no property taxes will be collected for the benefit of these funds. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any school corporation by the amount of the payment to be made in 2009 by the State.

In May 2009, the School Corporation and the Brier Creek School Building Corporation issued \$27,710,000 in first mortgage bonds for the purchase of land, construction and equipping of the Brier Creek Intermediate School. The School Corporation and the Building Corporation have irrevocably designated the Bonds as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"). The School Corporation and the Building Corporation have elected under Section 54AA(g) to receive a credit from the United States Treasury equal to 35% of the stated interest paid on the Bonds as provided by Code Section 6431. The credit will reduce the interest paid over the life of the bonds (20 years) by \$6,817,303.

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. 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	\$ 197,045
Interest on net pension obligation	(9,501)
Adjustment to annual required contribution	10,827
Annual pension cost	198,371
Contributions made	194,500
Increase (decrease) in net pension obligation	3,871
Net pension obligation, beginning of year	(131,043)
Net pension obligation, end of year	\$ (127,172)

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>PERF</u>
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-08
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>	<u>PERF</u>
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

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ 164,805	94%	\$ (141,410)
	06-30-07	178,638	94%	(131,043)
	06-30-08	198,371	98%	(127,172)

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

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82%, 7.00% and 7.25% of covered wages for the fiscal years ended June 30, 2006, 2007, and 2008. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2007, and 2008, were \$276,016, \$317,769, and \$386,114, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 2,436,216	\$ 2,669,209	\$ (232,993)	91%	\$ 2,521,480	(9%)
07-01-07	2,673,316	3,023,682	(350,366)	88%	2,626,035	(13%)
07-01-08	2,803,647	3,140,762	(337,115)	89%	2,611,262	(13%)

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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	Levy Excess	Educational License Plate	Safe Haven	2006-07 Gifted/Talented	Non-English Speaking
Receipts:						
Local sources	\$ 12,289	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	1,518	-	-	-
State sources	185,779	-	-	7,866	16,432	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	198,068	-	1,518	7,866	16,432	-
Disbursements:						
Current:						
Instruction	-	-	1,922	1,630	15,680	55
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	195,063	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	195,063	-	1,922	1,630	15,680	55
Excess (deficiency) of receipts over disbursements	3,005	-	(404)	6,236	752	(55)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(304,241)	-	-	-	-
Total other financing sources (uses)	-	(304,241)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,005	(304,241)	(404)	6,236	752	(55)
Cash and investments - beginning	15,799	304,241	1,881	-	-	55
Cash and investments - ending	\$ 18,804	\$ -	\$ 1,477	\$ 6,236	\$ 752	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 18,804	\$ -	\$ 1,477	\$ 6,236	\$ 752	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 18,804	\$ -	\$ 1,477	\$ 6,236	\$ 752	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	18,804	-	1,477	6,236	752	-
Total cash and investment fund balance - ending	\$ 18,804	\$ -	\$ 1,477	\$ 6,236	\$ 752	\$ -

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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)

	Indiana School & Library	Buddy System	HCCF Journalism	McDonalds Mac Grant	Sam's Club Foundation	LSEO Teacher 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ 2,500
Intermediate sources	-	-	-	-	-	-
State sources	9,792	3,000	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	<u>9,792</u>	<u>3,000</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Disbursements:						
Current:						
Instruction	-	-	350	500	2,000	2,347
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>350</u>	<u>500</u>	<u>2,000</u>	<u>2,347</u>
Excess (deficiency) of receipts over disbursements	<u>9,792</u>	<u>3,000</u>	<u>-</u>	<u>(500)</u>	<u>(2,000)</u>	<u>153</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,792</u>	<u>3,000</u>	<u>-</u>	<u>(500)</u>	<u>(2,000)</u>	<u>153</u>
Cash and investments - beginning	<u>13,570</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>2,000</u>	<u>22</u>
Cash and investments - ending	<u>\$ 23,362</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 23,362	\$ 3,000	\$ -	\$ -	\$ -	\$ 175
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 23,362</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>23,362</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>
Total cash and investment fund balance - ending	<u>\$ 23,362</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175</u>

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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)

	Beginning Teacher Internship	Ind Access Eng Pilot	NPHS Eng Training	Title 1 2006-2007	Title 1 2005-2006
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	492	-	1,000	-	-
Federal sources	-	-	-	184,090	-
Bonds and loans	-	-	-	-	-
Total receipts	<u>492</u>	<u>-</u>	<u>1,000</u>	<u>184,090</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	500	140,610	33,386
Support services	-	-	-	1,058	1,297
Community services	-	-	-	1,000	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>500</u>	<u>142,668</u>	<u>34,683</u>
Excess (deficiency) of receipts over disbursements	<u>492</u>	<u>-</u>	<u>500</u>	<u>41,422</u>	<u>(34,683)</u>
Other financing sources (uses):					
Transfers in	-	-	-	12,273	-
Transfers out	-	-	-	-	(12,273)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,273</u>	<u>(12,273)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>492</u>	<u>-</u>	<u>500</u>	<u>53,695</u>	<u>(46,956)</u>
Cash and investments - beginning	-	2,259	-	-	46,956
Cash and investments - ending	<u>\$ 492</u>	<u>\$ 2,259</u>	<u>\$ 500</u>	<u>\$ 53,695</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 492	\$ 2,259	\$ 500	\$ 53,695	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 492</u>	<u>\$ 2,259</u>	<u>\$ 500</u>	<u>\$ 53,695</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	492	2,259	500	53,695	-
Total cash and investment fund balance - ending	<u>\$ 492</u>	<u>\$ 2,259</u>	<u>\$ 500</u>	<u>\$ 53,695</u>	<u>\$ -</u>

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

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

	Title V Part A 2005-06	Title V Part A 2006-07	Title IV Part A Drug Free	Title IV Part A Drug Free 05-06	Title IV Part A Drug Free 06-07
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	370	4,227	-	-	7,047
Bonds and loans	-	-	-	-	-
Total receipts	<u>370</u>	<u>4,227</u>	<u>-</u>	<u>-</u>	<u>7,047</u>
Disbursements:					
Current:					
Instruction	8,043	-	8,109	3	-
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>8,043</u>	<u>-</u>	<u>8,109</u>	<u>3</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(7,673)</u>	<u>4,227</u>	<u>(8,109)</u>	<u>(3)</u>	<u>7,047</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,673)</u>	<u>4,227</u>	<u>(8,109)</u>	<u>(3)</u>	<u>7,047</u>
Cash and investments - beginning	<u>7,726</u>	<u>-</u>	<u>8,109</u>	<u>8,672</u>	<u>-</u>
Cash and investments - ending	<u>\$ 53</u>	<u>\$ 4,227</u>	<u>\$ -</u>	<u>\$ 8,669</u>	<u>\$ 7,047</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 53	\$ 4,227	\$ -	\$ 8,669	\$ 7,047
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 53</u>	<u>\$ 4,227</u>	<u>\$ -</u>	<u>\$ 8,669</u>	<u>\$ 7,047</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	53	4,227	-	8,669	7,047
Total cash and investment fund balance - ending	<u>\$ 53</u>	<u>\$ 4,227</u>	<u>\$ -</u>	<u>\$ 8,669</u>	<u>\$ 7,047</u>

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

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

	Title II Improving Teachers	Enhancing Educ Thru Technology	Pension Debt	Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 255,172	\$ -	\$ 270,311
Intermediate sources	-	-	-	-	1,518
State sources	-	-	-	-	224,361
Federal sources	63,099	-	-	-	258,833
Bonds and loans	-	-	190,000	-	190,000
Total receipts	63,099	-	445,172	-	945,023
Disbursements:					
Current:					
Instruction	55,007	1,862	-	-	272,004
Support services	-	-	-	967,356	969,711
Community services	-	-	-	-	1,000
Nonprogrammed charges	-	-	-	-	195,063
Debt services	-	-	645,883	-	645,883
Total disbursements	55,007	1,862	645,883	967,356	2,083,661
Excess (deficiency) of receipts over disbursements	8,092	(1,862)	(200,711)	(967,356)	(1,138,638)
Other financing sources (uses):					
Transfers in	-	-	-	-	12,273
Transfers out	-	-	-	-	(316,514)
Total other financing sources (uses)	-	-	-	-	(304,241)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,092	(1,862)	(200,711)	(967,356)	(1,442,879)
Cash and investments - beginning	5,131	1,940	212,576	967,356	1,598,793
Cash and investments - ending	<u>\$ 13,223</u>	<u>\$ 78</u>	<u>\$ 11,865</u>	<u>\$ -</u>	<u>\$ 155,914</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 13,223	\$ 78	\$ -	\$ -	\$ 144,049
Restricted assets:					
Cash and investments	-	-	11,865	-	11,865
Total cash and investment assets - ending	\$ 13,223	\$ 78	\$ 11,865	\$ -	\$ 155,914
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ 11,865	\$ -	\$ 11,865
Unrestricted	13,223	78	-	-	144,049
Total cash and investment fund balance - ending	\$ 13,223	\$ 78	\$ 11,865	\$ -	\$ 155,914

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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	Educational License Plate	Safe Haven	2007-08 Gifted/Talented	2006-07 Gifted/Talented	Indiana School & Library
Receipts:						
Local sources	\$ 19,938	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	938	-	-	-	-
State sources	180,348	-	3,226	40,203	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	200,286	938	3,226	40,203	-	-
Disbursements:						
Current:						
Instruction	-	837	9,462	16,864	752	-
Support services	-	-	-	2,791	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	199,375	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	199,375	837	9,462	19,655	752	-
Excess (deficiency) of receipts over disbursements	911	101	(6,236)	20,548	(752)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	911	101	(6,236)	20,548	(752)	-
Cash and investments - beginning	18,804	1,477	6,236	-	752	23,362
Cash and investments - ending	\$ 19,715	\$ 1,578	\$ -	\$ 20,548	\$ -	\$ 23,362
Cash and Investment Assets - Ending						
Cash and investments	\$ 19,715	\$ 1,578	\$ -	\$ 20,548	\$ -	\$ 23,362
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 19,715	\$ 1,578	\$ -	\$ 20,548	\$ -	\$ 23,362
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	19,715	1,578	-	20,548	-	23,362
Total cash and investment fund balance - ending	\$ 19,715	\$ 1,578	\$ -	\$ 20,548	\$ -	\$ 23,362

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

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

	Buddy System	INACCESS Linux Cert	IN Access Grant	LSEO Teacher 05-06	Vectren Math Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	2,500	67,776	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Total receipts	<u>-</u>	<u>2,500</u>	<u>67,776</u>	<u>-</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	-	175	492
Support services	3,000	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>492</u>
Excess (deficiency) of receipts over disbursements	<u>(3,000)</u>	<u>2,500</u>	<u>67,776</u>	<u>(175)</u>	<u>(492)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,000)</u>	<u>2,500</u>	<u>67,776</u>	<u>(175)</u>	<u>(492)</u>
Cash and investments - beginning	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>492</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 67,776</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 2,500	\$ 67,776	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 67,776</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,500	67,776	-	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 67,776</u>	<u>\$ -</u>	<u>\$ -</u>

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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)

	Ind Access Eng Pilot	NPHS English Writing	Title I 2006-07	Title I 2007-08	Title V Innovative Program
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 53
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	140,455	111,437	-
Bonds and loans	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>140,455</u>	<u>111,437</u>	<u>53</u>
Disbursements:					
Current:					
Instruction	2,259	500	173,651	78,753	53
Support services	-	-	9,018	426	-
Community services	-	-	317	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>2,259</u>	<u>500</u>	<u>182,986</u>	<u>79,179</u>	<u>53</u>
Excess (deficiency) of receipts over disbursements	<u>(2,259)</u>	<u>(500)</u>	<u>(42,531)</u>	<u>32,258</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	32,258	-	130
Transfers out	-	-	-	(32,258)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>32,258</u>	<u>(32,258)</u>	<u>130</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,259)</u>	<u>(500)</u>	<u>(10,273)</u>	<u>-</u>	<u>130</u>
Cash and investments - beginning	<u>2,259</u>	<u>500</u>	<u>53,695</u>	<u>-</u>	<u>53</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,422</u>	<u>\$ -</u>	<u>\$ 183</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ 43,422	\$ -	\$ 183
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,422</u>	<u>\$ -</u>	<u>\$ 183</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	43,422	-	183
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,422</u>	<u>\$ -</u>	<u>\$ 183</u>

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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)

	July - Dec 07 Title V Part A 2006-07	Jan - Jun 08 Title IV Part A Drug Free 06-07	Jan - Jun 08 Title IV Part A Drug Free 07-08	Title IV Part A Drug Free 05-06	July - Dec 07 Title IV Part A Drug Free 07-08
Receipts:					
Local sources	\$ -	\$ 7	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	7,175	-	-
Bonds and loans	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>-</u>	<u>7</u>	<u>7,175</u>	<u>-</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	4,096	6,831	-	8,669	16
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>4,096</u>	<u>6,831</u>	<u>-</u>	<u>8,669</u>	<u>16</u>
Excess (deficiency) of receipts over disbursements	<u>(4,096)</u>	<u>(6,824)</u>	<u>7,175</u>	<u>(8,669)</u>	<u>(16)</u>
Other financing sources (uses):					
Transfers in	-	7,031	-	-	-
Transfers out	(130)	-	-	-	(7,031)
	<u>(130)</u>	<u>7,031</u>	<u>-</u>	<u>-</u>	<u>(7,031)</u>
Total other financing sources (uses)	<u>(130)</u>	<u>7,031</u>	<u>-</u>	<u>-</u>	<u>(7,031)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,226)</u>	<u>207</u>	<u>7,175</u>	<u>(8,669)</u>	<u>(7,047)</u>
Cash and investments - beginning	<u>4,227</u>	<u>-</u>	<u>-</u>	<u>8,669</u>	<u>7,047</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 207</u>	<u>\$ 7,175</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1	\$ 207	\$ 7,175	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ 1</u>	<u>\$ 207</u>	<u>\$ 7,175</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>1</u>	<u>207</u>	<u>7,175</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 1</u>	<u>\$ 207</u>	<u>\$ 7,175</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	Title II Teacher Improvement	Jan - Jun 08 Enhancing Educ Thru Technology	July - Dec 07 Enhancing Educ Thru Technology	Pension Debt	Totals
Receipts:					
Local sources	\$ 129	\$ -	\$ -	\$ 396,849	\$ 416,976
Intermediate sources	-	-	-	-	938
State sources	-	-	-	-	294,053
Federal sources	53,100	25,246	-	-	337,413
Bonds and loans	-	-	-	215,000	215,000
Total receipts	53,229	25,246	-	611,849	1,264,380
Disbursements:					
Current:					
Instruction	66,046	-	78	-	369,534
Support services	-	-	-	-	15,235
Community services	-	-	-	-	317
Nonprogrammed charges	-	-	-	-	199,375
Debt services	-	-	-	619,948	619,948
Total disbursements	66,046	-	78	619,948	1,204,409
Excess (deficiency) of receipts over disbursements	(12,817)	25,246	(78)	(8,099)	59,971
Other financing sources (uses):					
Transfers in	-	-	-	-	39,419
Transfers out	-	-	-	-	(39,419)
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,817)	25,246	(78)	(8,099)	59,971
Cash and investments - beginning	13,223	-	78	11,865	155,914
Cash and investments - ending	<u>\$ 406</u>	<u>\$ 25,246</u>	<u>\$ -</u>	<u>\$ 3,766</u>	<u>\$ 215,885</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 406	\$ 25,246	\$ -	\$ -	\$ 212,119
Restricted assets:					
Cash and investments	-	-	-	3,766	3,766
Total cash and investment assets - ending	\$ 406	\$ 25,246	\$ -	\$ 3,766	\$ 215,885
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 3,766	\$ 3,766
Unrestricted	406	25,246	-	-	212,119
Total cash and investment fund balance - ending	\$ 406	\$ 25,246	\$ -	\$ 3,766	\$ 215,885

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

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

	<u>Retirement/ Severance Bond</u>	<u>Post-Retirement/ Severance Future Benefit</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ -	\$ 70,248	\$ 70,248
Total additions	<u>-</u>	<u>70,248</u>	<u>70,248</u>
Deductions:			
Benefits	<u>66,420</u>	<u>-</u>	<u>66,420</u>
Total deductions	<u>66,420</u>	<u>-</u>	<u>66,420</u>
Excess (deficiency) of total additions over total deductions	(66,420)	70,248	3,828
Cash and investment fund balance - beginning	<u>487,852</u>	<u>-</u>	<u>487,852</u>
Cash and investment fund balance - ending	<u>\$ 421,432</u>	<u>\$ 70,248</u>	<u>\$ 491,680</u>
Net assets:			
Cash and investments	<u>\$ 421,432</u>	<u>\$ 70,248</u>	<u>\$ 491,680</u>
Total net assets - cash and investment basis held in trust	<u>\$ 421,432</u>	<u>\$ 70,248</u>	<u>\$ 491,680</u>

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

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 77,480	\$ 77,480
Other	675	-	675
Total additions	675	77,480	78,155
Deductions:			
Benefits	54,572	-	54,572
Total deductions	54,572	-	54,572
Excess (deficiency) of total additions over total deductions	(53,897)	77,480	23,583
Cash and investment fund balance - beginning	421,432	70,248	491,680
Cash and investment fund balance - ending	\$ 367,535	\$ 147,728	\$ 515,263
Net assets:			
Cash and investments	\$ 367,535	\$ 147,728	\$ 515,263
Total net assets - cash and investment basis held in trust	\$ 367,535	\$ 147,728	\$ 515,263

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

	<u>Sugar Creek Memorial</u>	<u>Wickliff Sportsmanship Awards</u>	<u>Benjamin Moore Journalism School</u>	<u>Pepsi Cola Scholarship</u>	<u>Scholarship and Awards</u>
Additions:					
Contributions:					
Other	\$ 3,067	\$ -	\$ 835	\$ 2,000	\$ 2,063
Investment earnings:					
Interest	49,989	652	416	-	-
Total additions	<u>53,056</u>	<u>652</u>	<u>1,251</u>	<u>2,000</u>	<u>2,063</u>
Deductions:					
Administrative and general	50,034	600	500	2,000	2,100
Excess (deficiency) of total additions over total deductions	3,022	52	751	-	(37)
Cash and investment fund balance - beginning	910,092	11,846	8,051	-	110
Cash and investments - June 30	<u>\$ 913,114</u>	<u>\$ 11,898</u>	<u>\$ 8,802</u>	<u>\$ -</u>	<u>\$ 73</u>
Net assets:					
Cash and investments	<u>\$ 913,114</u>	<u>\$ 11,898</u>	<u>\$ 8,802</u>	<u>\$ -</u>	<u>\$ 73</u>
Total net assets - cash and investment basis held in trust	<u>\$ 913,114</u>	<u>\$ 11,898</u>	<u>\$ 8,802</u>	<u>\$ -</u>	<u>\$ 73</u>

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

	<u>S Dean Matching Gift</u>	<u>Cinergy Foundation</u>	<u>Lilly Science 2005-06 Grant</u>	<u>Pespi</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ 3,067	\$ -	\$ 7,000	\$ 10,000	\$ 28,032
Investment earnings:					
Interest	-	-	-	-	51,057
Total additions	<u>3,067</u>	<u>-</u>	<u>7,000</u>	<u>10,000</u>	<u>79,089</u>
Deductions:					
Administrative and general	<u>3,067</u>	<u>8,086</u>	<u>7,355</u>	<u>19,863</u>	<u>93,605</u>
Excess (deficiency) of total additions over total deductions	-	(8,086)	(355)	(9,863)	(14,516)
Cash and investment fund balance - beginning	<u>-</u>	<u>10,972</u>	<u>864</u>	<u>9,863</u>	<u>951,798</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 2,886</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 937,282</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ 2,886</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 937,282</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 2,886</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 937,282</u>

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

	Sugar Creek Memorial	Wickliff Sportsmanship Awards	Benjamin Moore Journalism School	Pepsi Cola Scholarship	Scholarship and Awards	Pat Blair Memorial Library Fund	Lilly Science Grant 2007-08
Additions:							
Contributions:							
Other	\$ 1,181	\$ -	\$ 1,850	\$ 2,000	\$ 2,900	\$ 2,215	\$ 6,250
Investment earnings:							
Interest	47,208	628	434	-	-	-	-
Total additions	<u>48,389</u>	<u>628</u>	<u>2,284</u>	<u>2,000</u>	<u>2,900</u>	<u>2,215</u>	<u>6,250</u>
Deductions:							
Administrative and general	36,190	600	500	2,000	2,900	1,012	4,388
Excess (deficiency) of total additions over total deductions	12,199	28	1,784	-	-	1,203	1,862
Cash and investment fund balance - beginning	913,114	11,898	8,802	-	73	-	-
Cash and investments - June 30	<u>\$ 925,313</u>	<u>\$ 11,926</u>	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 1,203</u>	<u>\$ 1,862</u>
Net assets:							
Cash and investments	\$ 925,313	\$ 11,926	\$ 10,586	\$ -	\$ 73	\$ 1,203	\$ 1,862
Total net assets - cash and investment basis held in trust	<u>\$ 925,313</u>	<u>\$ 11,926</u>	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 1,203</u>	<u>\$ 1,862</u>

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

	Lilly Teacher Grant 2007-08	Lilly Teacher Grant 2006-07	Cinergy Foundation	Lilly Science 2005-06 Grant	Pepsi	Totals
Additions:						
Contributions:						
Other	\$ 5,000	\$ 255	\$ -	\$ -	\$ 10,000	\$ 31,651
Investment earnings:						
Interest	-	-	-	-	-	48,270
Total additions	5,000	255	-	-	10,000	79,921
Deductions:						
Administrative and general	4,728	255	1,871	509	-	54,953
Excess (deficiency) of total additions over total deductions	272	-	(1,871)	(509)	10,000	24,968
Cash and investment fund balance - beginning	-	-	2,886	509	-	937,282
Cash and investments - June 30	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 1,015</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 962,250</u>
Net assets:						
Cash and investments	\$ 272	\$ -	\$ 1,015	\$ -	\$ 10,000	\$ 962,250
Total net assets - cash and investment basis held in trust	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 1,015</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 962,250</u>

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	<u>Blue Cross/ Blue Shield</u>	<u>Dental Insurance</u>	<u>Anthem Life Insurance</u>	<u>Sun Life Term Insurance</u>	<u>Sun Life Vol Term Life</u>	<u>Vision Insurance</u>	<u>Section 125</u>	<u>School Lunch Prepaid</u>	<u>Totals</u>
Cash and investments fund balance - ending	<u>\$ 10,280</u>	<u>\$ 1,213</u>	<u>\$ 45</u>	<u>\$ 211</u>	<u>\$ 21</u>	<u>\$ 452</u>	<u>\$ 2,809</u>	<u>\$ 33,447</u>	<u>\$ 48,478</u>

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	<u>Blue Cross/ Blue Shield</u>	<u>Dental Insurance</u>	<u>Vision Insurance</u>	<u>Sun Life Term Insurance</u>	<u>Sun Life Non-Cert</u>	<u>Sun Life Vol Term Life</u>	<u>Anthem Life Term Life</u>	<u>Section 125</u>	<u>School Lunch Prepaid</u>	<u>Totals</u>
Cash and investments fund balance - ending	<u>\$ 11,941</u>	<u>\$ 1,235</u>	<u>\$ 405</u>	<u>\$ 134</u>	<u>\$ 5</u>	<u>\$ 233</u>	<u>\$ 70</u>	<u>\$ 1,997</u>	<u>\$ 37,937</u>	<u>\$ 53,957</u>

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 724,827
Infrastructure	1,086,753
Licensed Vehicles	643,124
Machinery and equipment	663,484
Assets under capital lease	<u>32,886,379</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 36,004,567</u>

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
<i>New Palestine High School</i>	\$ 10,555,804.15	\$ 1,419,000.00
<i>New Palestine Elementary</i>	7,930,000.00	852,000.00
<i>Doe Creek Middle School</i>	2,930,000.00	559,000.00
<i>Brandywine Elementary</i>	1,175,000.00	243,000.00
<i>Southern Hancock 1998 School (2005 Bonds)</i>	12,865,000.00	1,255,500.00
Financing Lease		
<i>2007 Light Lease</i>	371,366.76	83,705.86
Notes and loans payable		
<i>School Improvement Note of 2004</i>	438,429.00	156,092.84
Bonds payable:		
General obligation bonds:		
<i>Retirement/Severance Bonds</i>	3,140,000.00	429,067.50
<i>School Improvement Bonds of 2006</i>	825,000.00	199,728.75
Total governmental activities debt	<u>\$ 40,230,599.91</u>	<u>\$ 5,197,094.95</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE COMMUNITY SCHOOL CORPORATION
OF SOUTHERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

Compliance

We have audited the compliance of the Community School Corporation of Southern Hancock County (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

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)

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

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

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

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

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

June 16, 2009

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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		\$ -	\$ 16,048
National School Lunch Program	10.555		<u>231,174</u>	<u>290,364</u>
Total for federal grantor agency			<u>231,174</u>	<u>306,412</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies	84.010			
		FY05-06	34,683	-
		FY06-07	142,668	182,986
		FY07-08	<u>-</u>	<u>79,179</u>
Total for program			<u>177,351</u>	<u>262,165</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		SY04-05	8,109	16
		SY05-06	3	8,669
		SY07-08	<u>-</u>	<u>6,831</u>
Total for program			<u>8,112</u>	<u>15,516</u>
State Grants for Innovative Programs	84.298			
		FY06-07	8,043	53
		FY07-08	<u>-</u>	<u>4,096</u>
Total for program			<u>8,043</u>	<u>4,149</u>
Improving Teacher Quality State Grants	84.367			
		SY05-06	1,862	78
		SY06-07	<u>55,007</u>	<u>66,046</u>
Total for program			<u>56,869</u>	<u>66,124</u>
Total for federal grantor agency			<u>250,375</u>	<u>347,954</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Indiana Department of Homeland Security				
Public Assistance Grants	97.036			
		EM 2374	<u>12,189</u>	<u>-</u>
Total federal awards expended			<u>\$ 493,738</u>	<u>\$ 654,366</u>

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

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
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 Community School Corporation of Southern Hancock County (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
Child Nutrition Cluster	10.555	\$ 71,734	\$ 104,159

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 16, 2009, with James M. Halik, Superintendent of Schools; Robert L. Yoder, Treasurer; and Thomas Tucker, Vice President Board of Trustees. Our audit disclosed no material items that warrant comment at this time.