

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

AUDIT REPORT  
OF  
SCHOOL CITY OF EAST CHICAGO  
LAKE COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
03/05/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Francisco Ramirez	07-01-07 to 06-30-10
Superintendent of Schools	Dr. Juan Anaya Dr. Michael P. Livovich (Interim) Dawn Greene (Interim) Michael Harding	07-01-07 to 02-23-09 02-24-09 to 03-23-09 03-24-09 to 08-26-09 08-27-09 to 06-30-10
President of the School Board	Fernando Trevino	07-01-07 to 06-30-10



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

TO: THE OFFICIALS OF THE SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School City of East Chicago (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 February 4, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

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

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules or a Schedule of Funding Progress 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, and the 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

February 4, 2010



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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 SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School City of East Chicago (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 4, 2010. 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 2009-1 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, we believe that none of the significant deficiencies described above is 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

We noted certain matters that we reported to management in a separate letter dated February 4, 2010.

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

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

STATE BOARD OF ACCOUNTS

February 4, 2010

SCHOOL CITY OF EAST CHICAGO  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 34,009,043	\$ -	\$ 507,696	\$ (33,501,347)
Support services	25,672,567	459,389	3,499,428	(21,713,750)
Noninstructional services	3,319,672	-	-	(3,319,672)
Facilities acquisition and construction	803,757	-	-	(803,757)
Debt service	18,341,669	-	-	(18,341,669)
Nonprogrammed charges	606,347	-	-	(606,347)
<b>Total governmental activities</b>	<b><u>\$ 82,753,055</u></b>	<b><u>\$ 459,389</u></b>	<b><u>\$ 4,007,124</u></b>	<b><u>(78,286,542)</u></b>
General receipts:				
Property taxes				22,324,512
Other local sources				4,391,512
State aid				38,974,820
Bonds and loans				16,949,040
Grants and contributions not restricted to specific programs				7,806,493
Sale of property				20,874
Investment earnings				479,579
Other				<u>20,158</u>
<b>Total general receipts</b>				<b><u>90,966,988</u></b>
Change in net assets				12,680,446
Net assets - beginning				<u>12,875,100</u>
Net assets - ending				<b><u>\$ 25,555,546</u></b>
<u>Assets</u>				
Cash and investments				\$ 20,631,888
Restricted assets:				
Cash and investments				<u>4,923,658</u>
<b>Total assets</b>				<b><u>\$ 25,555,546</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 158,824
Other purposes				4,764,834
Unrestricted				<u>20,631,888</u>
<b>Total net assets</b>				<b><u>\$ 25,555,546</u></b>

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

SCHOOL CITY OF EAST CHICAGO  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<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	\$ 29,667,780	\$ -	\$ 989,436	\$ (28,678,344)
Support services	29,600,795	418,989	3,288,389	(25,893,417)
Noninstructional services	3,859,006	-	-	(3,859,006)
Facilities acquisition and construction	1,022,491	-	-	(1,022,491)
Debt service	30,006,385	-	-	(30,006,385)
Nonprogrammed charges	717,688	-	-	(717,688)
<b>Total governmental activities</b>	<b><u>\$ 94,874,145</u></b>	<b><u>\$ 418,989</u></b>	<b><u>\$ 4,277,825</u></b>	<b><u>(90,177,331)</u></b>
General receipts:				
Property taxes				31,756,954
Other local sources				4,737,103
State aid				38,298,418
Bonds and loans				1,932,990
Grants and contributions not restricted to specific programs				12,184,552
Investment earnings				238,973
Other				111,874
<b>Total general receipts</b>				<b><u>89,260,864</u></b>
Change in net assets				(916,467)
Net assets - beginning				<u>25,555,546</u>
Net assets - ending				<b><u>\$ 24,639,079</u></b>
<b>Assets</b>				
Cash and investments				\$ 19,954,804
Restricted assets:				
Cash and investments				<u>4,684,275</u>
<b>Total assets</b>				<b><u>\$ 24,639,079</u></b>
<b>Net Assets</b>				
Restricted for:				
Other purposes				\$ 4,684,275
Unrestricted				<u>19,954,804</u>
<b>Total net assets</b>				<b><u>\$ 24,639,079</u></b>

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

SCHOOL CITY OF EAST CHICAGO  
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	Debt Service	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 8,593,599	\$ 10,751,751	\$ 3,052,402	\$ 1,557	\$ 3,695,878	\$ 26,095,187
Intermediate sources	158,140	-	-	-	-	158,140
State sources	39,173,558	-	-	-	1,851,642	41,025,200
Federal sources	32,263	-	-	-	9,730,974	9,763,237
Temporary loans	8,869,572	8,079,468	-	-	-	16,949,040
Interfund loans	8,525,000	-	-	525,000	-	9,050,000
Other	14,577	-	-	-	5,581	20,158
<b>Total receipts</b>	<b>65,366,709</b>	<b>18,831,219</b>	<b>3,052,402</b>	<b>526,557</b>	<b>15,284,075</b>	<b>103,060,962</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	28,904,591	-	-	-	5,104,452	34,009,043
Support services	18,083,325	-	605,369	29,470	6,954,403	25,672,567
Noninstructional services	526,486	-	-	-	2,793,186	3,319,672
Facilities acquisition and construction	209,367	-	445,414	43,649	105,327	803,757
Debt services	2,744,070	15,208,005	-	-	389,594	18,341,669
Nonprogrammed charges	5,088	-	-	-	145,067	150,155
Interfund loans	8,525,000	-	-	525,000	-	9,050,000
<b>Total disbursements</b>	<b>58,997,927</b>	<b>15,208,005</b>	<b>1,050,783</b>	<b>598,119</b>	<b>15,492,029</b>	<b>91,346,863</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>6,368,782</b>	<b>3,623,214</b>	<b>2,001,619</b>	<b>(71,562)</b>	<b>(207,954)</b>	<b>11,714,099</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	20,436	-	-	-	438	20,874
Transfers in	31,572	-	-	4,000,000	2,334,850	6,366,422
Transfers out	(2,962)	(154,770)	(900,000)	-	(5,308,690)	(6,366,422)
<b>Total other financing sources (uses)</b>	<b>49,046</b>	<b>(154,770)</b>	<b>(900,000)</b>	<b>4,000,000</b>	<b>(2,973,402)</b>	<b>20,874</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>6,417,828</b>	<b>3,468,444</b>	<b>1,101,619</b>	<b>3,928,438</b>	<b>(3,181,356)</b>	<b>11,734,973</b>
<b>Cash and investments - beginning</b>	<b>(1,723,915)</b>	<b>(3,309,620)</b>	<b>2,891,305</b>	<b>539,782</b>	<b>10,658,187</b>	<b>9,055,739</b>
<b>Cash and investments - ending</b>	<b>\$ 4,693,913</b>	<b>\$ 158,824</b>	<b>\$ 3,992,924</b>	<b>\$ 4,468,220</b>	<b>\$ 7,476,831</b>	<b>20,790,712</b>
<b>Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:</b>						
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
						<u>4,764,834</u>
<b>Net assets of governmental activities</b>						<u>\$ 25,555,546</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 4,693,913	\$ -	\$ 3,992,924	\$ 4,468,220	\$ 7,476,831	\$ 20,631,888
Restricted assets:						
Cash and investments	-	158,824	-	-	-	158,824
<b>Total cash and investment assets - ending</b>	<b>\$ 4,693,913</b>	<b>\$ 158,824</b>	<b>\$ 3,992,924</b>	<b>\$ 4,468,220</b>	<b>\$ 7,476,831</b>	<b>\$ 20,790,712</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ 158,824	\$ -	\$ -	\$ -	\$ 158,824
Unrestricted	4,693,913	-	3,992,924	4,468,220	7,476,831	20,631,888
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,693,913</b>	<b>\$ 158,824</b>	<b>\$ 3,992,924</b>	<b>\$ 4,468,220</b>	<b>\$ 7,476,831</b>	<b>\$ 20,790,712</b>

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

SCHOOL CITY OF EAST CHICAGO  
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, 2009

	General	Debt Service	Capital Projects	Construction	Other	Totals
Receipts:						
Local sources	\$ 10,994,356	\$ 17,250,283	\$ 3,960,313	\$ 4	\$ 4,828,841	\$ 37,033,797
Intermediate sources	114,710	-	-	-	-	114,710
State sources	38,980,443	-	-	-	1,029,799	40,010,242
Federal sources	16,857	-	-	-	14,733,697	14,750,554
Temporary loans	-	1,932,990	-	-	-	1,932,990
Interfund loans	4,000,000	-	-	-	-	4,000,000
Other	108,482	-	-	-	3,392	111,874
<b>Total receipts</b>	<b>54,214,848</b>	<b>19,183,273</b>	<b>3,960,313</b>	<b>4</b>	<b>20,595,729</b>	<b>97,954,167</b>
Disbursements:						
Current:						
Instruction	22,311,594	-	-	-	7,356,186	29,667,780
Support services	19,792,241	-	1,911,927	17,540	7,879,087	29,600,795
Noninstructional services	390,405	-	-	-	3,468,601	3,859,006
Facilities acquisition and construction	75,137	-	493,268	106,959	347,127	1,022,491
Debt services	9,308,784	20,109,634	-	-	587,967	30,006,385
Nonprogrammed charges	234,133	-	-	-	399,485	633,618
Interfund loans	4,000,000	-	-	-	-	4,000,000
<b>Total disbursements</b>	<b>56,112,294</b>	<b>20,109,634</b>	<b>2,405,195</b>	<b>124,499</b>	<b>20,038,453</b>	<b>98,790,075</b>
Excess (deficiency) of receipts over disbursements	(1,897,446)	(926,361)	1,555,118	(124,495)	557,276	(835,908)
Other financing sources (uses):						
Transfers in	9,117	-	-	-	1,814,265	1,823,382
Transfers out	-	(13,151)	(882,562)	-	(927,669)	(1,823,382)
<b>Total other financing sources (uses)</b>	<b>9,117</b>	<b>(13,151)</b>	<b>(882,562)</b>	<b>-</b>	<b>886,596</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,888,329)	(939,512)	672,556	(124,495)	1,443,872	(835,908)
Cash and investments - beginning	4,693,913	158,824	3,992,924	4,468,220	7,476,831	20,790,712
Cash and investments - ending	<u>\$ 2,805,584</u>	<u>\$ (780,688)</u>	<u>\$ 4,665,480</u>	<u>\$ 4,343,725</u>	<u>\$ 8,920,703</u>	19,954,804
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:						
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						<u>4,684,275</u>
Net assets of governmental activities						<u>\$ 24,639,079</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 2,805,584</u>	<u>\$ (780,688)</u>	<u>\$ 4,665,480</u>	<u>\$ 4,343,725</u>	<u>\$ 8,920,703</u>	<u>\$ 19,954,804</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 2,805,584</u>	<u>\$ (780,688)</u>	<u>\$ 4,665,480</u>	<u>\$ 4,343,725</u>	<u>\$ 8,920,703</u>	<u>\$ 19,954,804</u>

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

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

	<u>Internal Service Funds</u>
Operating receipts:	
Charges for services	\$ 1,392,769
Employer contribution	6,351,756
Miscellaneous	8,896
Interfund Loans	<u>4,000,000</u>
Total operating receipts	<u>11,753,421</u>
Operating disbursements:	
Insurance claims and expense	6,807,948
Interfund loans	<u>4,000,000</u>
Total operating disbursements	<u>10,807,948</u>
Excess (deficiency) of operating receipts over operating disbursements	945,473
Transfers in	514,234
Transfers out	<u>(514,234)</u>
Change in net assets	945,473
Cash and investment fund balance - beginning	<u>3,819,361</u>
Cash and investment fund balance - ending	<u>\$ 4,764,834</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 4,764,834</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 4,764,834</u>

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

SCHOOL CITY OF EAST CHICAGO  
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, 2009

	<u>Internal Service Funds</u>
Operating receipts:	
Employer contribution	\$ 2,173,000
Miscellaneous	3,511
Interfund loans	<u>4,000,000</u>
Total operating receipts	<u>6,176,511</u>
Operating disbursements:	
Insurance claims and expense	2,257,070
Interfund loans	<u>4,000,000</u>
Total operating disbursements	<u>6,257,070</u>
Excess (deficiency) of operating receipts over operating disbursements	(80,559)
Cash and investment fund balance - beginning	<u>4,764,834</u>
Cash and investment fund balance - ending	<u>\$ 4,684,275</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 4,684,275</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 4,684,275</u>

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

SCHOOL CITY OF EAST CHICAGO  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For the Year Ended June 30, 2008

	Pension Trust Fund
Additions:	
Contributions	\$ 79,200
Deductions:	
Benefits	58,943
Excess of total additions over total deductions	20,257
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 20,257
Net assets:	
Cash and investments	\$ 20,257

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

SCHOOL CITY OF EAST CHICAGO  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	Pension Trust Fund	Agency Fund
Additions	\$ -	
Deductions	-	
Excess (deficiency) of total additions over total deductions	-	
Cash and investment fund balance - beginning	20,257	
Cash and investment fund balance - ending	\$ 20,257	\$ 37,607
Net assets:		
Cash and investments	\$ 20,257	

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

SCHOOL CITY OF EAST CHICAGO  
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 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 in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The Study Council is governed by a board composed of a member from each participating school corporation. The School Corporation pays \$1,000 annually to belong to the Study Council. Complete financial statements for the Study Council can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, IN 46410.

The School Corporation is a participant with 15 other school corporations in a joint venture to operate the Northwest Indiana Educational Service Center (Service Center) which was created to purchase equipment and supplies and to provide staff training and other programs. The Service Center's governing board has full authority to manage the Service Center, including responsibility for fiscal matters. Complete financial statements for the Service Center can be obtained from the Service Center's administrative office at 2939 41<sup>st</sup> Street, Highland, IN 46322-2790.

The School Corporation is a participant in an interlocal cooperative agency with the East Chicago Public Library and the Civil City of East Chicago known as the East Chicago Government Services Cooperative (Cooperative). The cooperative was created with the purpose of developing programs that benefit the individual entities including educational and training programs, personnel services, joint purchasing programs, administrative support services, data processing and telecommunications services, and operation of facilities or properties.

Related Organizations

The School Corporation officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints a board member of the East Chicago Public Library Board.

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for 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 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 construction fund accounts for planned construction, repair, replacement or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of equipment.

Additionally, the School Corporation reports the following fund types:

The internal service funds (proprietary funds) account for workman's compensation and group health insurance provided to School Corporation employees.

The pension trust fund accounts for the activity of the Pension Trust Fund, which accumulates resources for pension benefits.

Agency fund accounts for assets held by the School Corporation as an agent for federal, state, and private entities and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The final distribution of the 2006 taxes payable 2007 was made on March 31, 2008. The School Corporation received an advance on the 2007 payable 2008 property tax bills on November 21, 2008. The final distribution of the 2007 taxes payable 2008 was made on March 27, 2009.

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2009. Significant delays in the trending of assessments process have resulted in delays in billing, collection, and distribution of tax revenues by the County for the School Corporation in 2009. The assessed valuations of Lake County were not finalized by February 1, 2009, as required. The Lake County 2008 pay 2009 property tax rates and levies, as well as related budget orders for 2009, were not established until July 31, 2009. The County billed the 2008 pay 2009 taxes in two installments with due dates of October 29 and November 30, 2009. The School Corporation received the first distribution of the 2008 pay 2009 property taxes on November 25, 2009. The final distribution occurred on January 20, 2010. The delay in billing and distributing tax collections has hampered the School Corporation's ability to appropriately budget and expend funds and has forced the School Corporation to borrow extensively in anticipation of tax revenues.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental 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 funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
Debt Service	\$ -	\$ 780,688
Special Education Preschool	34,228	12,392
E-Smile	3,392	-
Title II, Part A Improving Teacher Quality	-	9,323
Health Clinic 07/08	20,495	-
Health Clinic 08/09	-	80,535
Retirement Bond Fund Debt Service	121,655	339,567
Worker's Compensation	-	1,832

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the under estimate of current requirements and delays in receiving property tax distributions; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. 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's deposit policy for custodial credit risk is the same as allowed by law. At June 30, 2009, the School Corporation had deposit balances in the amount of \$ 24,696,943. Of this amount, none was exposed to 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.

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Other governmental funds	\$ 2,962	\$ -
Debt Service Fund	Other governmental funds	154,770	13,151
Capital Projects Fund	Other governmental funds	900,000	882,562
Other governmental funds	General Fund	31,572	9,117
	Construction Fund	4,000,000	-
	Other governmental funds	1,277,118	918,552
Totals		<u>\$ 6,366,422</u>	<u>\$ 1,823,382</u>

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

C. Tax Anticipation Warrants

The School Board passed resolutions authorizing the issuance of tax anticipation warrants (TAW's) in 2007, 2008, and 2009. The TAW's were authorized due to property taxes not being billed or collected by the County in a timely manner, as required by state statute. Tax anticipation warrant transactions for the years ended June 30, 2008 and 2009, were as follows:

Fund	Principal Outstanding July 1, 2007	Warrant Proceeds	Warrant Repayments	Principal Outstanding June 30, 2008
General	\$ 2,309,917	\$ 8,869,572	\$ 2,309,917	\$ 8,869,572
Debt Service	<u>3,669,868</u>	<u>8,079,468</u>	<u>3,669,868</u>	<u>8,079,468</u>
Totals	<u>\$ 5,979,785</u>	<u>\$ 16,949,040</u>	<u>\$ 5,979,785</u>	<u>\$ 16,949,040</u>

Fund	Principal Outstanding July 1, 2008	Warrant Proceeds	Warrant Repayments	Principal Outstanding June 30, 2009
General	\$ 8,869,572	\$ -	\$ 8,869,572	\$ -
Debt Service	<u>8,079,468</u>	<u>1,932,990</u>	<u>8,079,468</u>	<u>1,932,990</u>
Totals	<u>\$ 16,949,040</u>	<u>\$ 1,932,990</u>	<u>\$ 16,949,040</u>	<u>\$ 1,932,990</u>

SCHOOL CITY OF EAST CHICAGO  
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; 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 and Self-Insurance Reserve Funds, internal service funds, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$225,000, up to \$1,000,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

The School Corporation has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees. This risk financing fund is accounted for in the Worker's Compensation Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation's General Fund pays the assessments necessary to support the Worker's Compensation Fund.

B. Holding Corporations

The School Corporation has entered into capital leases with the Central High School Building Corporation, East Chicago Elementary School Building Corporation, and East Chicago Multi School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2008 and 2009, totaled \$9,865,594 and \$9,860,191, respectively.

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Subsequent Events

Tax Anticipation Warrants

The outstanding tax anticipation warrant that was received from the Indiana Bond Bank on January 29, 2009, for the Debt Service fund in the amount of \$1,932,990, was repaid by December 31, 2009, in accordance with the loan agreement. The interest rate on this warrant was 1.79%.

Lease Anticipation Warrants

The Central High School Building Corporation has entered into lease anticipation warrants with Peoples Bank to cover the School Corporation's July 2009 to January 2010 lease payments due, in the amount of \$7,964,500. The School Corporation anticipates repaying Peoples Bank for the lease anticipation warrants by June 30, 2010.

General Fund Revenue Reduction

Due to the continued decrease in estimated state revenues, the State of Indiana will reduce funding to K-12 schools by \$297 million in calendar 2010 beginning with their January payment. The reduction will be applied evenly to all school corporations using the current funding formula. It represents 2.7% of the total \$11 billion schools receive from all sources or 3.5% of current state funding. The School Corporation was notified by the State of Indiana that their state support would be reduced by \$2,068,905.

Circuit Breaker Levy Replacement Grant

In December 2009, and January 2010, the School Corporation received \$3,295,155 and \$3,297,380, respectively, in Circuit Breaker Levy Replacement Grant fund from the Indiana Department of Education. These distributions were pursuant to IC 20-20-36.2 for School Corporations that experienced more than a 2% decrease in property revenue due to the circuit breaker caps. (The property tax collection rate for East Chicago for 2008 payable 2009 was 68.3%). The Circuit Breaker Levy Replacement Grant funds are to be used to fund lost debt service revenue, with the remaining funds to be used in any combination for the capital projects, transportation, and bus replacement fund.

D. Contingent Liabilities

The School Corporation has been named as a defendant in various lawsuits for which the outcome cannot be reasonably determined.

E. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation and are eligible for full benefits and retire under the Indiana State Teachers' Retirement Fund or the Indiana Public Employees Retirement Fund. Currently, 54 retirees meet these eligibility requirements. Retirees contribute \$100 to \$250 per month for these postemployment benefits provided through the School Corporation's self-insurance program.

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Employees that retired prior to July 1, 2006, are eligible to remain on the School Corporation's health insurance program until the Board of School Trustees modify or change the eligibility for the health insurance program. Upon attaining Medicare age, the School Corporation's health insurance is secondary insurance. Currently there are 161 retirees receiving these benefits. These retirees also contribute \$100 to \$250 per month for these benefits.

Disbursements for the above postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

F. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total employer contributions made to PERF by the School Corporation during the period ending June 30, 2008 and 2009 were \$490,415 and \$456,904, respectively.

SCHOOL CITY OF EAST CHICAGO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy

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's contributions to the plan during the period ending June 30, 2008 and 2009, were \$806,420 and \$802,318, respectively.

SCHOOL CITY OF EAST CHICAGO  
 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

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	SS Day Camp United Way	Amoco/ Science Olympiad	School Improvement Program
<b>Receipts:</b>							
Local sources	\$ 2,591,120	\$ 35,088	\$ 348,189	\$ 56,515	\$ 5,756	\$ -	\$ -
State sources	-	182,155	4,027	592,646	-	-	69,792
Federal sources	-	-	2,902,489	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,591,120</b>	<b>217,243</b>	<b>3,254,705</b>	<b>649,161</b>	<b>5,756</b>	<b>-</b>	<b>69,792</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	253,628	-	-	2,087	1,483	16,360
Support services	3,428,508	-	105,755	479,327	-	-	12,410
Noninstructional services	-	-	2,592,736	-	-	-	-
Facilities acquisition and construction	11,500	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,440,008</b>	<b>253,628</b>	<b>2,698,491</b>	<b>479,327</b>	<b>2,087</b>	<b>1,483</b>	<b>28,770</b>
Excess (deficiency) of receipts over disbursements	(848,888)	(36,385)	556,214	169,834	3,669	(1,483)	41,022
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	285,694	-	-	154,770	-	-	-
Transfers out	-	-	-	-	(9,936)	-	-
<b>Total other financing sources (uses)</b>	<b>285,694</b>	<b>-</b>	<b>-</b>	<b>154,770</b>	<b>(9,936)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(563,194)	(36,385)	556,214	324,604	(6,267)	(1,483)	41,022
Cash and investments - beginning	1,528,970	2,157	74,663	599,275	6,267	3,698	46,651
Cash and investments - ending	\$ 965,776	\$ (34,228)	\$ 630,877	\$ 923,879	\$ -	\$ 2,215	\$ 87,673
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 965,776	\$ (34,228)	\$ 630,877	\$ 923,879	\$ -	\$ 2,215	\$ 87,673
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 965,776	\$ (34,228)	\$ 630,877	\$ 923,879	\$ -	\$ 2,215	\$ 87,673

SCHOOL CITY OF EAST CHICAGO  
 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)

	E-Smile	Let's Read CHS	Academic League	ATS Item Tryout Incentive 2000	TCEF Striving for Excellence	TCEF Music Education by Exposure	ECCDF Paving Way to a Healthier Lifestyle
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 3,490	\$ -	\$ 5,000	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>3,490</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	638	-	3,376	-	2,927	-	1,450
Support services	-	-	-	-	-	181	49
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>638</b>	<b>-</b>	<b>3,376</b>	<b>-</b>	<b>2,927</b>	<b>181</b>	<b>1,499</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(638)</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>2,073</b>	<b>(181)</b>	<b>(1,499)</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(638)</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>2,073</b>	<b>(181)</b>	<b>(1,499)</b>
Cash and investments - beginning	(2,754)	80	2,037	3,511	3	181	1,499
Cash and investments - ending	<u>\$ (3,392)</u>	<u>\$ 80</u>	<u>\$ 2,151</u>	<u>\$ 3,511</u>	<u>\$ 2,076</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ (3,392)</u>	<u>\$ 80</u>	<u>\$ 2,151</u>	<u>\$ 3,511</u>	<u>\$ 2,076</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ (3,392)</u>	<u>\$ 80</u>	<u>\$ 2,151</u>	<u>\$ 3,511</u>	<u>\$ 2,076</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL CITY OF EAST CHICAGO  
 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)

	ECCDF EC Volleyball Club	TCEF Adult Education 2006	ECCDF EC Central Boys Golf	TCEF Champs Celebration	TCEF Entitlement 06-504	ECCDF Building Healthier Lives	TCEF Enhancing the Library
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	8,904	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	158,904	-	-
Disbursements:							
Current:							
Instruction	200	-	4,464	-	35,861	-	-
Support services	-	3,424	-	9	106,664	20	6,350
Noninstructional services	556	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	84,825	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	756	3,424	4,464	9	227,350	20	6,350
Excess (deficiency) of receipts over disbursements	(756)	(3,424)	(4,464)	(9)	(68,446)	(20)	(6,350)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(756)	(3,424)	(4,464)	(9)	(68,446)	(20)	(6,350)
Cash and investments - beginning	756	3,424	4,464	9	104,816	20	6,569
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 36,370	\$ -	\$ 219
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 36,370	\$ -	\$ 219
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 36,370	\$ -	\$ 219

SCHOOL CITY OF EAST CHICAGO  
 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)

	TCEF Youth Employment Program 2006	TCEF Astie 06-209	Special Olympics	TCEF What Now? 07-101	ECCDF Football Training Camps	TCEF School Improvement	TCEF 2007 Academic Bowl Finale
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 8,059	\$ -	\$ -	\$ -	\$ 7,816
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>8,059</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,816</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	779	2,207	16,383	-	8,925	1,000
Support services	-	-	-	-	15	789	-
Noninstructional services	-	-	-	-	-	794	3,750
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>779</b>	<b>2,207</b>	<b>16,383</b>	<b>15</b>	<b>10,508</b>	<b>4,750</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(779)</b>	<b>5,852</b>	<b>(16,383)</b>	<b>(15)</b>	<b>(10,508)</b>	<b>3,066</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>(779)</b>	<b>5,852</b>	<b>(16,383)</b>	<b>(15)</b>	<b>(10,508)</b>	<b>3,066</b>
<b>Cash and investments - beginning</b>	<b>977</b>	<b>59,594</b>	<b>15,783</b>	<b>55,300</b>	<b>15</b>	<b>17,540</b>	<b>4,750</b>
<b>Cash and investments - ending</b>	<b>\$ 977</b>	<b>\$ 58,815</b>	<b>\$ 21,635</b>	<b>\$ 38,917</b>	<b>\$ -</b>	<b>\$ 7,032</b>	<b>\$ 7,816</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 977	\$ 58,815	\$ 21,635	\$ 38,917	\$ -	\$ 7,032	\$ 7,816
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Unrestricted	\$ 977	\$ 58,815	\$ 21,635	\$ 38,917	\$ -	\$ 7,032	\$ 7,816

SCHOOL CITY OF EAST CHICAGO  
 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)

	TCEF Frog in the Bog	TCEF Stepping into 21st Century	TCEF Automatic External	TCEF Overall Budget	2007 Youth Summit	Getting Ready for Kindergarten	Distance Learning 98
<b>Receipts:</b>							
Local sources	\$ -	\$ 15,000	\$ 20,082	\$ 22,000	\$ 11,114	\$ 9,881	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>15,000</b>	<b>20,082</b>	<b>22,000</b>	<b>11,114</b>	<b>9,881</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	6,527	7,964	-
Support services	-	-	-	-	-	1,855	2,645
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,527</b>	<b>9,819</b>	<b>2,645</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>15,000</b>	<b>20,082</b>	<b>22,000</b>	<b>4,587</b>	<b>62</b>	<b>(2,645)</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>15,000</b>	<b>20,082</b>	<b>22,000</b>	<b>4,587</b>	<b>62</b>	<b>(2,645)</b>
Cash and investments - beginning	6,800	-	-	-	-	-	4,603
Cash and investments - ending	<u>\$ 6,800</u>	<u>\$ 15,000</u>	<u>\$ 20,082</u>	<u>\$ 22,000</u>	<u>\$ 4,587</u>	<u>\$ 62</u>	<u>\$ 1,958</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 6,800</u>	<u>\$ 15,000</u>	<u>\$ 20,082</u>	<u>\$ 22,000</u>	<u>\$ 4,587</u>	<u>\$ 62</u>	<u>\$ 1,958</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 6,800</u>	<u>\$ 15,000</u>	<u>\$ 20,082</u>	<u>\$ 22,000</u>	<u>\$ 4,587</u>	<u>\$ 62</u>	<u>\$ 1,958</u>

SCHOOL CITY OF EAST CHICAGO  
 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)

	IUN Students Lily Utep 98/99	TCEF CHS Spelling Bee	TCEF Let's Read CHS TC04-308	TCEF 2006 Sky Voyage Program	TCEF 2006 Challenger Program	TCEF Banquet of Champions	TCEF Milk Vending Machine
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 14,325	\$ 15,085	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,325</b>	<b>15,085</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	1,057	-	4,902	9,500	4,000	-	-
Support services	1,083	-	-	-	-	105	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,140</b>	<b>-</b>	<b>4,902</b>	<b>9,500</b>	<b>4,000</b>	<b>105</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(2,140)	-	(4,902)	4,825	11,085	(105)	-
<b>Other financing sources (uses):</b>							
Sale of capital assets	438	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(950)	-	-	-
<b>Total other financing sources (uses)</b>	<b>438</b>	<b>-</b>	<b>-</b>	<b>(950)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,702)	-	(4,902)	3,875	11,085	(105)	-
Cash and investments - beginning	40,857	666	5,433	950	7,343	105	1,157
Cash and investments - ending	\$ 39,155	\$ 666	\$ 531	\$ 4,825	\$ 18,428	\$ -	\$ 1,157
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 39,155	\$ 666	\$ 531	\$ 4,825	\$ 18,428	\$ -	\$ 1,157
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 39,155	\$ 666	\$ 531	\$ 4,825	\$ 18,428	\$ -	\$ 1,157

SCHOOL CITY OF EAST CHICAGO  
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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Gifted and Talented 06/07	Education Technology	State Medicaid Reimbursement	Minority Awareness Summit	Harcourt Testing Donation	Non-English Speaking Program 06/07	Technology Plan Grant 07/08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	52,041	751,022	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>52,041</b>	<b>751,022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	20,647	-	-	-	-	51,208	5
Support services	-	124,037	-	-	-	-	153,742
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	3,215
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>20,647</b>	<b>124,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,208</b>	<b>156,962</b>
Excess (deficiency) of receipts over disbursements	31,394	626,985	-	-	-	(51,208)	(156,962)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	950	-	93,836	-
Transfers out	-	(4,000,000)	-	-	-	(34)	(24,338)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,000,000)</b>	<b>-</b>	<b>950</b>	<b>-</b>	<b>93,802</b>	<b>(24,338)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,394	(3,373,015)	-	950	-	42,594	(181,300)
Cash and investments - beginning	6,243	3,472,652	96,328	-	1,926	102	181,300
Cash and investments - ending	\$ 37,637	\$ 99,637	\$ 96,328	\$ 950	\$ 1,926	\$ 42,696	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 37,637	\$ 99,637	\$ 96,328	\$ 950	\$ 1,926	\$ 42,696	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 37,637	\$ 99,637	\$ 96,328	\$ 950	\$ 1,926	\$ 42,696	\$ -

SCHOOL CITY OF EAST CHICAGO  
 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)

	Non-English Speaking Program 07/08	Technology Plan Grant 08/09	GED	Non-English Speaking Program 05/06	Cultural Competency Grant	Title I School Improvement	Title I FY 07/08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	112,241	-	6,984	-	5,584	-	-
Federal sources	-	-	-	-	-	-	3,250,962
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>112,241</b>	<b>-</b>	<b>6,984</b>	<b>-</b>	<b>5,584</b>	<b>-</b>	<b>3,250,962</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	23,864	-	60	-	3,123	3,805	1,668,314
Support services	155	6,784	-	-	2,458	28,632	540,357
Noninstructional services	767	-	-	-	-	1,462	124,400
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>24,786</b>	<b>6,784</b>	<b>60</b>	<b>-</b>	<b>5,581</b>	<b>33,899</b>	<b>2,333,071</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>87,455</b>	<b>(6,784)</b>	<b>6,924</b>	<b>-</b>	<b>3</b>	<b>(33,899)</b>	<b>917,891</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	24,338	-	34	-	-	678,035
Transfers out	(93,836)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(93,836)</b>	<b>24,338</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>678,035</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(6,381)</b>	<b>17,554</b>	<b>6,924</b>	<b>34</b>	<b>3</b>	<b>(33,899)</b>	<b>1,595,926</b>
Cash and investments - beginning	6,381	-	2,562	-	-	33,899	-
Cash and investments - ending	\$ -	\$ 17,554	\$ 9,486	\$ 34	\$ 3	\$ -	\$ 1,595,926
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 17,554	\$ 9,486	\$ 34	\$ 3	\$ -	\$ 1,595,926
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 17,554	\$ 9,486	\$ 34	\$ 3	\$ -	\$ 1,595,926

SCHOOL CITY OF EAST CHICAGO  
 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 School Improvement Harrison 08/09	Title I School Improvement Lincoln 08/09	Title I School Improvement Gosch 08/09	Title I FY 06/07	Title I School Improvement McKinley 06/07	Title V Part A 05-240 FY 05/07	Title V FY 07/09
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (785)	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	478,772	-	-	13,268
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,772</b>	<b>-</b>	<b>(785)</b>	<b>13,268</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	7,199	10,800	12,677	555,615	18,245	10,297	14,566
Support services	30,910	21,099	8,888	532,806	24,500	6,793	15,010
Noninstructional services	1,387	770	-	43,170	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	106,235	-	6,318	-
<b>Total disbursements</b>	<b>39,496</b>	<b>32,669</b>	<b>21,565</b>	<b>1,237,826</b>	<b>42,745</b>	<b>23,408</b>	<b>29,576</b>
Excess (deficiency) of receipts over disbursements	(39,496)	(32,669)	(21,565)	(759,054)	(42,745)	(24,193)	(16,308)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	17,626
Transfers out	-	-	-	(678,035)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(678,035)</b>	<b>-</b>	<b>-</b>	<b>17,626</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(39,496)	(32,669)	(21,565)	(1,437,089)	(42,745)	(24,193)	1,318
Cash and investments - beginning	39,496	32,669	21,565	1,437,089	42,745	24,193	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,318
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,318
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,318

SCHOOL CITY OF EAST CHICAGO  
 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)

	Insai WS Field	Title I School Improvement Franklin 07/08	Title I School Improvement Gosch 07/08	Title I School Improvement Harrison 07/08	Title I School Improvement Lincoln 07/08	Title I School Improvement McKinley 07/08	Preschool
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	50,000	50,000	40,000	40,000	28,478	18,864
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>40,000</b>	<b>40,000</b>	<b>28,478</b>	<b>18,864</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	7,598	4,237	4,994	14,252	-	18,168
Support services	-	-	1,650	-	435	-	5,621
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>7,598</b>	<b>5,887</b>	<b>4,994</b>	<b>14,687</b>	<b>-</b>	<b>23,789</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>42,402</b>	<b>44,113</b>	<b>35,006</b>	<b>25,313</b>	<b>28,478</b>	<b>(4,925)</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(2,222)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,222)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>42,402</b>	<b>44,113</b>	<b>35,006</b>	<b>25,313</b>	<b>28,478</b>	<b>(7,147)</b>
Cash and investments - beginning	9	-	-	-	-	-	7,147
<b>Cash and investments - ending</b>	<b>\$ 9</b>	<b>\$ 42,402</b>	<b>\$ 44,113</b>	<b>\$ 35,006</b>	<b>\$ 25,313</b>	<b>\$ 28,478</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 9	\$ 42,402	\$ 44,113	\$ 35,006	\$ 25,313	\$ 28,478	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 9	\$ 42,402	\$ 44,113	\$ 35,006	\$ 25,313	\$ 28,478	\$ -

SCHOOL CITY OF EAST CHICAGO  
 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)

	Preschool Carryover 07/08	Preschool FY 07/08	Adult Basic Education 07/08	Adult Basic Education 06/07	Empowerment Zone	Title IV Part A Drug Free 06/07	SCEC/Valpo Math Part K-9 04/05
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	5,651	33,000	116,698	-	-	54,803	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>5,651</b>	<b>33,000</b>	<b>116,698</b>	<b>-</b>	<b>-</b>	<b>54,803</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	4,689	16,279	59,402	23,817	780	-	-
Support services	2,733	10,688	31,423	899	-	19,103	91,198
Noninstructional services	-	-	11,590	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	2,074	-
<b>Total disbursements</b>	<b>7,422</b>	<b>26,967</b>	<b>102,415</b>	<b>24,716</b>	<b>780</b>	<b>21,177</b>	<b>91,198</b>
Excess (deficiency) of receipts over disbursements	(1,771)	6,033	14,283	(24,716)	(780)	33,626	(91,198)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	2,222	-	-	-	4,092	-	877
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,092</b>	<b>-</b>	<b>877</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	451	6,033	14,283	(24,716)	3,312	33,626	(90,321)
Cash and investments - beginning	-	-	-	24,716	-	-	91,198
Cash and investments - ending	\$ 451	\$ 6,033	\$ 14,283	\$ -	\$ 3,312	\$ 33,626	\$ 877
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 451	\$ 6,033	\$ 14,283	\$ -	\$ 3,312	\$ 33,626	\$ 877
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 451	\$ 6,033	\$ 14,283	\$ -	\$ 3,312	\$ 33,626	\$ 877

SCHOOL CITY OF EAST CHICAGO  
 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)

	SCEC/Valpo Science Part K-9 04/05	Wal-Mart Literacy Program 2005	Carl Perkins 07/08	Carl Perkins 06/07	Federal Medicaid Reimbursement	Mathematics Initiative 97/98	School to Work
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	93,070	75,353	-	5,523	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>93,070</b>	<b>75,353</b>	<b>-</b>	<b>5,523</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	48,273	100,145	602	88,854	-
Support services	62,341	-	967	17,128	4,033	19,878	-
Noninstructional services	-	-	-	-	-	9,738	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	131	-	-	-	-	4,000	-
<b>Total disbursements</b>	<b>62,472</b>	<b>-</b>	<b>49,240</b>	<b>117,273</b>	<b>4,635</b>	<b>122,470</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(62,472)</b>	<b>-</b>	<b>43,830</b>	<b>(41,920)</b>	<b>(4,635)</b>	<b>(116,947)</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(877)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(877)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(62,472)</b>	<b>(877)</b>	<b>43,830</b>	<b>(41,920)</b>	<b>(4,635)</b>	<b>(116,947)</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>62,472</b>	<b>877</b>	<b>-</b>	<b>41,920</b>	<b>126,893</b>	<b>132,555</b>	<b>2,214</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,830</b>	<b>\$ -</b>	<b>\$ 122,258</b>	<b>\$ 15,608</b>	<b>\$ 2,214</b>
<b>Cash and Investment Assets - Ending</b>							
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,830</b>	<b>\$ -</b>	<b>\$ 122,258</b>	<b>\$ 15,608</b>	<b>\$ 2,214</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,830</b>	<b>\$ -</b>	<b>\$ 122,258</b>	<b>\$ 15,608</b>	<b>\$ 2,214</b>

SCHOOL CITY OF EAST CHICAGO  
 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)

	Empowerment Zone	L.D. 07/08	Title IV Drug Free 06/07	Title II, Part A Improving Teacher Quality	Title II Part D 06/07	Title III, Part A English Language 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	75,150
Federal sources	-	1,056,528	-	369,655	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>1,056,528</b>	<b>-</b>	<b>369,655</b>	<b>-</b>	<b>75,150</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	771,224	4,730	137,727	103	39,894
Support services	-	173,645	38,432	113,132	9,946	3,142
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	200	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>944,869</b>	<b>43,362</b>	<b>250,859</b>	<b>10,049</b>	<b>43,036</b>
Excess (deficiency) of receipts over disbursements	-	111,659	(43,362)	118,796	(10,049)	32,114
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(4,092)	-	-	(17,626)	-	-
<b>Total other financing sources (uses)</b>	<b>(4,092)</b>	<b>-</b>	<b>-</b>	<b>(17,626)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,092)	111,659	(43,362)	101,170	(10,049)	32,114
Cash and investments - beginning	4,092	-	43,362	-	10,049	-
Cash and investments - ending	\$ -	\$ 111,659	\$ -	\$ 101,170	\$ -	\$ 32,114
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 111,659	\$ -	\$ 101,170	\$ -	\$ 32,114
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ 111,659	\$ -	\$ 101,170	\$ -	\$ 32,114

SCHOOL CITY OF EAST CHICAGO  
 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)

	L.D. 06/07	Title I, Part B Reading First McKinley	Title I Reading First Washington Summer 07	Title I Reading First McKinley Summer 07	Title III, Part B Reading First 06/07	L.D. Carryover 06/07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	317,637	39,582	44,426	44,438	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>317,637</b>	<b>39,582</b>	<b>44,426</b>	<b>44,438</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	130,380	83,087	38,143	40,208	57,472	98,880
Support services	20,543	17,356	2,053	-	427	71,404
Noninstructional services	-	-	-	-	-	2,066
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	5,131
<b>Total disbursements</b>	<b>150,923</b>	<b>100,443</b>	<b>40,196</b>	<b>40,208</b>	<b>57,899</b>	<b>177,481</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>166,714</b>	<b>(60,861)</b>	<b>4,230</b>	<b>4,230</b>	<b>(57,899)</b>	<b>(177,481)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(159,478)	(9,935)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(159,478)</b>	<b>(9,935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>7,236</b>	<b>(70,796)</b>	<b>4,230</b>	<b>4,230</b>	<b>(57,899)</b>	<b>(177,481)</b>
<b>Cash and investments - beginning</b>	<b>(7,236)</b>	<b>70,796</b>	<b>-</b>	<b>-</b>	<b>57,899</b>	<b>177,481</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,230</b>	<b>\$ 4,230</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,230</b>	<b>\$ 4,230</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,230</b>	<b>\$ 4,230</b>	<b>\$ -</b>	<b>\$ -</b>

SCHOOL CITY OF EAST CHICAGO  
 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, Part B Reading First 06/07	Health Clinic 06/07	Health Clinic 07/08	Title I School Improvement	Preschool Carryover 06/07	Title I Reading First Washington 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	37,190	33,468	60,080	-	-	123,545
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>37,190</b>	<b>33,468</b>	<b>60,080</b>	<b>-</b>	<b>-</b>	<b>123,545</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	60,766	1,732	2,559	10,355	1,639	117,593
Support services	13,641	11,880	78,016	27,617	424	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	12	-
<b>Total disbursements</b>	<b>74,407</b>	<b>13,612</b>	<b>80,575</b>	<b>37,972</b>	<b>2,075</b>	<b>117,593</b>
Excess (deficiency) of receipts over disbursements	(37,217)	19,856	(20,495)	(37,972)	(2,075)	5,952
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	2,962	-	-	-	-
Transfers out	(6,697)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(6,697)</b>	<b>2,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(43,914)	22,818	(20,495)	(37,972)	(2,075)	5,952
Cash and investments - beginning	43,914	(22,818)	-	37,972	2,075	-
Cash and investments - ending	\$ -	\$ -	\$ (20,495)	\$ -	\$ -	\$ 5,952
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ (20,495)	\$ -	\$ -	\$ 5,952
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ -	\$ (20,495)	\$ -	\$ -	\$ 5,952

SCHOOL CITY OF EAST CHICAGO  
 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 Reading First McKinley07/08	SS Day Camp United Way	Title II, Part A Improving Teacher Quality	Laura Bush Foundation for Libraries	Community Foundation for National Capital	L.D. 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -
State sources	-	-	-	-	-	-
Federal sources	174,238	-	49,800	-	-	114,552
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>174,238</b>	<b>-</b>	<b>49,800</b>	<b>-</b>	<b>5,000</b>	<b>114,552</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	127,861	2,578	127,039	1,405	4,311	66,533
Support services	-	-	91,186	-	-	117,756
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	20,966	-	-	-
<b>Total disbursements</b>	<b>127,861</b>	<b>2,578</b>	<b>239,191</b>	<b>1,405</b>	<b>4,311</b>	<b>184,289</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>46,377</b>	<b>(2,578)</b>	<b>(189,391)</b>	<b>(1,405)</b>	<b>689</b>	<b>(69,737)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	9,936	-	-	-	159,478
Transfers out	-	-	(14,940)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>9,936</b>	<b>(14,940)</b>	<b>-</b>	<b>-</b>	<b>159,478</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>46,377</b>	<b>7,358</b>	<b>(204,331)</b>	<b>(1,405)</b>	<b>689</b>	<b>89,741</b>
Cash and investments - beginning	-	-	204,331	1,416	-	-
<b>Cash and investments - ending</b>	<b>\$ 46,377</b>	<b>\$ 7,358</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ 689</b>	<b>\$ 89,741</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 46,377	\$ 7,358	\$ -	\$ 11	\$ 689	\$ 89,741
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 46,377	\$ 7,358	\$ -	\$ 11	\$ 689	\$ 89,741

SCHOOL CITY OF EAST CHICAGO  
 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)

	Retirement Bond Fund Debt Service	School Bus Replacement	Block Bonds Construction	Lincoln Bonds Construction	Repair and Maintenance	Totals
<b>Receipts:</b>						
Local sources	\$ 329,555	\$ 16,920	\$ 922	\$ 25,746	\$ -	\$ 3,695,878
State sources	-	-	-	-	-	1,851,642
Federal sources	-	-	-	-	-	9,730,974
Other	-	5,581	-	-	-	5,581
<b>Total receipts</b>	<u>329,555</u>	<u>22,501</u>	<u>922</u>	<u>25,746</u>	<u>-</u>	<u>15,284,075</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	5,104,452
Support services	-	229,710	9,915	6,124	4,597	6,954,403
Noninstructional services	-	-	-	-	-	2,793,186
Facilities acquisition and construction	-	-	5,787	-	-	105,327
Debt services	389,594	-	-	-	-	389,594
Nonprogrammed charges	-	-	-	-	-	145,067
<b>Total disbursements</b>	<u>389,594</u>	<u>229,710</u>	<u>15,702</u>	<u>6,124</u>	<u>4,597</u>	<u>15,492,029</u>
Excess (deficiency) of receipts over disbursements	<u>(60,039)</u>	<u>(207,209)</u>	<u>(14,780)</u>	<u>19,622</u>	<u>(4,597)</u>	<u>(207,954)</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	438
Transfers in	-	-	-	-	900,000	2,334,850
Transfers out	-	(285,694)	-	-	-	(5,308,690)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(285,694)</u>	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>(2,973,402)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(60,039)</u>	<u>(492,903)</u>	<u>(14,780)</u>	<u>19,622</u>	<u>895,403</u>	<u>(3,181,356)</u>
Cash and investments - beginning	<u>(61,616)</u>	<u>888,933</u>	<u>147,391</u>	<u>562,688</u>	<u>138</u>	<u>10,658,187</u>
Cash and investments - ending	<u>\$ (121,655)</u>	<u>\$ 396,030</u>	<u>\$ 132,611</u>	<u>\$ 582,310</u>	<u>\$ 895,541</u>	<u>\$ 7,476,831</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ (121,655)</u>	<u>\$ 396,030</u>	<u>\$ 132,611</u>	<u>\$ 582,310</u>	<u>\$ 895,541</u>	<u>\$ 7,476,831</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ (121,655)</u>	<u>\$ 396,030</u>	<u>\$ 132,611</u>	<u>\$ 582,310</u>	<u>\$ 895,541</u>	<u>\$ 7,476,831</u>

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	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Amoco/ Science Olympiad	School Improvement Program	E-Smile
<b>Receipts:</b>							
Local sources	\$ 3,292,323	\$ 38,357	\$ 325,009	\$ 59,226	\$ -	\$ 1,408	\$ -
State sources	-	187,473	3,424	524,708	-	65,511	-
Federal sources	-	-	2,760,243	-	-	-	-
Other	-	-	-	-	-	-	3,392
<b>Total receipts</b>	<b>3,292,323</b>	<b>225,830</b>	<b>3,088,676</b>	<b>583,934</b>	<b>-</b>	<b>66,919</b>	<b>3,392</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	203,994	-	-	2,161	29,457	-
Support services	2,615,810	-	-	654,395	54	20,513	-
Noninstructional services	16,272	-	3,227,307	-	-	-	-
Facilities acquisition and construction	210,992	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	711	-
<b>Total disbursements</b>	<b>2,843,074</b>	<b>203,994</b>	<b>3,227,307</b>	<b>654,395</b>	<b>2,215</b>	<b>50,681</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>449,249</b>	<b>21,836</b>	<b>(138,631)</b>	<b>(70,461)</b>	<b>(2,215)</b>	<b>16,238</b>	<b>3,392</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	13,151	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,151</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>449,249</b>	<b>21,836</b>	<b>(138,631)</b>	<b>(57,310)</b>	<b>(2,215)</b>	<b>16,238</b>	<b>3,392</b>
Cash and investments - beginning	965,776	(34,228)	630,877	923,879	2,215	87,673	(3,392)
Cash and investments - ending	\$ 1,415,025	\$ (12,392)	\$ 492,246	\$ 866,569	\$ -	\$ 103,911	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,415,025	\$ (12,392)	\$ 492,246	\$ 866,569	\$ -	\$ 103,911	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 1,415,025	\$ (12,392)	\$ 492,246	\$ 866,569	\$ -	\$ 103,911	\$ -

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	Let's Read CHS	Academic League	ATS Item Tryout Incentive 2000	TCEF Striving for Excellence	Education Collaboration	Cardiology Upgrade	TCEF Entitlement 06-504
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 625	\$ 15,000	\$ 19,500
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>625</b>	<b>15,000</b>	<b>19,500</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	2,151	3,511	2,072	-	14,998	2,330
Support services	-	-	-	-	-	-	42,012
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>2,151</b>	<b>3,511</b>	<b>2,072</b>	<b>-</b>	<b>14,998</b>	<b>44,342</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(2,151)</b>	<b>(3,511)</b>	<b>(2,072)</b>	<b>625</b>	<b>2</b>	<b>(24,842)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>(2,151)</b>	<b>(3,511)</b>	<b>(2,072)</b>	<b>625</b>	<b>2</b>	<b>(24,842)</b>
Cash and investments - beginning	80	2,151	3,511	2,076	-	-	36,370
Cash and investments - ending	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 625</u>	<u>\$ 2</u>	<u>\$ 11,528</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 625</u>	<u>\$ 2</u>	<u>\$ 11,528</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 625</u>	<u>\$ 2</u>	<u>\$ 11,528</u>

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	Printing and Binding	TCEF Enhancing the Library	TCEF Youth Employment Program 2006	TCEF Astie 06-209	Special Olympics	TCEF What Now? 07-101	TCEF School Improvement
<b>Receipts:</b>							
Local sources	\$ 69,692	\$ -	\$ -	\$ -	\$ 26,854	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>69,692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,854</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	8,293	5,427	-
Support services	61,872	219	-	-	14,378	223	103
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>61,872</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>22,671</b>	<b>5,650</b>	<b>103</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>7,820</b>	<b>(219)</b>	<b>-</b>	<b>-</b>	<b>4,183</b>	<b>(5,650)</b>	<b>(103)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>7,820</b>	<b>(219)</b>	<b>-</b>	<b>-</b>	<b>4,183</b>	<b>(5,650)</b>	<b>(103)</b>
Cash and investments - beginning	-	219	977	58,815	21,635	38,917	7,032
Cash and investments - ending	<u>\$ 7,820</u>	<u>\$ -</u>	<u>\$ 977</u>	<u>\$ 58,815</u>	<u>\$ 25,818</u>	<u>\$ 33,267</u>	<u>\$ 6,929</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 7,820</u>	<u>\$ -</u>	<u>\$ 977</u>	<u>\$ 58,815</u>	<u>\$ 25,818</u>	<u>\$ 33,267</u>	<u>\$ 6,929</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 7,820</u>	<u>\$ -</u>	<u>\$ 977</u>	<u>\$ 58,815</u>	<u>\$ 25,818</u>	<u>\$ 33,267</u>	<u>\$ 6,929</u>

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	TCEF 2007 Academic Bowl Finale	TCEF Frog in the Bog	TCEF Stepping into 21st Century	TCEF Automatic External	TCEF Overall Budget	2007 Youth Summit	Getting Ready for Kindergarten
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	7,816	-	-	-	21,720	-	-
Support services	-	-	15,000	20,082	280	-	62
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,816</b>	<b>-</b>	<b>15,000</b>	<b>20,082</b>	<b>22,000</b>	<b>-</b>	<b>62</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(7,816)</b>	<b>-</b>	<b>(15,000)</b>	<b>(20,082)</b>	<b>(22,000)</b>	<b>-</b>	<b>(62)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(7,816)</b>	<b>-</b>	<b>(15,000)</b>	<b>(20,082)</b>	<b>(22,000)</b>	<b>-</b>	<b>(62)</b>
Cash and investments - beginning	7,816	6,800	15,000	20,082	22,000	4,587	62
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,587</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ -</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,587</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ -</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,587</u>	<u>\$ -</u>

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	Distance Learning 98	IUN Students Lily Utep 98/99	TCEF CHS Spelling Bee	TCEF Let's Read CHS TC04-308	TCEF 2006 Sky Voyage Program	TCEF 2006 Challenger Program	TCEF Milk Vending Machine
<b>Receipts:</b>							
Local sources	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	5,928	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>5,929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	595	-	65	500	3,100	-
Support services	-	463	-	-	4,325	15,328	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>1,058</b>	<b>-</b>	<b>65</b>	<b>4,825</b>	<b>18,428</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>4,871</b>	<b>-</b>	<b>(65)</b>	<b>(4,825)</b>	<b>(18,428)</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>4,871</b>	<b>-</b>	<b>(65)</b>	<b>(4,825)</b>	<b>(18,428)</b>	<b>-</b>
Cash and investments - beginning	1,958	39,155	666	531	4,825	18,428	1,157
Cash and investments - ending	<u>\$ 1,958</u>	<u>\$ 44,026</u>	<u>\$ 666</u>	<u>\$ 466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 1,958</u>	<u>\$ 44,026</u>	<u>\$ 666</u>	<u>\$ 466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 1,958</u>	<u>\$ 44,026</u>	<u>\$ 666</u>	<u>\$ 466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157</u>

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	Gifted and Talented 08/09	Gifted and Talented 06/07	Education Technology	State Medicaid Reimbursement	Minority Awareness Summit	Harcourt Testing Donation	Non-English Speaking Program 06/07
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 584,471	\$ -	\$ -	\$ -	\$ -
State sources	52,041	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>52,041</b>	<b>-</b>	<b>584,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	13,764	37,553	-	-	-	-	37,125
Support services	720	84	535,171	-	-	-	5,571
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14,484</b>	<b>37,637</b>	<b>535,171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,696</b>
Excess (deficiency) of receipts over disbursements	37,557	(37,637)	49,300	-	-	-	(42,696)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,557	(37,637)	49,300	-	-	-	(42,696)
Cash and investments - beginning	-	37,637	99,637	96,328	950	1,926	42,696
Cash and investments - ending	\$ 37,557	\$ -	\$ 148,937	\$ 96,328	\$ 950	\$ 1,926	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 37,557	\$ -	\$ 148,937	\$ 96,328	\$ 950	\$ 1,926	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 37,557	\$ -	\$ 148,937	\$ 96,328	\$ 950	\$ 1,926	\$ -

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	In Excess Linux Certification Grant	Technology Plan Grant 08/09	GED	Non-English Speaking Program 08/09	Non-English Speaking Program 05/06	Cultural Competency Grant	Title I FY 08/09
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	2,500	-	4,268	120,674	-	-	-
Federal sources	-	-	-	-	-	-	4,087,969
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,500</b>	<b>-</b>	<b>4,268</b>	<b>120,674</b>	<b>-</b>	<b>-</b>	<b>4,087,969</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	463	6,250	76,602	-	-	2,317,026
Support services	2,500	17,091	22	850	-	3	917,776
Noninstructional services	-	-	-	-	-	-	164,944
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,500</b>	<b>17,554</b>	<b>6,272</b>	<b>77,452</b>	<b>-</b>	<b>3</b>	<b>3,399,746</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(17,554)</b>	<b>(2,004)</b>	<b>43,222</b>	<b>-</b>	<b>(3)</b>	<b>688,223</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	651,106
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>651,106</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>(17,554)</b>	<b>(2,004)</b>	<b>43,222</b>	<b>-</b>	<b>(3)</b>	<b>1,339,329</b>
Cash and investments - beginning	-	17,554	9,486	-	34	3	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,482</u>	<u>\$ 43,222</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 1,339,329</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,482</u>	<u>\$ 43,222</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 1,339,329</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,482</u>	<u>\$ 43,222</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 1,339,329</u>

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	Title I School Improvement Lincoln 08/09	Title I FY 07/08	Title I School Improvement Harrison 08/09	Title I School Improvement Lincoln 08/09	Title I School Improvement Gosch 08/09	Title V Part A T 507	Title V FY 07/09
<b>Receipts:</b>							
Local sources	\$ -	\$ 625	\$ -	\$ -	\$ -	\$ -	\$ 608
State sources	-	-	-	-	-	-	-
Federal sources	285,100	703,000	50,000	50,000	50,000	17,614	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>285,100</b>	<b>703,625</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>17,614</b>	<b>608</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	118,085	917,117	-	-	-	-	1,926
Support services	76,667	547,312	33,677	35,989	35,196	950	-
Noninstructional services	-	54,758	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	129,258	-	-	-	-	-
<b>Total disbursements</b>	<b>194,752</b>	<b>1,648,445</b>	<b>33,677</b>	<b>35,989</b>	<b>35,196</b>	<b>950</b>	<b>1,926</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>90,348</b>	<b>(944,820)</b>	<b>16,323</b>	<b>14,011</b>	<b>14,804</b>	<b>16,664</b>	<b>(1,318)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(651,106)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(651,106)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>90,348</b>	<b>(1,595,926)</b>	<b>16,323</b>	<b>14,011</b>	<b>14,804</b>	<b>16,664</b>	<b>(1,318)</b>
Cash and investments - beginning	-	1,595,926	-	-	-	-	1,318
Cash and investments - ending	<u>\$ 90,348</u>	<u>\$ -</u>	<u>\$ 16,323</u>	<u>\$ 14,011</u>	<u>\$ 14,804</u>	<u>\$ 16,664</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 90,348</u>	<u>\$ -</u>	<u>\$ 16,323</u>	<u>\$ 14,011</u>	<u>\$ 14,804</u>	<u>\$ 16,664</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 90,348</u>	<u>\$ -</u>	<u>\$ 16,323</u>	<u>\$ 14,011</u>	<u>\$ 14,804</u>	<u>\$ 16,664</u>	<u>\$ -</u>

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	Insai WS Field	Title I School Improvement Franklin 07/08	Title I School Improvement Gosch 07/08	Title I School Improvement Harrison 07/08	Title I School Improvement Lincoln 07/08	Title I School Improvement McKinley 07/08	Preschool Carryover 07/08
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disbursements:							
Current:							
Instruction	-	16,085	3,460	-	4,124	20,780	360
Support services	-	26,317	36,594	32,438	21,189	7,698	80
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	4,059	2,568	-	-	11
<b>Total disbursements</b>	<b>-</b>	<b>42,402</b>	<b>44,113</b>	<b>35,006</b>	<b>25,313</b>	<b>28,478</b>	<b>451</b>
Excess (deficiency) of receipts over disbursements	-	(42,402)	(44,113)	(35,006)	(25,313)	(28,478)	(451)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(42,402)	(44,113)	(35,006)	(25,313)	(28,478)	(451)
Cash and investments - beginning	9	42,402	44,113	35,006	25,313	28,478	451
Cash and investments - ending	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	Preschool FY 08/09	Preschool Carryover 08/09	Preschool FY 07/08	Adult Basic Education 07/08	Empowerment Zone	Title IV Part A Drug Free	Title IV Part A Drug Free 06/07
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	33,850	5,660	17,946	-	-	54,698	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>33,850</b>	<b>5,660</b>	<b>17,946</b>	<b>-</b>	<b>-</b>	<b>54,698</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	19,490	18,459	10,113	10,242	660	-	-
Support services	316	-	-	338	8	34,073	32,297
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	3,703	-	-	1,329
<b>Total disbursements</b>	<b>19,806</b>	<b>18,459</b>	<b>10,113</b>	<b>14,283</b>	<b>668</b>	<b>34,073</b>	<b>33,626</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>14,044</b>	<b>(12,799)</b>	<b>7,833</b>	<b>(14,283)</b>	<b>(668)</b>	<b>20,625</b>	<b>(33,626)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	13,866	-	-	-	-	-
Transfers out	-	-	(13,866)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>13,866</b>	<b>(13,866)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>14,044</b>	<b>1,067</b>	<b>(6,033)</b>	<b>(14,283)</b>	<b>(668)</b>	<b>20,625</b>	<b>(33,626)</b>
Cash and investments - beginning	-	-	6,033	14,283	3,312	-	33,626
Cash and investments - ending	<u>\$ 14,044</u>	<u>\$ 1,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,644</u>	<u>\$ 20,625</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 14,044</u>	<u>\$ 1,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,644</u>	<u>\$ 20,625</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 14,044</u>	<u>\$ 1,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,644</u>	<u>\$ 20,625</u>	<u>\$ -</u>

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	SCEC/Valpo Math Part K-9 04/05	Carl Perkins 07/08	Carl Perkins 06/07	Federal Medicaid Reimbursement	Mathematics Initiative 97/98	School to Work
<b>Receipts:</b>						
Local sources	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	36,644	172,766	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,000</b>	<b>36,644</b>	<b>172,766</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	430	72,366	62,568	2,955	10,373	-
Support services	446	-	41,091	11,490	5,228	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	8,108	-	-	-	-
<b>Total disbursements</b>	<b>876</b>	<b>80,474</b>	<b>103,659</b>	<b>14,445</b>	<b>15,601</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	124	(43,830)	69,107	(14,445)	(15,601)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	124	(43,830)	69,107	(14,445)	(15,601)	-
Cash and investments - beginning	877	43,830	-	122,258	15,608	2,214
Cash and investments - ending	<u>\$ 1,001</u>	<u>\$ -</u>	<u>\$ 69,107</u>	<u>\$ 107,813</u>	<u>\$ 7</u>	<u>\$ 2,214</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 1,001</u>	<u>\$ -</u>	<u>\$ 69,107</u>	<u>\$ 107,813</u>	<u>\$ 7</u>	<u>\$ 2,214</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 1,001</u>	<u>\$ -</u>	<u>\$ 69,107</u>	<u>\$ 107,813</u>	<u>\$ 7</u>	<u>\$ 2,214</u>

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	L.D. 07/08	Title II, Part A Improving Teacher Quality	Title III, Part A English Language 07/08	Title III Part A	Title I Reading First McKinley 08/09	L.D. 08/09
<b>Receipts:</b>						
Local sources	\$ -	\$ 448	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	69,200	-	-
Federal sources	316,956	399,830	34,600	-	287,199	1,083,126
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>316,956</b>	<b>400,278</b>	<b>34,600</b>	<b>69,200</b>	<b>287,199</b>	<b>1,083,126</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	198,708	242,406	56,838	13,015	235,714	494,239
Support services	33,057	242,837	1,391	-	2,400	16,435
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	25,528	-	-	-	207,468
<b>Total disbursements</b>	<b>231,765</b>	<b>510,771</b>	<b>58,229</b>	<b>13,015</b>	<b>238,114</b>	<b>718,142</b>
Excess (deficiency) of receipts over disbursements	85,191	(110,493)	(23,629)	56,185	49,085	364,984
<b>Other financing sources (uses):</b>						
Transfers in	-	-	56,185	-	-	-
Transfers out	(196,850)	-	-	(56,185)	-	-
<b>Total other financing sources (uses)</b>	<b>(196,850)</b>	<b>-</b>	<b>56,185</b>	<b>(56,185)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(111,659)	(110,493)	32,556	-	49,085	364,984
Cash and investments - beginning	111,659	101,170	32,114	-	-	-
Cash and investments - ending	\$ -	\$ (9,323)	\$ 64,670	\$ -	\$ 49,085	\$ 364,984
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ (9,323)	\$ 64,670	\$ -	\$ 49,085	\$ 364,984
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ (9,323)	\$ 64,670	\$ -	\$ 49,085	\$ 364,984

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	L.D. Carryover	Title I Reading First Washington Summer 07	Title I Reading First McKinley Summer 07	Health Clinic 07/08	Health Clinic 08/09	Title I Reading First Washington 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	152,606	55,053	60,008	51,754	-	40,223
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>152,606</b>	<b>55,053</b>	<b>60,008</b>	<b>51,754</b>	<b>-</b>	<b>40,223</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	190,301	58,095	63,308	-	-	46,599
Support services	131,890	-	-	31,259	80,535	121
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	643	930	-	-	-
<b>Total disbursements</b>	<b>322,191</b>	<b>58,738</b>	<b>64,238</b>	<b>31,259</b>	<b>80,535</b>	<b>46,720</b>
Excess (deficiency) of receipts over disbursements	(169,585)	(3,685)	(4,230)	20,495	(80,535)	(6,497)
<b>Other financing sources (uses):</b>						
Transfers in	196,850	-	-	-	-	545
Transfers out	-	(545)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>196,850</b>	<b>(545)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,265	(4,230)	(4,230)	20,495	(80,535)	(5,952)
Cash and investments - beginning	-	4,230	4,230	(20,495)	-	5,952
Cash and investments - ending	<u>\$ 27,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,535)</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 27,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,535)</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 27,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,535)</u>	<u>\$ -</u>

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	Title I Reading First McKinley 07/08	SS Day Camp United Way	Laura Bush Foundation for Libraries	Community Foundation for National Capital	L.D. 07/08	ARRA Stimulus
<b>Receipts:</b>						
Local sources	\$ -	\$ 8,082	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	57,923	-	-	-	38,184	3,824,817
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>57,923</b>	<b>8,082</b>	<b>-</b>	<b>-</b>	<b>38,184</b>	<b>3,824,817</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	89,131	10,538	-	-	93,266	1,477,462
Support services	-	-	-	-	33,758	649,350
Noninstructional services	-	-	-	-	-	5,320
Facilities acquisition and construction	-	-	-	-	-	3,289
Debt services	-	-	-	-	-	1,023
Nonprogrammed charges	15,169	-	-	-	-	-
<b>Total disbursements</b>	<b>104,300</b>	<b>10,538</b>	<b>-</b>	<b>-</b>	<b>127,024</b>	<b>2,136,444</b>
Excess (deficiency) of receipts over disbursements	(46,377)	(2,456)	-	-	(88,840)	1,688,373
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(46,377)	(2,456)	-	-	(88,840)	1,688,373
Cash and investments - beginning	46,377	7,358	11	689	89,741	-
Cash and investments - ending	\$ -	\$ 4,902	\$ 11	\$ 689	\$ 901	\$ 1,688,373
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 4,902	\$ 11	\$ 689	\$ 901	\$ 1,688,373
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ 4,902	\$ 11	\$ 689	\$ 901	\$ 1,688,373

SCHOOL CITY OF EAST CHICAGO  
 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, 2009  
 (Continued)

	Retirement Bond Fund Debt Service	School Bus Replacement	Block Bonds Construction	Lincoln Bonds Construction	Repair and Maintenance	Totals
<b>Receipts:</b>						
Local sources	\$ 369,032	\$ 8,027	\$ 235	\$ 5,138	\$ 3,180	\$ 4,828,841
State sources	-	-	-	-	-	1,029,799
Federal sources	-	-	-	-	-	14,733,697
Other	-	-	-	-	-	3,392
<b>Total receipts</b>	<b>369,032</b>	<b>8,027</b>	<b>235</b>	<b>5,138</b>	<b>3,180</b>	<b>20,595,729</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	7,356,186
Support services	-	-	-	-	731,753	7,879,087
Noninstructional services	-	-	-	-	-	3,468,601
Facilities acquisition and construction	-	-	132,846	-	-	347,127
Debt services	586,944	-	-	-	-	587,967
Nonprogrammed charges	-	-	-	-	-	399,485
<b>Total disbursements</b>	<b>586,944</b>	<b>-</b>	<b>132,846</b>	<b>-</b>	<b>731,753</b>	<b>20,038,453</b>
Excess (deficiency) of receipts over disbursements	(217,912)	8,027	(132,611)	5,138	(728,573)	557,276
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	882,562	1,814,265
Transfers out	-	-	-	(9,117)	-	(927,669)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,117)</b>	<b>882,562</b>	<b>886,596</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(217,912)	8,027	(132,611)	(3,979)	153,989	1,443,872
Cash and investments - beginning	(121,655)	396,030	132,611	582,310	895,541	7,476,831
Cash and investments - ending	<u>\$ (339,567)</u>	<u>\$ 404,057</u>	<u>\$ -</u>	<u>\$ 578,331</u>	<u>\$ 1,049,530</u>	<u>\$ 8,920,703</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ (339,567)</u>	<u>\$ 404,057</u>	<u>\$ -</u>	<u>\$ 578,331</u>	<u>\$ 1,049,530</u>	<u>\$ 8,920,703</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ (339,567)</u>	<u>\$ 404,057</u>	<u>\$ -</u>	<u>\$ 578,331</u>	<u>\$ 1,049,530</u>	<u>\$ 8,920,703</u>

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

	Self- Insurance Reserve	Self- Insurance	Worker's Compensation	Totals
Operating receipts:				
Charges for services	\$ 1,392,769	\$ -	\$ -	\$ 1,392,769
Employer contribution	-	6,351,756	-	6,351,756
Miscellaneous	-	7,639	1,257	8,896
Interfund loans	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
 Total operating receipts	 <u>5,392,769</u>	 <u>6,359,395</u>	 <u>1,257</u>	 <u>11,753,421</u>
Operating disbursements:				
Insurance claims and expense	-	6,803,737	4,211	6,807,948
Interfund loans	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
 Total operating disbursements	 <u>4,000,000</u>	 <u>6,803,737</u>	 <u>4,211</u>	 <u>10,807,948</u>
Excess (deficiency) of operating receipts over operating disbursements	1,392,769	(444,342)	(2,954)	945,473
Transfers in	-	514,234	-	514,234
Transfers out	<u>(514,234)</u>	<u>-</u>	<u>-</u>	<u>(514,234)</u>
Change in net assets	878,535	69,892	(2,954)	945,473
Cash and investment fund balance - beginning	<u>3,443,523</u>	<u>288,484</u>	<u>87,354</u>	<u>3,819,361</u>
Cash and investment fund balance - ending	<u>\$ 4,322,058</u>	<u>\$ 358,376</u>	<u>\$ 84,400</u>	<u>\$ 4,764,834</u>
 <u>Cash and Investment Assets - Ending</u>				
Restricted assets:				
Cash and investments	<u>\$ 4,322,058</u>	<u>\$ 358,376</u>	<u>\$ 84,400</u>	<u>\$ 4,764,834</u>
 <u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Other purposes	<u>\$ 4,322,058</u>	<u>\$ 358,376</u>	<u>\$ 84,400</u>	<u>\$ 4,764,834</u>

SCHOOL CITY OF EAST CHICAGO  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 For the Year Ended June 30, 2009

	Self- Insurance Reserve	Self- Insurance	Worker's Compensation	Totals
Operating receipts:				
Employer contribution	\$ -	\$ 2,133,000	\$ 40,000	\$ 2,173,000
Miscellaneous	-	3,150	361	3,511
Interfund loans	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
 Total operating receipts	 <u>4,000,000</u>	 <u>2,136,150</u>	 <u>40,361</u>	 <u>6,176,511</u>
Operating disbursements:				
Insurance claims and expense	-	2,130,477	126,593	2,257,070
Interfund loans	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
 Total operating disbursements	 <u>4,000,000</u>	 <u>2,130,477</u>	 <u>126,593</u>	 <u>6,257,070</u>
Excess (deficiency) of operating receipts over operating disbursements	-	5,673	(86,232)	(80,559)
Cash and investment fund balance - beginning	<u>4,322,058</u>	<u>358,376</u>	<u>84,400</u>	<u>4,764,834</u>
Cash and investment fund balance - ending	<u>\$ 4,322,058</u>	<u>\$ 364,049</u>	<u>\$ (1,832)</u>	<u>\$ 4,684,275</u>
 <u>Cash and Investment Assets - Ending</u>				
Restricted assets:				
Cash and investments	<u>\$ 4,322,058</u>	<u>\$ 364,049</u>	<u>\$ (1,832)</u>	<u>\$ 4,684,275</u>
 <u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Other purposes	<u>\$ 4,322,058</u>	<u>\$ 364,049</u>	<u>\$ (1,832)</u>	<u>\$ 4,684,275</u>

SCHOOL CITY OF EAST CHICAGO  
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For the Year Ended June 30, 2009

	<u>Payroll Withholding</u>
Additions: Agency fund additions	<u>\$ 5,857,270</u>
Deductions: Agency fund deductions	<u>5,819,663</u>
Excess of total additions over total deductions	37,607
Cash and investment fund balance - beginning	<u>-</u>
Cash and investment fund balance - ending	<u><u>\$ 37,607</u></u>

SCHOOL CITY OF EAST CHICAGO  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended June 30, 2009

The School Corporation has entered into the following long-term debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
East Chicago Central High School Building Corporation	\$ 18,425,000	\$ 4,575,000
East Chicago Elementary School Building Corporation	20,225,000	3,830,419
East Chicago Multi School Building Corporation	10,755,000	1,472,000
Loans payable:		
Common school fund loans:		
A0095	9,546	9,594
A1056	75,568	76,178
A1140	178,812	123,945
A1211	190,533	192,072
A1273	503,755	138,738
A1322	2,478,870	611,580
A1400	1,896,827	648,910
State loan	842,105	421,053
Bonds payable:		
General obligation bonds:		
Series 2003	3,075,000	388,188
Judgment funding bonds:		
Series 2009A	3,000,000	-
Qualified zone academy bonds:		
Block Junior High - 2000	670,000	670,000
Lincoln Elementary - 2000	2,000,000	665,000
Central High - 2003	2,000,000	-
<b>Total governmental activities debt</b>	<b><u>\$ 66,326,016</u></b>	<b><u>\$ 13,822,677</u></b>

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILEMENTS – MEDICAL INSURANCE

The Medical Insurance Fund is used to account for payment of medical insurance claims. The monies are held in a separate depository account. The bank reconciliation at June 30, 2009, presented for audit indicated an excess ledger balance of \$92,640.79 compared to the reconciled bank balance. Further review of monthly reconciliements indicated various differences between the ledger balance and reconciled bank balance throughout the audit period.

An adjustment was recorded in the ledger at December 31, 2009, in the amount of \$85,902.88 to make the ledger balance agree with the reconciled bank balance. The \$85,902.88 adjustment was recorded without any identification by School Corporation Officials of the cause of the difference.

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

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

WORKER'S COMPENSATION FUND NOT RECORDED

The transactions for the School City of East Chicago's self-insured worker's compensation bank account are not recorded in a fund on the School Corporation's ledger. The activity of the worker's compensation bank account; however, is included as an internal service fund on the biannual financial statement report. A similar result and comment appeared in the prior report.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS – IMPROVING TEACHER QUALITY FUNDS

The School Corporation was awarded grants for the Improving Teacher Quality for the fiscal years 2006, 2007, and 2008. Three funds were established to account for the Improving Teacher Quality grant projects. However, the receipts and disbursements for the three projects were comingled in one fund. We were unable to identify the receipts and disbursements by project to verify the correctness of the final reports submitted.

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)

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS  
(Continued)

DEFICIT CASH BALANCES

The following funds were overdrawn as of June 30, 2008 and 2009:

Fund	2008	2009
Debt Service	\$ -	\$ 780,688
Special Education Preschool	34,228	12,392
E-Smile	3,392	-
Title II, Part A Improving Teacher Quality	-	9,323
Health Clinic 07/08	20,495	-
Health Clinic 08/09	-	80,535
Retirement Bond Debt Service	121,655	339,567
Worker's Compensation	-	1,832

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)

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

The information presented for audit indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were under reported by three students for the school year ending June 30, 2009.

The enrollment count date for the 2008-2009 school year was September 14, 2008. The difference between the count reported on the ADM and the verified figures are shown below:

School Year	Grade	Count as Reported on Form 30A	Actual Enrollment Figures	Difference
2008-2009	Kindergarten	231	231	0
2008-2009	1 Through 12	5042	5045	(3)

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

ANNUAL FINANCIAL REPORT - SCHOOL LUNCH

The child nutrition programs are administered by the State of Indiana, Indiana Department of Education, Division of School and Community Nutrition Programs. An Annual Financial Report is required to be submitted to the State which includes all financial transactions from July 1 through June 30 of the School Lunch Fund. Per the Indiana Department of Education's instructions, "the annual financial report is due within thirty days after June 30." The annual financial report for fiscal 2007-2008 was not

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS  
(Continued)

created until November 10, 2008, and the fiscal year 2008-2009 was not created until September 24, 2009. Per the Indiana Department of Education's instructions, "failure to submit the Annual Financial Reports may disrupt receipt of reimbursement payments." A similar comment appeared in the prior report.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

Capital asset records were not maintained by the School Corporation for the audit period. A similar comment has appeared in prior reports.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSPORTATION FUND EXPENDITURES

The School Corporation made disbursements for the salaries for custodians and security from the Transportation Fund.

IC 20-40-6-6 states in part:

"(a) The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees."

OFFICIAL BONDS

An official bond for the Treasurer of the School City of East Chicago was not obtained for the period January 10, 2009 to May 18, 2009. Additionally, official bonds purchased for the Extra-Curricular Treasurers of School City of East Chicago, were not filed in the Office of the County Recorder. A similar comment appeared in the prior report.

IC 20-26-4-5 states in part:

"For each school year commencing July 1, the treasurer of each governing body and the governing body's school corporation and a deputy treasurer, if so appointed, shall give a bond for the faithful performance of the treasurer's and deputy treasurer's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the governing body. . . ."

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

INTERNAL CONTROLS (Applies to Central High School)

The Extra-Curricular Treasurer at Central High School is using a signature stamp to sign the Principal's name on checks. The prescribed checks require two signatures: one by the Extra-Curricular Treasurer and a second by the Principal.

A rubber stamp or other signing device should be used only under the personal direction of the public official and should be properly safeguarded when not in use since each official is responsible for his or her own signature. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BANK ACCOUNT RECONCILIATIONS (Applies to Central High School)

The depository reconciliations of the fund balances to the bank account balances at June 30, 2008 and June 30, 2009, included nonsufficient fund (NSF) balances of \$758.63 and \$1,127.67. The detail of the NSF balances was not presented for audit. Currently, the Extra-Curricular Account (ECA) Treasurer covers the costs of NSF checks using the interest account.

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BANK DEPOSIT TICKETS (Applies to Central High School)

Duplicate copies of the bank deposit tickets were not retained for audit. We were unable to verify if cash and checks were being remitted in the same form as received.

IC 5-13-6-1(c) states in part:

"Public funds deposited . . . shall be deposited in the same form in which they were received."

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

CERTIFICATES OF DEPOSIT (Applies to Central High School)

A Register of Investments, General Form 350, was not maintained for 2009. Certificates of Deposits (CDs) were purchased totaling \$40,000 during 2009; however, these CDs were not listed on the School's bank reconciliation or funds ledger at June 30, 2009.

Additionally, when the CD matured the principal amount was not returned to the original fund or funds from which they were purchased. A CD was purchased from the Letterman Fund on June 11, 2009, for \$10,000. The CD matured on September 30, 2009, and was receipted into a new fund called the Principal's Fund. Another CD was purchased for \$10,000 from the Coke Vending Fund on June 11, 2009. The CD matured on September 30, 2009, and the principal amount was divided equally between the Pupil Activities Fund and the Teachers' Vending Fund.

General Form 350, Register of Investments is the prescribed form for recording investments and all investments should be recorded on Form 350. The following is an example of recording an investment transaction made from a specific fund (for example - athletic). Disburse the cost (purchase price) of the investment from the athletic fund and from the Control of All Funds. On the Register of Investments, General Form 350, identified with the athletic fund, record the purchase price (cost).

If interest is received while the security is held by the school, record the amount received on General Form Number 350 on the same line as that on which the investment is recorded; also receipt the interest received to the athletic fund and to the Control of All Funds.

When the investment is sold or matures, receipt the sale price to the athletic fund and to the Control of All Funds. Earnings from Investments would be receipted either to the athletic fund or to the investment income fund as might be provided by school board policy. Record the sale (purchase price) on the Register of Investments - Athletic Fund (General Form 350) on the same line as the purchase was recorded. Investments from other "Fund" accounts will be accounted for in the same manner as illustrated for the athletic fund.

The Investment Register, General Form 350, should be used for keeping a record of all investments purchased by the political subdivision. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 5)

TICKET SALES (Applies to Central High School)

We noted several instances where the Form SA-4, Ticket Sales, was not used and ticket stubs were not retained. As a result, full accountability for all money received from admissions could not be determined.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS  
(Continued)

sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the pre-numbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be pre-numbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

APPROVAL OF FORMS (Applies to Central High School)

The Health Center is not using approved forms for receipts. A generic form is being used that does not identify if cash or checks are being collected.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSITS (Applies to Carrie Gosch Elementary School)

The following deficiencies were found when reviewing receipts and deposits:

1. Receipts written did not always agree to the amount deposited in the bank. These differences accumulate and are listed as a reconciling amount on the bank statement.
2. The depository reconciliation of the fund balance to the bank account balance at June 30, 2009, was short \$62.37. The \$62.37 was carried on the bank statements as cash on hand, as a reconciling amount. The reconciling amount changed slightly each month, and at June 30, 2009, the cash on hand listed on the bank reconciliation was \$54.96.
3. The amount of cash and checks received was not reported on receipts when both cash and checks were remitted at the same time.

IC 5-13-6-1(c) states in part:

"Public funds deposited . . . shall be deposited in the same form in which they were received."

IC 5-13-6-1(e) states in part:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

SCHOOL CITY OF EAST CHICAGO  
AUDIT RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DISBURSEMENT DOCUMENTATION (Applies to Carrie Gosch Elementary School)

Several payments were observed which did not contain adequate supporting documentation such as receipts or invoices. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OPTICAL IMAGES OF CHECKS (Applies to all schools)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks states, in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the School City of East Chicago (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, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

As described in items 2009-2, 2009-3, and 2009-5 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding allowable costs, cash management controls and compliance, and maintenance of effort that are applicable to its ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act, Reading First State Grants, Special Education – Grant to States, Special Education – Preschool Grants, Title I Grants to Local Educational Agencies, and Improving Teacher Quality State Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2008 and 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-4.

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

Internal Control Over Compliance

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.

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items 2009-2, 2009-3, 2009-4, and 2009-5 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 2009-2, 2009-3, and 2009-5, to be material weaknesses.

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

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

STATE BOARD OF ACCOUNTS

February 4, 2010

SCHOOL CITY OF EAST CHICAGO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 575,408	\$ 617,787
National School Lunch Program	10.555		2,052,286	2,115,479
Summer Food Service Program for Children	10.559		<u>150,719</u>	<u>223,238</u>
Total for cluster			<u>2,778,413</u>	<u>2,956,504</u>
Child and Adult Care Food Program	10.558		<u>18,246</u>	<u>30,764</u>
Total for federal grantor agency			<u>2,796,659</u>	<u>2,987,268</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through City of Gary				
Empowerment Zones Program	14.244		<u>780</u>	<u>668</u>
<u>NATIONAL SCIENCE FOUNDATION</u>				
Pass-Through Indiana University				
Education and Human Resources	47.076		<u>6,894</u>	<u>15,601</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
Basic Grants				
		07-4670	1,237,826	-
		08-4670	2,333,072	1,648,445
		09-4670	-	3,399,746
		Impact Fees	<u>32,263</u>	<u>16,857</u>
Total for cluster			<u>3,603,161</u>	<u>5,065,048</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
		14207-014-PN01	310,401	-
		14208-014-PN01	944,869	428,615
		14209-014-PN01	-	718,142
		14205-014-DY01	-	322,192
		14206-014-PY02	177,481	-
		14207-014-PY02	<u>184,289</u>	<u>127,024</u>
Total for program			<u>1,617,040</u>	<u>1,595,973</u>
Special Education - Preschool Grants	84.173			
		45707-014-PN01	26,011	-
		45708-014-PN01	26,967	23,979
		45709-014-PN01	-	19,805
		45706-014-PY02	2,075	-
		45707-014-PY02	7,421	451
		45708-014-PY02	<u>-</u>	<u>18,459</u>
Total for program			<u>62,474</u>	<u>62,694</u>
Total for cluster			<u>1,679,514</u>	<u>1,658,667</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)				
- Education State Grants	84.394	2008-2009	<u>-</u>	<u>2,136,443</u>

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

SCHOOL CITY OF EAST CHICAGO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended June 30, 2008 and 2009  
 (Continued)

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Adult Education - State Grant Program	84.002	2007-8006 2008-8006	24,716 <u>102,415</u>	- <u>14,283</u>
Total for program			<u>127,131</u>	<u>14,283</u>
Vocational Education - Basic Grants to States	84.048	07-4700-4670 09-4700-4670 08-4700-4670	117,272 - <u>49,240</u>	- 103,658 <u>80,474</u>
Total for program			<u>166,512</u>	<u>184,132</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	05-201 06-4670 07-01-07 to 09-30-07 07-01-07 to 09-30-07	43,362 21,177 - <u>-</u>	- 33,626 34,073 <u>-</u>
Total for program			<u>64,539</u>	<u>67,699</u>
Twenty-First Century Community Learning Centers	84.287	04-01-06 to 09-30-07	<u>115,576</u>	<u>-</u>
State Grants for Innovative Programs	84.298	05-240 T507 06-4670	23,408 - <u>29,576</u>	- 950 <u>1,926</u>
Total for program			<u>52,984</u>	<u>2,876</u>
Education Technology State Grants	84.318	07-01-05 to 09-30-07	<u>10,049</u>	<u>-</u>
Reading First State Grants	84.357	10-01-06 to 09-30-07 10-01-07 to 09-30-08 10-01-08 to 09-30-09	191,482 245,454 -	- 151,021 238,114
Summer Supplemental		2007	71,406	-
Summer Supplemental		2008	<u>8,998</u>	<u>123,521</u>
Total for program			<u>517,340</u>	<u>512,656</u>
English Language Acquisition Grants	84.365	FY 06-07 FY 07-08 FY 08-09	57,899 43,036 <u>-</u>	- 32,114 <u>39,129</u>
Total for program			<u>100,935</u>	<u>71,243</u>
Mathematics and Science Partnerships	84.366	Math 05-06 Science 05-06	91,198 <u>62,472</u>	- <u>-</u>
Total for program			<u>153,670</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367	06-4670 07-4670 05-289	268,485 - <u>254,131</u>	331,393 179,378 <u>-</u>
Total for program			<u>522,616</u>	<u>510,771</u>

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

SCHOOL CITY OF EAST CHICAGO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009  
(Continued)

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
School Improvement Grants	84.377			
		2006-2007	208,346	-
		2007-2008	33,166	175,312
		2008-2009	-	299,614
Total for program			<u>241,512</u>	<u>474,926</u>
Total for federal grantor agency			<u>7,355,539</u>	<u>10,698,744</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Health				
Maternal and Child Health Services Block Grant to the States	93.994			
		10-01-06 to 09-30-07	13,613	-
		10-01-07 to 09-30-08	80,574	31,259
		10-01-08 to 09-30-09	-	80,535
Total for federal grantor agency			<u>94,187</u>	<u>111,794</u>
Total federal awards expended			<u>\$ 10,254,059</u>	<u>\$ 13,814,075</u>

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

SCHOOL CITY OF EAST CHICAGO  
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 School City of East Chicago (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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2008 and 2009:

Program Title	Federal CFDA Number	2008	2009
Special Education – Grants to States	84.027	\$ 174,787	\$ 171,986

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
School Breakfast Program	10.553	\$ 42,828	\$ 41,106
National School Lunch Program	10.555	154,574	136,005

SCHOOL CITY OF EAST CHICAGO  
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?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster
84.357	Reading First State Grants
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$722,044

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2009-1, BANK ACCOUNT RECONCILEMENTS

The Medical Insurance Fund is used to account for payment of medical insurance claims. The monies are held in a separate depository account. The bank reconciliation at June 30, 2009, presented for audit indicated an excess ledger balance of \$92,640.79 compared to the reconciled bank balance. Further review of monthly reconcilements indicated various differences between the ledger balance and reconciled bank balance throughout the audit period.

SCHOOL CITY OF EAST CHICAGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

An adjustment was recorded in the ledger at December 31, 2009, in the amount of \$85,902.88 to make the ledger balance agree with the reconciled bank balance. The adjustment was recorded without any identification by School Corporation Officials of the cause of the difference.

IC 5-13-6-1(e) states in part:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

When the bank reconcilements are not prepared correctly, the risk of not detecting errors is greatly increased.

We recommended School Corporation Officials prepare monthly bank reconcilements in accordance with statutory and the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations requirements to identify any reconciling items in a timely manner.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, ALLOWABLE COSTS

Federal Agency: U.S. Department of Education  
Federal Program: ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act  
CFDA Number: 84.394  
Pass-Through Entity: Indiana Department of Education

The School City of East Chicago began disbursing ARRA funds in June 2009. Grant proceeds of \$1,036,298.44 were disbursed for payroll on June 26, 2009. A review of the ledgers determined that a portion of the payroll and related employer costs for Social Security and Medicare taxes, paid from the grant, were charged to accounts used to account for maintenance of buildings - account 26200. The amounts charged for maintenance costs totaled \$110,605.70.

An additional payroll on July 10, 2009, was charged to the ARRA grant, which included maintenance payroll and Social Security and Medicare taxes. For the two payrolls combined, the payroll and related employer costs for Social Security and Medicare taxes for maintenance costs totaled \$217,313.99. Since maintenance costs are listed under "Prohibition" as shown below. The \$217,313.99 is being reported as questioned costs.

SCHOOL CITY OF EAST CHICAGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"American Recovery and Reinvestment Act of 2009" states in part:

"TITLE XIV—STATE FISCAL STABILIZATION FUND  
SEC. 14003. USES OF FUNDS BY LOCAL EDUCATIONAL AGENCIES.

1. (a) IN GENERAL.—A local educational agency that receives funds under this title may use the funds for any activity authorized by the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) ("ESEA"), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) ("IDEA"), the Adult and Family Literacy Act (20 U.S.C. 1400 et seq.), or the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 et seq.) ("the Perkins Act") or for modernization, renovation, or repair of public school facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.

(b) PROHIBITION.—A local educational agency may not use funds received under this title for—

- (1) payment of maintenance costs;
- (2) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- (3) purchase or upgrade of vehicles; or
- (4) improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities"

We recommended that the School Corporation develop a process to obtain information and guidance when receiving new grants, to ensure compliance with grant requirements:

FINDING 2009-3, CASH MANAGEMENT CONTROLS AND COMPLIANCE

Federal Agency: U.S. Department of Education

Federal Programs: Reading First State Grants, Special Education - Grant to States, Special Education -  
Preschool Grants, Title I Grants to Local Educational Agencies, Improving Teacher  
Quality State Grants

CFDA Numbers: 84.357, 84.010, 84.027, 84.173, 84.367

Pass-Through: Indiana Department of Education

Amounts received by the School Corporation for the Reading First and Special Education grant awards are drawn in advance. School Corporation Officials are required to estimate expenditures and draw funds as needed. Drawdown cash requests are required as part of the grant process. The procedure used by the School Corporation is to estimate salaries and other expenses to be paid on a monthly basis and divide the grant award based upon those estimates. School Corporation Officials stated that they requested more for the first draw due to the need for materials to begin the school year. However, when actual grant activity does not occur as timely as expected and cash balances increase, the School Corporation does not file an amended cash request to reduce future cash draws to bring cash balances in line with anticipated disbursements.

SCHOOL CITY OF EAST CHICAGO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

The cash request form for the Reading First and Special Education grants, as signed by the School Corporation Fiscal Officer and Superintendent, states the following: "As pursuant to the Cash Management Improvement Act of 1990, we hereby certify that procedures have been put into place, which minimize the time elapsing between receipt of funds requested above and their subsequent disbursement."

The pass-through entity (Indiana Department of Education), as part of the Title I grant application, requires the local educational agency (School Corporation) to sign off on the provision which states in part: ". . . to the best of my knowledge, the amount of the estimated cash request will not result in a cash surplus greater than the estimated expenditures." Additionally, the quarterly reports include a line which states: "Please reduce our next available distribution by." None of the six quarterly reports reviewed indicated a reduction of the next available distribution. Furthermore, the quarterly reports state: "Your cash balance at the end of each quarter should be zero (0) or as near zero (0) as possible."

- a. Reading First - The cash balances reviewed for Fund 741, which accounted for the fiscal year 2007-2008 grant, determined that excessive month end cash balances existed for 5 of the 15 months in the grant period. These excessive balances ranged from \$23,939 to \$27,852. Excessive cash balances also existed for Fund 6940 (the fiscal year 2008-09 grant). Excessive month end cash balances existed for 6 of 9 months in the audit period, ranging from \$49,085 to \$86,805.
- b. A review of the Title I Grant (Fund 412), from October 1, 2008 to September 30, 2009, indicated that 7 of 12 months during the 2008-2009 fiscal year had an excessive cash balance at month end which ranged from \$425,692.74 to \$1,758,598.01.
- c. The Special Education Grants to States and Special Education – Preschool Grants had instances of excessive cash balances at month end for the grants reviewed. The results of the review are as follows:

Grant Year	Project Number	Excessive Cash Balance Range	Percentage of Months with Excessive Cash
SY 07-08	14208-014-PN01	\$34,124 - \$236,343	94%
SY 08-09	14209-014-PN01	\$352,299 - \$364,984	40%
SY 07-08	45708-014-PN01	up to \$16,326	89%
SY 08-09	45709-014-PN01	up to \$26,297	50%

- d. Improving Teacher Quality State Grants – the results of the grant review as follows notes excessive cash balances at month end:

Grant Year	Project Number	Excessive Cash Balance Range	Percentage of Months with Excessive Cash
SY 06-07	06-4670	\$28,865 – \$130,874	94%
SY 07-08	07-4670	\$10,150 - \$364,406	50%

SCHOOL CITY OF EAST CHICAGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation risks losing future funding by not complying with federal guidelines which require procedures to minimize the time elapsing between the receipt of funds and the subsequent disbursements of those funds.

EDGAR § 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: (7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

We recommended School Corporation Officials implement procedures which will consider cash balances on hand, when determining cash needs on a monthly basis, with the goal to minimize the amount of cash on hand.

FINDING 2009-4. SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies, Special Education - Grants to States

CFDA Numbers: 84.010, 84.027

Pass-Through Entity: Indiana Department of Education

The School Corporation does not have a system in place for determining whether or not a vendor has been excluded from doing business with the Federal Government. Currently, monitoring is not being performed by either the business office or the grant staff for grants in general.

EDGAR § 80.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

The lack of control allows for the potential of a vendor doing business with the School Corporation and being paid from federal funds. The loss of federal funds to the School Corporation could occur if a suspended or disbarred vendor were to be paid from federal funds received by the School Corporation,.

We recommended School Corporation Officials design and implement controls to prevent the potential of a disbarred or suspended vendor from being paid from federal funds.

SCHOOL CITY OF EAST CHICAGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

FINDING 2009-5, MAINTENANCE OF EFFORT

Federal Agency: U.S. Department of Education  
Federal Program: Special Education - Grant to States  
CFDA Number: 84.027  
Pass-Through Entity: Indiana Department of Education  
Award Number: 14209-014-PN01

Maintenance of Fiscal Effort is a required component of every Special Education Part B grant application. Maintenance of Effort includes local funds (excluding federal expenditures) expended on special education and related services for the two preceding years of the grant application year. The amount reported as expended for the 2007-2008 year did not agree with the ledger amounts for these types of expenditures. The amount reported and the supporting documentation provided for the 2007-2008 amounts were based on the 2006-2007 ledger amounts and was reported on both the 2008-2009 and 2009-2010 grant applications. Since the reported numbers did not accurately reflect the financial records, we were unable to determine if the maintenance of effort was achieved as required.

Part III of the application, Statement of Assurances states in part, 4) "The amounts of non-Federal funds expended by schools operated or supported by this agency will be maintained at the same level as they would have been maintained if no projects had been approved for these schools. Thus, Federal funds expended under this project will be used to supplement state and local efforts and in no case to supplant such state and local efforts".

The lack of control allows for the potential that the maintenance of effort would not be achieved and if the maintenance of effort is not achieved, could result in the loss of federal funds to the School Corporation.

We recommended School Corporation Officials design and implement controls to be assured that the maintenance of effort is achieved.

# School City of East Chicago

210 E. Columbus Drive  
East Chicago, Indiana 46312  
(219) 391-4100

February 1, 2010

Summary Schedule of Prior Audit Findings

## **Finding 2007-2, Cash Management**

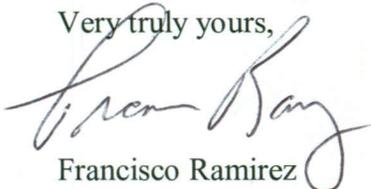
Original SBA Audit Report Number	<b>B 31733</b>
Fiscal Year	2005/06 and 2006/07
Auditee Contact Person	Francisco Ramirez
Title of Contact Person	Treasurer
Phone Number	(219) 391-4100 x 2312
Federal Agency	U.S. Department of Education
Federal Programs	Special Education Cluster, Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Centers, Reading First State Grants
CFDA Numbers	84.027, 84.173, 84.010, 84.287, 84.357
Pass-Through Entity	Indiana Department of Education
Status of Finding	In Process

We have reviewed the Schedule of Findings and Questioned Costs in Section III, Finding Number 2007-2, Cash Management, in the prior audit report.

The School City of East Chicago is continuing to implement procedures within the Treasurer's staff and work with the Federal Program Directors in order to match the drawn down requests to the monthly expenditures.

During 2010, management's goal is to have RDS, the district financial software, 100% operational and the new financial software will provide the Treasurer's staff and the Federal Program Directors the financial tools to effectively monitor the monthly cash management of each of the federal programs.

Very truly yours,



Francisco Ramirez  
Treasurer

FR/jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

# School City of East Chicago

210 E. Columbus Drive  
East Chicago, Indiana 46312  
(219) 391-4100

## Summary Schedule of Prior Audit Findings

February 1, 2010

### Finding 2007-3, Period of Availability

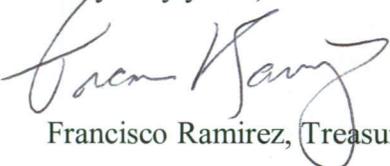
Original SBA Audit Report Number	<b>B 31733</b>
Fiscal Year	2005/06 and 2006/07
Auditee Contact Person	Francisco Ramirez
Title of Contact Person	Treasurer
Phone Number	(219) 391-4100 x 2312
Federal Agency	U.S. Department of Education
Federal Programs	Title I Grants to Local Educational Agencies
CFDA Numbers	84.010
Pass-Through Entity	Indiana Department of Education
Status of Finding	In Process

We have reviewed the Schedule of Findings and Questioned Costs in Section III, Finding Number 2007-3, Period of Availability, in the prior audit report.

The School City of East Chicago will implement procedures within the Treasurer's staff and work with the Title I Director to implement procedures to ensure that federal grant funds are obligated within the period of availability so that the amount of carryover does not exceed the 15% limitation.

During 2010, management's goal is to have RDS, the district financial software, 100% operational which will provide the Treasurer's staff and the Title I Director the financial tools to effectively monitor the cash management of the Title I Program to ensure that grant funds are obligated and expended timely.

Very truly yours,

  
Francisco Ramirez, Treasurer

FR/ jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

# School City of East Chicago

210 E. Columbus Drive  
East Chicago, Indiana 46312  
(219) 391-4100

Corrective Action Plan

February 8, 2010

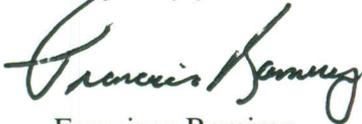
Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

Dear Gentlemen:

We have reviewed the Schedule of Findings and Questioned Costs in Section II, Finding Number 2009-1, Bank Account Reconcilements of the July 1, 2007 through June 30, 2009 audit report.

The School City of East Chicago will implement procedures within the Treasurer's Staff to prepare the medical insurance bank reconciliation in a timely manner in order to identify any reconciling items.

Very truly yours,



Francisco Ramirez  
Treasurer

FR: jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

# School City of East Chicago

210 E. Columbus Drive  
East Chicago, Indiana 46312  
(219) 391-4100

Corrective Action Plan

January 8, 2008

Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

Dear Gentlemen:

We have reviewed the Schedule of Findings and Questioned Costs in Section III, Finding Number 2009-2, Allowable Costs of the July 1, 2007 through June 30, 2009 audit report.

The School City of East Chicago did not receive any instructions from the Indiana Department of Education stating that we could not expend money on maintenance costs. Therefore in the future we are now aware that these costs are not permissible and we will implement procedures to correct the problem on future grants.

Very truly yours,



Francisco Ramirez  
Treasurer

FR: jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

# School City of East Chicago

210 E. Columbus Drive  
East Chicago, Indiana 46312  
(219) 391-4100

Corrective Action Plan

February 8, 2010

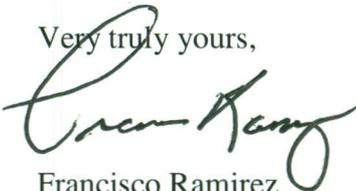
Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

Dear Gentlemen:

We have reviewed the Schedule of Findings and Questioned Costs in Section III, Finding Number 2009-3, Cash Management Controls and Compliance of the July 1, 2007 through June 30, 2009 audit report.

The School City of East Chicago will implement procedures within the Treasurer's staff and work with the Federal Program Directors in order to match the drawn down requests to the monthly expenditures and to file amended cash requests to reduce future cash balances in line with anticipated disbursements. The goal will be to implement procedures to comply with federal guidelines which will consider cash balances on hand, when determining cash needs on a monthly basis, with the goal to minimize the amount of cash on hand.

Very truly yours,



Francisco Ramirez  
Treasurer

FR: jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
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Corrective Action Plan

February 8, 2010

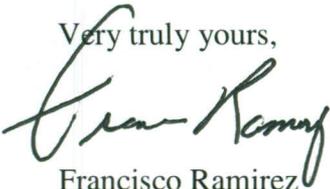
Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

Dear Gentlemen:

We have reviewed the Schedule of Findings and Questioned Costs in Section III, Finding Number 2009-4, Suspension and Debarment of the July 1, 2007 through June 30, 2009 audit report.

The School City of East Chicago will implement procedures within the Treasurer's staff and work with the Federal Program Directors to implement controls to indentify whether or not a vendor has been excluded from doing business with the Federal Government.

Very truly yours,



Francisco Ramirez  
Treasurer

FR: jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

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Corrective Action Plan

February 8, 2010

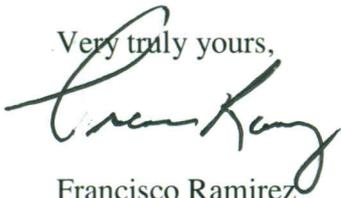
Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

Dear Gentlemen:

We have reviewed the Schedule of Findings and Questioned Costs in Section III, Finding Number 2009-5, Maintenance of Effort of the July 1, 2007 through June 30, 2009 audit report.

The School City of East Chicago will implement procedures within the Treasurer's staff and work with the Special Education Director to design and implement controls to assure that the maintenance of effort is achieved.

Very truly yours,



Francisco Ramirez  
Treasurer

FR: jr

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

SCHOOL CITY OF EAST CHICAGO  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2010, with Francisco Ramirez, Treasurer; Michael Harding, Superintendent of Schools; and Fernando Trevino, President of the School Board. The official response has been made a part of this report and may be found on pages 92 through 97.

# School City of East Chicago

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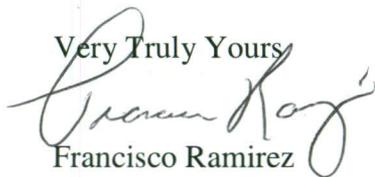
February 16, 2010

Bruce Hartman, State Examiner  
Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

## **Official Response:**

Please disregard all other Office Responses and except this as the School City of East Chicago's Official Response to the Audit Results and Comments from the financial audit performed by your office for the period from July 1, 2007 to June 30, 2009

Very Truly Yours



Francisco Ramirez  
Treasurer

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

# School City of East Chicago

210 E. Columbus Drive  
East Chicago, Indiana 46312  
(219) 391-4100

February 16, 2010

Bruce Hartman, State Examiner  
Indiana State Board of Accounts  
302 W. Washington St., Room E 418  
Indianapolis, IN 46204-2765

## **Official Response:**

Dear Mr. Hartman:

Please accept this letter as the School City of East Chicago's Official Response to the Audit Results and Comments from the financial audit performed by the Indiana State Board of Accounts for the period from July 1, 2007 to June 30, 2009.

### **Bank Account Reconcilements-Medical Insurance:**

In January of 2009 the School City of East Chicago converted over to Regional Data Services, Inc. "RDS" for financial reporting purposes. One of the issues of conversion was the accounting for the school district medical account. The School District and RDS agreed that in order to solve the issues modification would need to be made to the software. Those modifications have been made and procedures have been established to reconcile the medical insurance bank account in a timely manner in order to identify any reconciling items. The reconciling procedures will include supporting reconciling items.

### **Worker's Compensation Fund Not Recorded:**

The Treasurer's office will evaluate alternatives with its self-insured worker's compensation account so that the account complies with the Accounting and Uniform Compliance Guidelines Manual for Indiana public School Corporations, Chapter 9. Presently worker's compensation is administered through a third party provider and its transactions are recorded in the general fund.

**Fernando M. Trevino** ♦ **Clifton E. Johnson** ♦ **Juana Valdes** ♦ **Ernest Jones** ♦ **Scott J. Prewitt**  
President Vice President Secretary Member Member

### **Internal Controls-Improving Teacher Quality Funds**

The Treasurer's office will establish internal controls that will require all financial transactions to be recorded in compliance with the Accounting and Uniform Compliance Guidelines Manual for Indiana public School Corporations, Chapter 9. These internal controls will include accounting for grants or projects in separate funds.

### **Deficit Cash Balances**

The audit results and comments noted that the Debt Service Fund, the Special Education Preschool Fund, and the Retirement Bond Debt Service Fund were over drawn in 2008 and 2009. The reason for the negative balances in the funds named above was caused by the delay in property tax collections in 2008 and 2009.

The audit results and comments also noted E-smile, Health Clinic 07/08, Health Clinic 08/09, as being over drawn in 2008 and 2009. The accounts noted above are reimbursable accounts these accounts and are drawn back positive once payment is received.

### **Average Daily Membership (ADM) Incorrect Reporting To The State**

The audit results and comments noted that the School City of East Chicago under reported its ADM for the 2008-2009 school year by three students. The School City of East Chicago will request the Department of Education to reimburse the school district for those three students.

### **Annual Financial Report- School Lunch**

The audit results and comments noted that the School City of East Chicago did not submit its annual financial report for school lunch within the thirty days after the end of the fiscal year for the 2007-2009 and 2008 and 2009 school year. The Treasurer's Office will implement procedures to insure that the annual financial report for school lunch is submitted on a timely basis.

### **Capital Assets Recorded**

The audit results and comments noted that the School City of East Chicago did not maintain capital asset records. The Treasurer's office will implement procedures to maintain a recorded inventory of the School District's fixed assets in compliance with the Accounting and Uniform Compliance Guidelines Manual for Indiana public School Corporations, Chapter 9.

## **Transportation Fund Expenditures**

The audit results and comments noted that the School City of East Chicago made unallowable disbursements for salaries for custodians and security from its Transportation Operating Fund. The Treasurer will instruct that the custodian salary be re-classed to the general fund. As for the security salaries being paid from the Transportation Operating Fund, the Treasurer will seek the opinion of its legal counsel and request a legal opinion on Indian Code 21-2-11-5-2(b)(1) through (b)(7) (now 20-40-6-6) on whether security salaries can continue to be paid from the School District's Transportation Operating Fund as these security officers are transportation related positions.

## **Official Bond**

The audit results and comments noted that the School City of East Chicago Treasurer was not bonded from January 19, 2009 to May 18, 2009 and that the official bonds purchased for the Extra-Curricular Treasurers were not filed in the Office of the County Recorder. The Treasurer's Office will implement procedures to insure that Indiana Codes 5-4-1-9 and 5-4-1-5-1 on official bonding are followed

## **High School Board of Control**

To address the SCEC school issues, I would recommend the implementation of the following procedures:

The high school should establish an Extra Curricular Account Board of Control. This Board will oversee, monitor and approve all revenues taken in by the school clubs, activities, athletics, etc. and accordingly approve all expenditures.

This Board should meet once per month at the high school as scheduled by the building principal. The principal will serve as chair of the board; the high school principal's secretary will serve as board secretary. An agenda will be planned and minutes taken accordingly. Robert's Rules of Order will serve as the guiding procedural manual for all actions. Monthly Agendas and minutes shall be forwarded to the Business Office, SCEC following each meeting.

SCEC Board Policy and all Indiana State Board of Accounts shall be followed in administering these funds. The building principal is ultimately legally responsible for the operation of this fund.

## **East Chicago Central HS**

1. High School Principal, Chair
2. High School Principal Secretary, BOC Secretary
3. High School Treasurer/Bookstore Secretary
4. High School Athletic Director
5. A teacher/athletic coach (male sports)
6. A teacher/athletic coach (female sports)
7. A teacher/club or activity sponsor

8. A teacher club/activity sponsor
9. A school counselor
10. A class sponsor
11. A teacher from Fine Arts faculty
12. A teacher from Foreign Language faculty

### **Middle School Board of Control**

A similar Board of Control should be established at each middle school/junior high school with the composition of that group being the following:

Members of the Board of Control should include the following:

1. Middle Level Principal – Chair
2. Middle Level Principal Secretary – BOC Secretary
3. Middle Level Treasurer/Bookstore Secretary
4. Middle Level Activities/Athletic Coordinator
5. A teacher/athletic coach (male sports)
6. A teacher/athletic coach (female sports)
7. A school counselor
8. A teacher club/activity sponsor
9. A school social worker

### **P.4 Internal Controls**

A letter of direction immediately to Mr. Allen and treasurer at high school that two signatures are required of all invoices and payments.

The principal signature stamp should be used only in an emergency situation and upon approval of SCEC Business Office.

### **P.4 Bank Account Reconciliation**

The practice of covering Non-Sufficient Funds checks with interested earned money from the ECA account should immediately stop.

Payment for NSF checks should be received through a series of communications to the person responsible for that deficit. Phone calls, letters from the high school, visit from school security staff (Mr. Diaz only) and ultimately filing a claim in small claims court and/or hiring an organization that specializes in bill collection should be pursued.

### **P.4 Bank Deposits**

Providing a form with “duplicate copies” capacity should be initiated immediately.

## **Certificate of Deposit**

Establishing a Board of Control and following adopted SBA and SCEC policies/procedures should eliminate this practice

A critical review of each listed account in the high school ECA be initiated immediately. Those legitimate accounts by SBA standards should be kept and others consolidated and/or eliminated.

### **P.5 Ticket Sales**

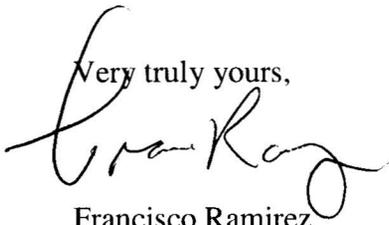
The correct procedure listed on this page in the audit should be communicated to each building (principal and treasurer) immediately.

**P.6** A prescribed form of accounting needs to be established immediately to amount for these transactions. The people responsible for this program should have an immediate discussion on the SBA practices in violation and develop new procedures that reflect SBA and SCEC policies.

### **P.7 Carrie Gosch Findings**

A meeting with the school principals and treasurer at each school to review the necessary requirements will happen immediately.

Very truly yours,



Francisco Ramirez  
Treasurer

CC: Fernando M. Treviño/ President, Board of School Trustees  
Michael A. Harding/ Superintendent