

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

EXAMINATION REPORT
OF
REGION 8 EDUCATION SERVICE CENTER
WHITLEY COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
05/20/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Christine A. Gamble	07-01-07 to 06-30-10
Executive Director	Dr. Rodger E. Smith Robert K. Huffman	07-01-07 to 12-31-07 01-01-08 to 06-30-10
President of the Executive Board	Neil Potter Mark Gould Celia A. Herrell-Shand	07-01-07 to 06-30-08 07-01-08 to 06-30-09 07-01-09 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF REGION 8 EDUCATION SERVICE CENTER, WHITLEY COUNTY, INDIANA

We have examined the financial statements presented herein of Region 8 Education Service Center (School Corporation), for the period of July 1, 2007 to June 30, 2009. The School Corporation's management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statements of the School Corporation for the years ended June 30, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules have been subjected to the examination procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets has not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 28, 2010

REGION 8 EDUCATION SERVICE CENTER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets Totals</u>
Governmental activities:			
Instruction	\$ 243,830	\$ 8,061	\$ (235,769)
Support services	1,223,138	-	(1,223,138)
Noninstructional services	14,269	-	(14,269)
Facilities acquisition and construction	31,400	-	(31,400)
Nonprogrammed charges	<u>96,872</u>	<u>-</u>	<u>(96,872)</u>
Total governmental activities	<u>\$ 1,609,509</u>	<u>\$ 8,061</u>	<u>(1,601,448)</u>
General receipts:			
Other local sources			1,084,235
Grants and contributions not restricted to specific programs			416,825
Investment earnings			23,495
Other			<u>92,731</u>
Total general receipts			<u>1,617,286</u>
Change in net assets			15,838
Net assets - beginning			<u>544,447</u>
Net assets - ending			<u>\$ 560,285</u>
<u>Assets</u>			
Cash and investments			<u>\$ 560,285</u>
<u>Net Assets</u>			
Unrestricted			<u>\$ 560,285</u>

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

REGION 8 EDUCATION SERVICE CENTER
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 Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets Totals</u>
Governmental activities:			
Instruction	\$ 141,577	\$ 1,416	\$ (140,161)
Support services	1,389,628	-	(1,389,628)
Noninstructional services	17,584	-	(17,584)
Facilities acquisition and construction	33,303	-	(33,303)
Nonprogrammed charges	1,200	-	(1,200)
Total governmental activities	<u>\$ 1,583,292</u>	<u>\$ 1,416</u>	<u>(1,581,876)</u>
General receipts:			
Other local sources			1,302,200
Grants and contributions not restricted to specific programs			411,341
Investment earnings			6,653
Other			2,080
Total general receipts			<u>1,722,274</u>
Change in net assets			140,398
Net assets - beginning			<u>560,285</u>
Net assets - ending			<u>\$ 700,683</u>
<u>Assets</u>			
Cash and investments			<u>\$ 700,683</u>
<u>Net Assets</u>			
Unrestricted			<u>\$ 700,683</u>

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

REGION 8 EDUCATION SERVICE CENTER
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	Capital Expenditures	SEMS	Workshop	Acenet Consortium Network	Capital Accumulation	Other	Totals
Receipts:								
Local sources	\$ 301,286	\$ 163,086	\$ 82,800	\$ 172,664	\$ 176,580	\$ -	\$ 211,314	\$ 1,107,730
State sources	154,906	90,976	-	-	-	-	8,061	253,943
Federal sources	-	-	-	-	-	-	170,943	170,943
Other	-	-	-	659	-	-	92,072	92,731
Total receipts	456,192	254,062	82,800	173,323	176,580	-	482,390	1,625,347
Disbursements:								
Current:								
Instruction	68,866	-	11,566	1,973	-	-	161,425	243,830
Support services	362,004	173,643	79,975	173,972	218,550	-	214,994	1,223,138
Noninstructional services	-	-	-	-	-	-	14,269	14,269
Facilities acquisition and construction	-	31,400	-	-	-	-	-	31,400
Nonprogrammed charges	-	-	-	-	-	-	96,872	96,872
Total disbursements	430,870	205,043	91,541	175,945	218,550	-	487,560	1,609,509
Excess (deficiency) of receipts over disbursements	25,322	49,019	(8,741)	(2,622)	(41,970)	-	(5,170)	15,838
Other financing sources (uses):								
Transfers in	-	-	-	-	-	40,000	16,588	56,588
Transfers out	-	(40,000)	-	-	-	-	(16,588)	(56,588)
Total other financing sources (uses)	-	(40,000)	-	-	-	40,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,322	9,019	(8,741)	(2,622)	(41,970)	40,000	(5,170)	15,838
Cash and investments - beginning	108,026	109,919	64,125	11,638	47,840	40,507	162,392	544,447
Cash and investments - ending	\$ 133,348	\$ 118,938	\$ 55,384	\$ 9,016	\$ 5,870	\$ 80,507	\$ 157,222	\$ 560,285
Cash and Investment Assets - Ending								
Cash and investments	\$ 133,348	\$ 118,938	\$ 55,384	\$ 9,016	\$ 5,870	\$ 80,507	\$ 157,222	\$ 560,285
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ 133,348	\$ 118,938	\$ 55,384	\$ 9,016	\$ 5,870	\$ 80,507	\$ 157,222	\$ 560,285

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

REGION 8 EDUCATION SERVICE CENTER
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	Capital Expenditures	SEMS	Workshop	Acenet Consortium Network	Capital Accumulation	Other	Totals
Receipts:								
Local sources	\$ 311,531	\$ 167,047	\$ 92,000	\$ 190,234	\$ 320,202	\$ -	\$ 227,839	\$ 1,308,853
State sources	149,745	87,946	-	-	-	-	1,416	239,107
Federal sources	-	-	-	-	-	-	173,650	173,650
Other	-	-	-	2,080	-	-	-	2,080
Total receipts	461,276	254,993	92,000	192,314	320,202	-	402,905	1,723,690
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	141,577	141,577
Support services	444,975	151,889	72,085	173,025	262,409	8,951	276,294	1,389,628
Noninstructional services	-	-	-	-	-	-	17,584	17,584
Facilities acquisition and construction	-	33,303	-	-	-	-	-	33,303
Nonprogrammed charges	-	-	-	-	-	-	1,200	1,200
Total disbursements	444,975	185,192	72,085	173,025	262,409	8,951	436,655	1,583,292
Excess (deficiency) of receipts over disbursements	16,301	69,801	19,915	19,289	57,793	(8,951)	(33,750)	140,398
Other financing sources (uses):								
Transfers in	-	-	-	-	-	40,000	31,752	71,752
Transfers out	-	(40,000)	-	-	-	(20,000)	(11,752)	(71,752)
Total other financing sources (uses)	-	(40,000)	-	-	-	20,000	20,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,301	29,801	19,915	19,289	57,793	11,049	(13,750)	140,398
Cash and investments - beginning	133,348	118,938	55,384	9,016	5,870	80,507	157,222	560,285
Cash and investments - ending	\$ 149,649	\$ 148,739	\$ 75,299	\$ 28,305	\$ 63,663	\$ 91,556	\$ 143,472	\$ 700,683
Cash and Investment Assets - Ending								
Cash and investments	\$ 149,649	\$ 148,739	\$ 75,299	\$ 28,305	\$ 63,663	\$ 91,556	\$ 143,472	\$ 700,683
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ 149,649	\$ 148,739	\$ 75,299	\$ 28,305	\$ 63,663	\$ 91,556	\$ 143,472	\$ 700,683

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

REGION 8 EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Region 8 Education Service Center

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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 proprietary or fiduciary 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 capital expenditures fund accounts for capital and other types of expenditures.

The SEMS fund accounts for receipts and disbursements for a substitute employment management service for participating school corporations.

REGION 8 EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

The workshop fund accounts for receipts and disbursements for professional development and technology workshops provided by the school corporation.

The acenet consortium network fund accounts for receipts and disbursements of a consortium that provides distance learning programs for consortium members.

The capital accumulation fund accounts for transfers in from other funds and disbursements for capital expenditures and as a savings for future major capital expenditures.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

No property taxes are levied for the School Corporation. Funding is provided from participating school corporations.

REGION 8 EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts.

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.

REGION 8 EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

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 fiscal year end.

The executive director of the School Corporation submits to the governing board a proposed operating budget for the year. The governing board (after amendments, if any), approves the budget for the next year. The budget does not require approval of the Indiana Department of Local Government Finance.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of

REGION 8 EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

REGION 8 EDUCATION SERVICE CENTER
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	June 30, 2008	June 30, 2009
Capital Expenditures Fund	Capital Accumulation Fund	\$ 40,000	\$ 40,000
Capital Accumulation Fund	Other governmental funds	-	20,000
Other governmental funds	Other governmental funds	16,588	11,752
Totals		<u>\$ 56,588</u>	<u>\$ 71,752</u>

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

IV. Other Information

A. Risk Management

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

During 1999, the School Corporation joined the School Employees' Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for 14 member governmental entities. This risk pool was formed in 1980. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

During 2008, the School Corporation joined with other governmental entities to form the Educational Service Centers Risk Funding Trust, a public entity risk pool currently operating as a common risk management and insurance program for 22 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The School Corporation pays an annual premium to the risk pool for its various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$50,000 to \$100,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$50,000 to \$100,000 limit.

REGION 8 EDUCATION SERVICE CENTER
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

B. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 20,201
Interest on net pension obligation	478
Adjustment to annual required contribution	(545)
Annual pension cost	20,134
Contributions made	20,549
Decrease in net pension obligation	(415)
Net pension obligation, beginning of year	6,594
Net pension obligation, end of year	\$ 6,179

REGION 8 EDUCATION SERVICE CENTER
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

	PERF
Contribution rates:	
School Corporation	8.25%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 13,144	101%	\$ (1,516)
	06-30-07	23,742	66%	6,594
	06-30-08	20,134	102%	6,179

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

Teachers' Retirement Fund

Plan Description

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

REGION 8 EDUCATION SERVICE CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$18,019, \$16,965, and \$16,675, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

REGION 8 EDUCATION SERVICE CENTER
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 62,003	\$ 133,087	\$ (71,084)	47%	\$ 302,103	(24%)
07-01-07	81,613	141,654	(60,041)	58%	246,232	(24%)
07-01-08	110,680	195,455	(84,775)	57%	313,694	(27%)

REGION 8 EDUCATION SERVICE CENTER
 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

	Programs	SNAP	Repair	Co-op Purchasing	Alternative Education
Receipts:					
Local sources	\$ 136,422	\$ 17,370	\$ 4,515	\$ 18,733	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	<u>136,422</u>	<u>17,370</u>	<u>4,515</u>	<u>18,733</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	-	-	386	1,353	-
Support services	124,886	-	5,639	14,783	-
Noninstructional services	-	14,269	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>124,886</u>	<u>14,269</u>	<u>6,025</u>	<u>16,136</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>11,536</u>	<u>3,101</u>	<u>(1,510)</u>	<u>2,597</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,536</u>	<u>3,101</u>	<u>(1,510)</u>	<u>2,597</u>	<u>-</u>
Cash and investments - beginning	<u>11,912</u>	<u>8,012</u>	<u>5,833</u>	<u>13,729</u>	<u>4,091</u>
Cash and investments - ending	<u>\$ 23,448</u>	<u>\$ 11,113</u>	<u>\$ 4,323</u>	<u>\$ 16,326</u>	<u>\$ 4,091</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 23,448</u>	<u>\$ 11,113</u>	<u>\$ 4,323</u>	<u>\$ 16,326</u>	<u>\$ 4,091</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 23,448</u>	<u>\$ 11,113</u>	<u>\$ 4,323</u>	<u>\$ 16,326</u>	<u>\$ 4,091</u>

REGION 8 EDUCATION SERVICE CENTER
 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)

	Reading Recovery	High Ability Grant	Professional Development Academy	Staff Application System	Future Projects Training and Service
Receipts:					
Local sources	\$ 26,983	\$ -	\$ -	\$ 6,750	\$ -
State sources	-	8,061	-	-	-
Federal sources	-	-	-	-	-
Other	-	-	-	-	-
	<u>26,983</u>	<u>8,061</u>	<u>-</u>	<u>6,750</u>	<u>-</u>
Total receipts					
Disbursements:					
Current:					
Instruction	5,446	-	-	-	-
Support services	56,109	-	-	7,332	1,359
Noninstructional services	-	-	-	-	-
Nonprogrammed charges	4,800	-	-	-	-
	<u>66,355</u>	<u>-</u>	<u>-</u>	<u>7,332</u>	<u>1,359</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>(39,372)</u>	<u>8,061</u>	<u>-</u>	<u>(582)</u>	<u>(1,359)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(39,372)</u>	<u>8,061</u>	<u>-</u>	<u>(582)</u>	<u>(1,359)</u>
Cash and investments - beginning	<u>63,078</u>	<u>-</u>	<u>1,000</u>	<u>16,330</u>	<u>15,008</u>
Cash and investments - ending	<u>\$ 23,706</u>	<u>\$ 8,061</u>	<u>\$ 1,000</u>	<u>\$ 15,748</u>	<u>\$ 13,649</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 23,706</u>	<u>\$ 8,061</u>	<u>\$ 1,000</u>	<u>\$ 15,748</u>	<u>\$ 13,649</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 23,706</u>	<u>\$ 8,061</u>	<u>\$ 1,000</u>	<u>\$ 15,748</u>	<u>\$ 13,649</u>

REGION 8 EDUCATION SERVICE CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	PL 101-476 PATINS Grant	PL 108-446 PATINS Grant	English Language Federal Grant	ESCRFT Self-Insurance	Totals
Receipts:					
Local sources	\$ 505	\$ 36	\$ -	\$ -	\$ 211,314
State sources	-	-	-	-	8,061
Federal sources	78,790	63,262	28,891	-	170,943
Other	-	-	-	92,072	92,072
Total receipts	79,295	63,298	28,891	92,072	482,390
Disbursements:					
Current:					
Instruction	86,106	68,134	-	-	161,425
Support services	-	-	4,886	-	214,994
Noninstructional services	-	-	-	-	14,269
Nonprogrammed charges	-	-	-	92,072	96,872
Total disbursements	86,106	68,134	4,886	92,072	487,560
Excess (deficiency) of receipts over disbursements	(6,811)	(4,836)	24,005	-	(5,170)
Other financing sources (uses):					
Transfers in	-	16,588	-	-	16,588
Transfers out	(16,588)	-	-	-	(16,588)
Total other financing sources (uses)	(16,588)	16,588	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,399)	11,752	24,005	-	(5,170)
Cash and investments - beginning	23,399	-	-	-	162,392
Cash and investments - ending	\$ -	\$ 11,752	\$ 24,005	\$ -	\$ 157,222
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 11,752	\$ 24,005	\$ -	\$ 157,222
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ -	\$ 11,752	\$ 24,005	\$ -	\$ 157,222

REGION 8 EDUCATION SERVICE CENTER
 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

	Programs	SNAP	Repair	Custodial and Maintenance	Co-op Purchasing	Supplemental Educational Services
Receipts:						
Local sources	\$ 64,292	\$ 18,513	\$ 3,421	\$ 14,870	\$ 35,231	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Total receipts	64,292	18,513	3,421	14,870	35,231	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	475
Support services	64,377	-	6,169	2,312	19,231	-
Noninstructional services	-	17,584	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	64,377	17,584	6,169	2,312	19,231	475
Excess (deficiency) of receipts over disbursements	(85)	929	(2,748)	12,558	16,000	(475)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	20,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	20,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(85)	929	(2,748)	12,558	16,000	19,525
Cash and investments - beginning	23,448	11,113	4,323	-	16,326	-
Cash and investments - ending	<u>\$ 23,363</u>	<u>\$ 12,042</u>	<u>\$ 1,575</u>	<u>\$ 12,558</u>	<u>\$ 32,326</u>	<u>\$ 19,525</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 23,363</u>	<u>\$ 12,042</u>	<u>\$ 1,575</u>	<u>\$ 12,558</u>	<u>\$ 32,326</u>	<u>\$ 19,525</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 23,363</u>	<u>\$ 12,042</u>	<u>\$ 1,575</u>	<u>\$ 12,558</u>	<u>\$ 32,326</u>	<u>\$ 19,525</u>

REGION 8 EDUCATION SERVICE CENTER
 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)

	Alternative Education	Reading Recovery	High Ability Grant	Professional Development Academy	Staff Application System
Receipts:					
Local sources	\$ -	\$ 82,292	\$ -	\$ -	\$ 6,750
State sources	-	-	1,416	-	-
Federal sources	-	-	-	-	-
Total receipts	<u>-</u>	<u>82,292</u>	<u>1,416</u>	<u>-</u>	<u>6,750</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	-	91,633	9,477	-	11,284
Noninstructional services	-	-	-	-	-
Nonprogrammed charges	-	1,200	-	-	-
Total disbursements	<u>-</u>	<u>92,833</u>	<u>9,477</u>	<u>-</u>	<u>11,284</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(10,541)</u>	<u>(8,061)</u>	<u>-</u>	<u>(4,534)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(10,541)</u>	<u>(8,061)</u>	<u>-</u>	<u>(4,534)</u>
Cash and investments - beginning	<u>4,091</u>	<u>23,706</u>	<u>8,061</u>	<u>1,000</u>	<u>15,748</u>
Cash and investments - ending	<u>\$ 4,091</u>	<u>\$ 13,165</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 11,214</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 4,091</u>	<u>\$ 13,165</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 11,214</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 4,091</u>	<u>\$ 13,165</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 11,214</u>

REGION 8 EDUCATION SERVICE CENTER
 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)

	Future Projects Training and Service	PL 101-476 PATINS Grant	PL 108-446 PATINS Grant	English Language Federal Grant	Totals
Receipts:					
Local sources	\$ -	\$ 2,470	\$ -	\$ -	\$ 227,839
State sources	-	-	-	-	1,416
Federal sources	-	135,550	-	38,100	173,650
Total receipts	-	138,020	-	38,100	402,905
Disbursements:					
Current:					
Instruction	-	141,102	-	-	141,577
Support services	9,706	-	-	62,105	276,294
Noninstructional services	-	-	-	-	17,584
Nonprogrammed charges	-	-	-	-	1,200
Total disbursements	9,706	141,102	-	62,105	436,655
Excess (deficiency) of receipts over disbursements	(9,706)	(3,082)	-	(24,005)	(33,750)
Other financing sources (uses):					
Transfers in	-	11,752	-	-	31,752
Transfers out	-	-	(11,752)	-	(11,752)
Total other financing sources (uses)	-	11,752	(11,752)	-	20,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,706)	8,670	(11,752)	(24,005)	(13,750)
Cash and investments - beginning	13,649	-	11,752	24,005	157,222
Cash and investments - ending	<u>\$ 3,943</u>	<u>\$ 8,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,472</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 3,943</u>	<u>\$ 8,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,472</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 3,943</u>	<u>\$ 8,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,472</u>

REGION 8 EDUCATION SERVICE CENTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2009

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 350,793</u>

REGION 8 EDUCATION SERVICE CENTER
EXIT CONFERENCE

The contents of this report were discussed on January 28, 2010, with Christine A. Gamble, Treasurer; and Robert K. Huffman, Executive Director. Our examination disclosed no material items that warrant comment at this time.