

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

EXAMINATION REPORT  
OF  
EAST GIBSON SCHOOL CORPORATION  
GIBSON COUNTY, INDIANA  
July 1, 2006 to June 30, 2008



**FILED**  
05/15/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diana Broshears	07-01-06 to 06-30-09
Superintendent of Schools	Lynn E. Blinzinger Franzy Fleck	07-01-06 to 06-30-08 07-01-08 to 06-30-09
President of the School Board	Roger F. Sermersheim Karen Cox Roger F. Sermersheim	01-01-06 to 12-31-06 01-01-07 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE EAST GIBSON SCHOOL CORPORATION, GIBSON COUNTY, INDIANA

We have examined the financial statements presented herein of the East Gibson School Corporation (School Corporation), for the period of July 1, 2006 to June 30, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedules, Schedule of Capital Asset, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules have been subjected to the 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 and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 8, 2009

EAST GIBSON SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 4,806,262	\$ -	\$ 65,331	\$ (4,740,931)
Support services	3,489,969	207,504	126,586	(3,155,879)
Community services	21,140	-	-	(21,140)
Nonprogrammed charges	349,379	-	-	(349,379)
Debt service	<u>1,196,435</u>	<u>-</u>	<u>-</u>	<u>(1,196,435)</u>
 Total governmental activities	 <u>\$ 9,863,185</u>	 <u>\$ 207,504</u>	 <u>\$ 191,917</u>	 <u>(9,463,764)</u>
 General receipts:				
Property taxes				2,127,448
Other local sources				407,969
State aid				4,262,869
Bonds and loans				407,082
Grants and contributions not restricted to specific programs				423,183
Sale of property, adjustments, and refunds				20,221
Investment earnings				<u>161,038</u>
 Total general receipts				 <u>7,809,810</u>
 Change in net assets				 (1,653,954)
 Net assets - beginning				 <u>2,808,240</u>
 Net assets - ending				 <u>\$ 1,154,286</u>
 <u>Assets</u>				
 Cash and investments				 <u>\$ 1,154,286</u>
 <u>Net Assets</u>				
 Unrestricted				 <u>\$ 1,154,286</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,835,522	\$ -	\$ 100,769	\$ (4,734,753)
Support services	3,814,402	206,698	146,052	(3,461,652)
Community services	10,952	-	-	(10,952)
Nonprogrammed charges	366,573	-	-	(366,573)
Debt service	1,283,864	-	-	(1,283,864)
Total governmental activities	\$ 10,311,313	\$ 206,698	\$ 246,821	(9,857,794)
General receipts:				
Property taxes				4,239,725
Other local sources				531,358
State aid				4,104,941
Bonds and loans				597,317
Grants and contributions not restricted to specific programs				370,601
Sale of property, adjustments, and refunds				10,917
Investment earnings				81,373
Total general receipts				9,936,232
Change in net assets				78,438
Net assets - beginning				1,154,286
Net assets - ending				\$ 1,232,724
<u>Assets</u>				
Cash and investments				\$ 1,285,429
Restricted assets:				
Cash and investments				(52,705)
Total assets				\$ 1,232,724
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (52,705)
Unrestricted				1,285,429
Total net assets				\$ 1,232,724

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

EAST GIBSON SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 1,409,325	\$ 367,790	\$ 8,067	\$ 469,220	\$ 285,477	\$ 2,770	\$ 349,505	\$ 2,892,154
Intermediate sources	5,090	-	-	-	-	-	956	6,046
State sources	4,350,831	-	-	-	-	-	155,144	4,505,975
Federal sources	12,720	-	-	-	-	-	365,033	377,753
Bonds and loans	-	407,082	-	-	-	-	-	407,082
Sale of property, adjustments and refunds	18,469	-	-	-	-	-	1,752	20,221
<b>Total receipts</b>	<b>5,796,435</b>	<b>774,872</b>	<b>8,067</b>	<b>469,220</b>	<b>285,477</b>	<b>2,770</b>	<b>872,390</b>	<b>8,209,231</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	4,615,050	-	-	-	-	-	191,212	4,806,262
Support services	2,015,014	553,644	-	27	471,090	-	450,194	3,489,969
Community services	5,200	-	-	-	-	-	15,940	21,140
Nonprogrammed charges	230,295	-	61,028	-	-	-	58,056	349,379
Debt services	-	220,791	-	796,826	-	-	178,818	1,196,435
<b>Total disbursements</b>	<b>6,865,559</b>	<b>774,435</b>	<b>61,028</b>	<b>796,853</b>	<b>471,090</b>	<b>-</b>	<b>894,220</b>	<b>9,863,185</b>
Excess (deficiency) of receipts over disbursements	(1,069,124)	437	(52,961)	(327,633)	(185,613)	2,770	(21,830)	(1,653,954)
<b>Other financing sources (uses):</b>								
Transfers in	86,878	6,500	-	191,788	20,000	-	86,553	391,719
Transfers out	(304,841)	(6,500)	-	-	(20,000)	-	(60,378)	(391,719)
<b>Total other financing sources (uses)</b>	<b>(217,963)</b>	<b>-</b>	<b>-</b>	<b>191,788</b>	<b>-</b>	<b>-</b>	<b>26,175</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,287,087)	437	(52,961)	(135,845)	(185,613)	2,770	4,345	(1,653,954)
Cash and investments - beginning	1,958,694	121,743	224,373	135,845	231,873	2,668	133,044	2,808,240
Cash and investments - ending	\$ 671,607	\$ 122,180	\$ 171,412	\$ -	\$ 46,260	\$ 5,438	\$ 137,389	\$ 1,154,286
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 671,607	\$ 122,180	\$ 171,412	\$ -	\$ 46,260	\$ 5,438	\$ 137,389	\$ 1,154,286
<b>Cash and Investment Fund Balance - Ending</b>								
Unrestricted	\$ 671,607	\$ 122,180	\$ 171,412	\$ -	\$ 46,260	\$ 5,438	\$ 137,389	\$ 1,154,286

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 2,454,478	\$ 762,109	\$ 9,551	\$ 835,712	\$ 608,195	\$ -	\$ 381,933	\$ 5,051,978
Intermediate sources	6,688	-	-	-	-	-	488	7,176
State sources	4,221,437	-	-	-	-	-	98,394	4,319,831
Federal sources	2,697	-	-	-	-	-	399,835	402,532
Bonds and loans	-	492,752	-	-	20,325	-	84,240	597,317
Sale of property, adjustments and refunds	10,609	-	-	-	-	-	308	10,917
<b>Total receipts</b>	<b>6,695,909</b>	<b>1,254,861</b>	<b>9,551</b>	<b>835,712</b>	<b>628,520</b>	<b>-</b>	<b>965,198</b>	<b>10,389,751</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	4,675,515	-	-	-	-	-	160,007	4,835,522
Support services	2,017,634	790,509	-	-	563,859	-	442,399	3,814,401
Community services	4,507	-	-	-	-	-	6,446	10,953
Nonprogrammed charges	319,944	-	-	-	-	-	46,629	366,573
Debt services	-	407,082	-	786,213	-	-	90,569	1,283,864
<b>Total disbursements</b>	<b>7,017,600</b>	<b>1,197,591</b>	<b>-</b>	<b>786,213</b>	<b>563,859</b>	<b>-</b>	<b>746,050</b>	<b>10,311,313</b>
Excess (deficiency) of receipts over disbursements	(321,691)	57,270	9,551	49,499	64,661	-	219,148	78,438
<b>Other financing sources (uses):</b>								
Transfers in	368,372	-	75,000	-	-	-	79,297	522,669
Transfers out	(60,487)	-	-	(191,788)	(75,000)	-	(195,394)	(522,669)
<b>Total other financing sources (uses)</b>	<b>307,885</b>	<b>-</b>	<b>75,000</b>	<b>(191,788)</b>	<b>(75,000)</b>	<b>-</b>	<b>(116,097)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,806)	57,270	84,551	(142,289)	(10,339)	-	103,051	78,438
Cash and investments - beginning	671,607	122,180	171,412	-	46,260	5,438	137,389	1,154,286
Cash and investments - ending	\$ 657,801	\$ 179,450	\$ 255,963	\$ (142,289)	\$ 35,921	\$ 5,438	\$ 240,440	\$ 1,232,724
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 657,801	\$ 179,450	\$ 255,963	\$ -	\$ 35,921	\$ 5,438	\$ 150,856	\$ 1,285,429
Restricted assets:								
Cash and investments	-	-	-	(142,289)	-	-	89,584	(52,705)
<b>Total cash and investment assets - ending</b>	<b>\$ 657,801</b>	<b>\$ 179,450</b>	<b>\$ 255,963</b>	<b>\$ (142,289)</b>	<b>\$ 35,921</b>	<b>\$ 5,438</b>	<b>\$ 240,440</b>	<b>\$ 1,232,724</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ (142,289)	\$ -	\$ -	\$ 89,584	\$ (52,705)
Unrestricted	657,801	179,450	255,963	-	35,921	5,438	150,856	1,285,429
<b>Total cash and investment fund balance - ending</b>	<b>\$ 657,801</b>	<b>\$ 179,450</b>	<b>\$ 255,963</b>	<b>\$ (142,289)</b>	<b>\$ 35,921</b>	<b>\$ 5,438</b>	<b>\$ 240,440</b>	<b>\$ 1,232,724</b>

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

EAST GIBSON SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 5,807	\$ -
Deductions:		
Benefits	104,768	-
Administrative and general	<u>-</u>	<u>6,204</u>
Total deductions	<u>104,768</u>	<u>6,204</u>
Deficiency of total additions over total deductions	(98,961)	(6,204)
Cash and investment fund balance - beginning	<u>98,961</u>	<u>8,992</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 2,788</u>
Net assets:		
Cash and investments	<u>\$ -</u>	<u>\$ 2,788</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 2,788</u>

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

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

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>15,500</u>
Deductions:	
Administrative and general	<u>1,528</u>
Excess of total additions over total deductions	13,972
Cash and investment fund balance - beginning	<u>2,788</u>
Cash and investment fund balance - ending	<u>\$ 16,760</u>
Net assets:	
Cash and investments	<u>\$ 16,760</u>
Total net assets - cash and investment basis held in trust	<u>\$ 16,760</u>

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

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: East Gibson School Corporation

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

Joint Venture

The School Corporation is a participant with Gibson, Pike, and Warrick County Schools in a joint venture to operate Gibson-Pike-Warrick Special Education Cooperative which was created to develop and operate a comprehensive special education program for handicapped children in the community. The School Corporation is obligated by contract to remit a proportionate share quarterly to supplement the Gibson-Pike-Warrick Special Education Cooperative. The Cooperative's continued existence depends on the continued funding by the member school corporations. Complete financial statements for the Gibson-Pike-Warrick Special Education Cooperative can be obtained from Gibson-Pike-Warrick Special Education Cooperative, 618 Main Street, Petersburg, Indiana 47567.

The School Corporation is a participant in the Patoka Valley Area Vocational Education Cooperative which was created to provide for the vocational education needs of the students. The School Corporation is obligated by contract to remit a proportionate share quarterly to supplement the Cooperative. The Cooperative's continued existence depends on the continued funding by the member school corporations. Complete financial statements for the Vocational Education Cooperative can be obtained from Patoka Valley Area Educational Cooperative, Jasper, Indiana 47546.

The School Corporation is a participant in the Southern Indiana Education Center which was created to allow the participating school corporations to coordinate and share joint, cost-effective instructional and administrative support services as determined by local need. The School Corporation is obligated by contract to remit a proportionate share semiannually to supplement the Education Center. The Education Center's continued existence depends on the continued funding by the member school corporations. Complete financial statements for the Education Center can be obtained from Mr. J. Scott Turney, 1102 Tree Lane Drive, Jasper, Indiana 47546.

EAST GIBSON SCHOOL CORPORATION  
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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

The rainy day fund is used to account for transfers of unused and unencumbered funds from other tax-supported funds and the subsequent use of those funds for board approved purposes.

Additionally, the School Corporation reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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. All government-wide financials would be presented on the accrual basis of accounting.

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). 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.

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:

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements 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.

EAST GIBSON SCHOOL CORPORATION  
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 as follows:

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficit

At June 30, 2008, the following fund reported a deficit in cash and investments, which is a violation of the Uniform Compliance Guidelines and state statute:

<u>Fund</u>	<u>2008</u>
Debt Service	<u>\$ 142,289</u>

The cash and investment deficit arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; this deficit is to be repaid from future receipts.

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$1,249,486. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
General Fund	Transportation Operating	\$ 6,500	\$ -
	Debt Service	191,788	-
	Capital Projects	20,000	-
	Other governmental funds	86,553	60,487
Transportation Operating	General Fund	6,500	-
Capital Projects	General Fund	20,000	-
	Rainy Day	-	75,000
Debt Service	General Fund	-	191,788
Other governmental funds	General Fund	60,378	176,584
	Other governmental funds	-	18,810
Totals		<u>\$ 391,719</u>	<u>\$ 522,669</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.

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

During 2000, the School Corporation joined together with other governmental entities to form the Hoosier Heartland School Trust, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. This risk pool was formed in 1998. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees, and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event.

B. Holding Corporation

The School Corporation has entered into a capital lease with Barton Township School Building Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2007, totaled \$379,580. This capital lease was paid off in fiscal year 2006-2007.

C. Postemployment Benefits

In addition to the pension benefits described in Note IV.A., the School Corporation provides postemployment life insurance benefits, as authorized by IC 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 17 years of service. Currently, 11 retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$685 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

EAST GIBSON SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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	\$ 57,024
Interest on net pension obligation	(1,999)
Adjustment to annual required contribution	2,278
Annual pension cost	57,303
Contributions made	60,864
Decrease in net pension obligation	(3,561)
Net pension obligation, beginning of year	(27,571)
Net pension obligation, end of year	\$ (31,132)

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 53,669	105%	\$ (38,032)
	06-30-06	63,520	84%	(27,571)
	06-30-07	57,303	106%	(31,132)

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.

EAST GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

Funding Policy and Annual Pension Costs

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

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 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$122,759, \$105,476, and \$91,938, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

EAST GIBSON SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 879,863	\$ 1,063,560	\$ (183,697)	83%	\$ 929,843	(20%)
07-01-06	919,977	967,100	(47,123)	95%	821,970	(6%)
07-01-07	1,050,031	1,078,218	(28,187)	97%	859,629	(3%)

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

	Special Education Preschool	School Lunch	Levy Excess	Education License Plate	Computer Consortium Advancements	Medicaid Reimbursement
<b>Receipts:</b>						
Local sources	\$ 3,137	\$ 194,652	\$ 58,937	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	956	-	-
State sources	29,172	3,433	-	-	104,613	2,087
Federal sources	-	121,066	-	-	-	-
Sale of property, adjustments and refunds	-	1,752	-	-	-	-
<b>Total receipts</b>	<b>32,309</b>	<b>320,903</b>	<b>58,937</b>	<b>956</b>	<b>104,613</b>	<b>2,087</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	30,540	-
Support services	-	316,374	58,937	653	74,073	157
Community services	-	-	-	-	-	-
Nonprogrammed charges	35,063	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>35,063</b>	<b>316,374</b>	<b>58,937</b>	<b>653</b>	<b>104,613</b>	<b>157</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(2,754)</b>	<b>4,529</b>	<b>-</b>	<b>303</b>	<b>-</b>	<b>1,930</b>
<b>Other financing sources (uses):</b>						
Transfers in	2,600	-	-	-	-	-
Transfers out	(2,600)	-	-	-	-	-
<b>Total other financing sources (uses)</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>(2,754)</b>	<b>4,529</b>	<b>-</b>	<b>303</b>	<b>-</b>	<b>1,930</b>
Cash and investments - beginning	15,626	4,600	-	202	-	7,489
Cash and investments - ending	<u>\$ 12,872</u>	<u>\$ 9,129</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ -</u>	<u>\$ 9,419</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 12,872</u>	<u>\$ 9,129</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ -</u>	<u>\$ 9,419</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 12,872</u>	<u>\$ 9,129</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ -</u>	<u>\$ 9,419</u>

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

	Scholarships and Awards	PL 100-297 ECIA Chapter I	PL 100-297 ECIA Chapter I	Innovative Education Program Strategies	Innovative Education Program Strategies	Drug-Free Schools
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	39	15,800	-	-	-	-
Federal sources	-	-	178,562	1,581	3,177	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>39</b>	<b>15,800</b>	<b>178,562</b>	<b>1,581</b>	<b>3,177</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	75,066	82,497	-	-	178
Support services	-	-	-	-	-	-
Community services	-	2,202	11,656	-	-	15
Nonprogrammed charges	-	-	18,461	-	2,817	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>77,268</b>	<b>112,614</b>	<b>-</b>	<b>2,817</b>	<b>193</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>39</b>	<b>(61,468)</b>	<b>65,948</b>	<b>1,581</b>	<b>360</b>	<b>(193)</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>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>39</b>	<b>(61,468)</b>	<b>65,948</b>	<b>1,581</b>	<b>360</b>	<b>(193)</b>
Cash and investments - beginning	461	61,468	-	-	-	193
Cash and investments - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 65,948</u>	<u>\$ 1,581</u>	<u>\$ 360</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 65,948</u>	<u>\$ 1,581</u>	<u>\$ 360</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 65,948</u>	<u>\$ 1,581</u>	<u>\$ 360</u>	<u>\$ -</u>

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

	Drug-Free Schools	Drug-Free Schools	Improving Teacher Quality-Title II	Improving Teacher Quality Enhanced- Ed	Retirement Severance Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 92,779	\$ 349,505
Intermediate sources	-	-	-	-	-	956
State sources	-	-	-	-	-	155,144
Federal sources	-	4,083	56,564	-	-	365,033
Sale of property, adjustments and refunds	-	-	-	-	-	1,752
<b>Total receipts</b>	<b>-</b>	<b>4,083</b>	<b>56,564</b>	<b>-</b>	<b>92,779</b>	<b>872,390</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,408	523	-	-	-	191,212
Support services	-	-	-	-	-	450,194
Community services	1,567	500	-	-	-	15,940
Nonprogrammed charges	-	-	-	1,715	-	58,056
Debt services	-	-	-	-	178,818	178,818
<b>Total disbursements</b>	<b>3,975</b>	<b>1,023</b>	<b>-</b>	<b>1,715</b>	<b>178,818</b>	<b>894,220</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,975)</b>	<b>3,060</b>	<b>56,564</b>	<b>(1,715)</b>	<b>(86,039)</b>	<b>(21,830)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	83,953	86,553
Transfers out	-	-	(57,778)	-	-	(60,378)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(57,778)</b>	<b>-</b>	<b>83,953</b>	<b>26,175</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,975)</b>	<b>3,060</b>	<b>(1,214)</b>	<b>(1,715)</b>	<b>(2,086)</b>	<b>4,345</b>
Cash and investments - beginning	4,296	-	34,908	1,715	2,086	133,044
Cash and investments - ending	\$ 321	\$ 3,060	\$ 33,694	\$ -	\$ -	\$ 137,389
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 321	\$ 3,060	\$ 33,694	\$ -	\$ -	\$ 137,389
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	\$ 321	\$ 3,060	\$ 33,694	\$ -	\$ -	\$ 137,389

EAST GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Levy Excess	Education License Plate	Computer Consortium Advancements	Medicaid Reimbursement	Scholarships and Awards
<b>Receipts:</b>							
Local sources	\$ 5,760	\$ 196,307	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	488	-	-	-
State sources	30,697	5,335	-	-	-	-	324
Federal sources	-	126,337	-	-	86,230	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	308	-	-	-	-	-
<b>Total receipts</b>	<b>36,457</b>	<b>328,287</b>	<b>-</b>	<b>488</b>	<b>86,230</b>	<b>-</b>	<b>324</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	-	332,573	-	728	86,230	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	44,688	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>44,688</b>	<b>332,573</b>	<b>-</b>	<b>728</b>	<b>86,230</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(8,231)	(4,286)	-	(240)	-	-	324
<b>Other financing sources (uses):</b>							
Transfers in	-	-	58,937	-	-	-	-
Transfers out	-	-	(58,937)	-	-	-	-
<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	(8,231)	(4,286)	-	(240)	-	-	324
Cash and investments - beginning	12,872	9,129	-	505	-	9,419	500
Cash and investments - ending	<u>\$ 4,641</u>	<u>\$ 4,843</u>	<u>\$ -</u>	<u>\$ 265</u>	<u>\$ -</u>	<u>\$ 9,419</u>	<u>\$ 824</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 4,641	\$ 4,843	\$ -	\$ 265	\$ -	\$ 9,419	\$ 824
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 4,641</u></b>	<b><u>\$ 4,843</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 265</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,419</u></b>	<b><u>\$ 824</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,641	4,843	-	265	-	9,419	824
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 4,641</u></b>	<b><u>\$ 4,843</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 265</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,419</u></b>	<b><u>\$ 824</u></b>

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

	Technology Plan Grant #2	PL 100-297 ECIA Chapter I	PL 107-110 ECIA Chapter I	Innovative Education Program Strategies	Innovative Education Program Strategies	Innovative Education Program Strategies
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	62,038	-	-	-	-	-
Federal sources	-	15,065	168,216	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>62,038</b>	<b>15,065</b>	<b>168,216</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	40,580	117,954	-	-	-
Support services	-	18,170	4,698	-	-	-
Community services	-	3,453	712	-	-	-
Nonprogrammed charges	-	-	-	1,581	-	360
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>62,203</b>	<b>123,364</b>	<b>1,581</b>	<b>-</b>	<b>360</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>62,038</b>	<b>(47,138)</b>	<b>44,852</b>	<b>(1,581)</b>	<b>-</b>	<b>(360)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	18,862	-	1,498	-
Transfers out	-	(18,810)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(18,810)</b>	<b>18,862</b>	<b>-</b>	<b>1,498</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>62,038</b>	<b>(65,948)</b>	<b>63,714</b>	<b>(1,581)</b>	<b>1,498</b>	<b>(360)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>65,948</b>	<b>-</b>	<b>1,581</b>	<b>-</b>	<b>360</b>
<b>Cash and investments - ending</b>	<b>\$ 62,038</b>	<b>\$ -</b>	<b>\$ 63,714</b>	<b>\$ -</b>	<b>\$ 1,498</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 62,038	\$ -	\$ 63,714	\$ -	\$ 1,498	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 62,038</b>	<b>\$ -</b>	<b>\$ 63,714</b>	<b>\$ -</b>	<b>\$ 1,498</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Unrestricted</b>	<b>62,038</b>	<b>-</b>	<b>63,714</b>	<b>-</b>	<b>1,498</b>	<b>-</b>
<b>Total cash and investment fund balance - ending</b>	<b>\$ 62,038</b>	<b>\$ -</b>	<b>\$ 63,714</b>	<b>\$ -</b>	<b>\$ 1,498</b>	<b>\$ -</b>

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

	Drug-Free Schools	Drug-Free Schools	Drug-Free Schools	Improving Teacher Quality-Title II	Retirement Severance Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 179,866	\$ 381,933
Intermediate sources	-	-	-	-	-	488
State sources	-	-	-	-	-	98,394
Federal sources	3,987	-	-	-	-	399,835
Bonds and loans	-	-	-	-	84,240	84,240
Sale of property, adjustments and refunds	-	-	-	-	-	308
<b>Total receipts</b>	<b>3,987</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264,106</b>	<b>965,198</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	1,473	-	-	160,007
Support services	-	-	-	-	-	442,399
Community services	500	321	1,460	-	-	6,446
Nonprogrammed charges	-	-	-	-	-	46,629
Debt services	-	-	-	-	90,569	90,569
<b>Total disbursements</b>	<b>500</b>	<b>321</b>	<b>2,933</b>	<b>-</b>	<b>90,569</b>	<b>746,050</b>
Excess (deficiency) of receipts over disbursements	3,487	(321)	(2,933)	-	173,537	219,148
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	79,297
Transfers out	-	-	-	(33,694)	(83,953)	(195,394)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,694)</b>	<b>(83,953)</b>	<b>(116,097)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,487	(321)	(2,933)	(33,694)	89,584	103,051
Cash and investments - beginning	-	321	3,060	33,694	-	137,389
Cash and investments - ending	\$ 3,487	\$ -	\$ 127	\$ -	\$ 89,584	\$ 240,440
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 3,487	\$ -	\$ 127	\$ -	\$ -	\$ 150,856
Restricted assets:						
Cash and investments	-	-	-	-	89,584	89,584
<b>Total cash and investment assets - ending</b>	<b>\$ 3,487</b>	<b>\$ -</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ 89,584</b>	<b>\$ 240,440</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 89,584	\$ 89,584
Unrestricted	3,487	-	127	-	-	150,856
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,487</b>	<b>\$ -</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ 89,584</b>	<b>\$ 240,440</b>

EAST GIBSON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 446,000
Buildings	11,832,890
Improvements other than buildings	603,331
Machinery and equipment	<u>873,080</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 13,755,301</u>

EAST GIBSON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 5,142,755	\$ 1,138,534
Bonds payable:		
General obligation bonds:		
Retirement/Severance	1,575,000	178,155
Baseball Field	<u>455,000</u>	<u>373,157</u>
Total governmental activities debt	<u>\$ 7,172,755</u>	<u>\$ 1,689,846</u>

EAST GIBSON SCHOOL CORPORATION  
EXAMINATION RESULTS AND COMMENTS

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

The information presented for examination indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2008.

The enrollment count dates for 2007-2008 was September 14, 2007. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2007-2008	Kindergarten	37.5	38.0	0.5
	1 Through 12	933	934	1.0

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)

AVERAGE DAILY MEMBERSHIP COUNTS

School Principals were not always certifying the Average Daily Membership (ADM) counts reported to the School Corporation Central Office.

The Principal responsible for reporting ADM to the School Corporation Central Office should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, June 2008, Volume 182)

OVERDRAWN CASH BALANCE

The cash balance of the Debt Service Fund was overdrawn in the 2007-2008 school year.

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)

EAST GIBSON SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2009, with Franzy Fleck, Superintendent of Schools; and Diana Broshears, Treasurer. The officials concurred with our findings.