

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

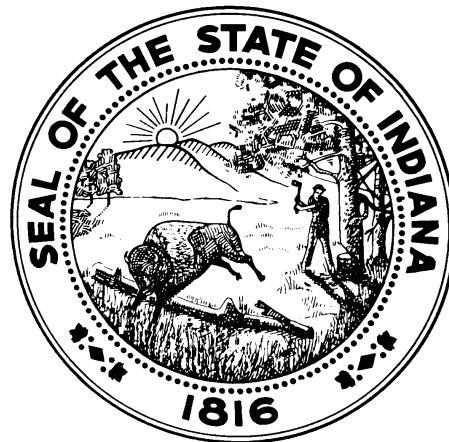
AUDIT REPORT

OF

NORTH GIBSON SCHOOL CORPORATION

GIBSON COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/29/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund	11-12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	13-14
Notes to Financial Statements	15-25
Required Supplementary Information:	
Schedule of Funding Progress	26
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	27-35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	36-39
Schedule of Capital Assets.....	40
Schedule of Long-Term Debt	41
Audit Results and Comments:	
Guaranteed Energy Savings Contract.....	42-44
Overdrawn Cash Balances.....	45
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	48-49
Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards.....	51
Schedule of Findings and Questioned Costs	52
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	53
Exit Conference.....	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marlene S. Fisher	07-01-06 to 06-30-09
Superintendent of Schools	B. Dale McCuiston	07-01-06 to 06-30-09
President of the School Board	H. Mark lunghuhn	01-01-06 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Gibson School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 4, 2009



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Gibson School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated June 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

June 4, 2009

NORTH 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:				
Instruction	\$ 7,869,407	\$ -	\$ 163,916	\$ (7,705,491)
Support services	7,147,073	499,374	463,702	(6,183,997)
Community services	179,891	-	-	(179,891)
Nonprogrammed charges	2,155,753	-	-	(2,155,753)
Debt service	<u>2,792,438</u>	<u>-</u>	<u>-</u>	<u>(2,792,438)</u>
Total governmental activities	<u>\$ 20,144,562</u>	<u>\$ 499,374</u>	<u>\$ 627,618</u>	<u>(19,017,570)</u>
General receipts:				
Property taxes				4,794,032
Other local sources				1,086,403
State aid				8,021,369
Grants and contributions not restricted to specific programs				505,852
Sale of property, adjustments, and refunds				28,027
Investment earnings				<u>330,798</u>
Total general receipts				<u>14,766,481</u>
Change in net assets				(4,251,089)
Net assets - beginning				<u>8,124,354</u>
Net assets - ending				<u>\$ 3,873,265</u>
<u>Assets</u>				
Cash and investments				\$ 2,800,598
Restricted assets:				
Cash and investments				923,247
Cash with fiscal agent				<u>149,420</u>
Total assets				<u>\$ 3,873,265</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (267,087)
Other purposes				1,339,754
Unrestricted				<u>2,800,598</u>
Total net assets				<u>\$ 3,873,265</u>

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

NORTH 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>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 8,962,275	\$ -	\$ 194,523	\$ (8,767,752)
Support services	7,093,208	457,887	512,017	(6,123,304)
Community services	281,297	-	-	(281,297)
Nonprogrammed charges	3,118,508	-	-	(3,118,508)
Debt service	1,394,626	-	-	(1,394,626)
Total governmental activities	\$ 20,849,914	\$ 457,887	\$ 706,540	(19,685,487)
General receipts:				
Property taxes				9,284,283
Other local sources				1,703,987
State aid				7,927,232
Grants and contributions not restricted to specific programs				638,171
Sale of property, adjustments, and refunds				9,443
Investment earnings				248,755
Total general receipts				19,811,871
Change in net assets				126,384
Net assets - beginning				3,873,265
Net assets - ending				\$ 3,999,649
<u>Assets</u>				
Cash and investments				\$ 2,836,905
Restricted assets:				
Cash and investments				1,043,950
Cash with fiscal agent				118,794
Total assets				\$ 3,999,649
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (197,905)
Other purposes				1,360,649
Unrestricted				2,836,905
Total net assets				\$ 3,999,649

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

NORTH 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
Receipts:								
Local sources	\$ 2,909,697	\$ 936,095	\$ -	\$ 554,980	\$ 1,133,135	\$ 75,109	\$ 869,296	\$ 6,478,312
Intermediate sources	531	-	-	-	-	-	5,880	6,411
State sources	8,171,088	-	-	-	-	-	180,807	8,351,895
Federal sources	-	-	-	-	-	-	802,944	802,944
Sale of property, adjustments and refunds	10,043	-	-	-	17,984	-	-	28,027
Total receipts	11,091,359	936,095	-	554,980	1,151,119	75,109	1,858,927	15,667,589
Disbursements:								
Current:								
Instruction	8,535,854	-	-	-	-	-	329,553	8,865,407
Support services	3,168,976	1,350,088	-	-	2,140,318	82,308	1,069,383	7,811,073
Community services	133,293	-	-	-	-	-	46,598	179,891
Nonprogrammed charges	273,626	-	-	-	-	-	58,812	332,438
Debt services	1,059,472	-	-	961,105	-	-	771,861	2,792,438
Total disbursements	13,171,221	1,350,088	-	961,105	2,140,318	82,308	2,276,207	19,981,247
Deficiency of receipts over disbursements	(2,079,862)	(413,993)	-	(406,125)	(989,199)	(7,199)	(417,280)	(4,313,658)
Other financing sources (uses):								
Transfers in	-	46,997	300,000	-	-	-	135,927	482,924
Transfers out	(1,727)	-	(100,000)	(81,197)	(300,000)	-	-	(482,924)
Total other financing sources (uses)	(1,727)	46,997	200,000	(81,197)	(300,000)	-	135,927	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,081,589)	(366,996)	200,000	(487,322)	(1,289,199)	(7,199)	(281,353)	(4,313,658)
Cash and investments - beginning	2,304,243	868,484	980,000	457,588	1,575,879	215,942	445,033	6,847,169
Cash and investments - ending	\$ 222,654	\$ 501,488	\$ 1,180,000	\$ (29,734)	\$ 286,680	\$ 208,743	\$ 163,680	2,533,511
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								1,339,754
Net assets of governmental activities								\$ 3,873,265
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 222,654	\$ 501,488	\$ 1,180,000	\$ -	\$ 286,680	\$ 208,743	\$ 401,033	\$ 2,800,598
Restricted assets:								
Cash and investments	-	-	-	(29,734)	-	-	(237,353)	(267,087)
Total cash and investment assets - ending	\$ 222,654	\$ 501,488	\$ 1,180,000	\$ (29,734)	\$ 286,680	\$ 208,743	\$ 163,680	\$ 2,533,511
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ (29,734)	\$ -	\$ -	\$ (237,353)	\$ (267,087)
Unrestricted	222,654	501,488	1,180,000	-	286,680	208,743	401,033	2,800,598
Total cash and investment fund balance - ending	\$ 222,654	\$ 501,488	\$ 1,180,000	\$ (29,734)	\$ 286,680	\$ 208,743	\$ 163,680	\$ 2,533,511

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

NORTH 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
Receipts:								
Local sources	\$ 4,664,873	\$ 1,836,660	\$ -	\$ 1,041,756	\$ 2,356,973	\$ -	\$ 1,101,397	\$ 11,001,659
Intermediate sources	265	-	-	-	-	-	903	1,168
State sources	8,118,836	-	-	-	-	-	215,996	8,334,832
Federal sources	-	-	-	-	-	-	937,111	937,111
Sale of property, adjustments and refunds	2,182	-	-	-	7,261	-	-	9,443
Total receipts	12,786,156	1,836,660	-	1,041,756	2,364,234	-	2,255,407	20,284,213
Disbursements:								
Current:								
Instruction	9,595,940	-	-	-	-	-	506,335	10,102,275
Support services	3,198,882	1,649,651	-	-	1,850,795	-	1,153,880	7,853,208
Community services	232,483	-	-	-	-	-	48,814	281,297
Nonprogrammed charges	401,255	-	-	-	-	-	146,063	547,318
Debt services	-	-	-	879,094	-	-	515,532	1,394,626
Total disbursements	13,428,560	1,649,651	-	879,094	1,850,795	-	2,370,624	20,178,724
Excess (deficiency) of receipts over disbursements	(642,404)	187,009	-	162,662	513,439	-	(115,217)	105,489
Other financing sources (uses):								
Transfers in	155,920	-	1,600,000	-	-	-	391,898	2,147,818
Transfers out	(91,551)	(777,106)	(150,000)	(81,838)	(781,301)	(57,202)	(208,820)	(2,147,818)
Total other financing sources (uses)	64,369	(777,106)	1,450,000	(81,838)	(781,301)	(57,202)	183,078	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(578,035)	(590,097)	1,450,000	80,824	(267,862)	(57,202)	67,861	105,489
Cash and investments - beginning	222,654	501,488	1,180,000	(29,734)	286,680	208,743	163,680	2,533,511
Cash and investments - ending	<u>\$ (355,381)</u>	<u>\$ (88,609)</u>	<u>\$ 2,630,000</u>	<u>\$ 51,090</u>	<u>\$ 18,818</u>	<u>\$ 151,541</u>	<u>\$ 231,541</u>	<u>2,639,000</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								1,360,649
Net assets of governmental activities								<u>\$ 3,999,649</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ (355,381)	\$ (88,609)	\$ 2,630,000	\$ -	\$ 18,818	\$ 151,541	\$ 480,536	\$ 2,836,905
Restricted assets:								
Cash and investments	-	-	-	51,090	-	-	(248,995)	(197,905)
Total cash and investment assets - ending	<u>\$ (355,381)</u>	<u>\$ (88,609)</u>	<u>\$ 2,630,000</u>	<u>\$ 51,090</u>	<u>\$ 18,818</u>	<u>\$ 151,541</u>	<u>\$ 231,541</u>	<u>\$ 2,639,000</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 51,090	\$ -	\$ -	\$ (248,995)	\$ (197,905)
Unrestricted	(355,381)	(88,609)	2,630,000	-	18,818	151,541	480,536	2,836,905
Total cash and investment fund balance - ending	<u>\$ (355,381)</u>	<u>\$ (88,609)</u>	<u>\$ 2,630,000</u>	<u>\$ 51,090</u>	<u>\$ 18,818</u>	<u>\$ 151,541</u>	<u>\$ 231,541</u>	<u>\$ 2,639,000</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 1,866,424
Miscellaneous	19,460
Total operating receipts	1,885,884
Operating disbursements:	
Insurance claims and expense	1,823,315
Excess of operating receipts over operating disbursements	62,569
Cash and investment fund balance - beginning	1,277,185
Cash and investment fund balance - ending	\$ 1,339,754
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,190,334
Cash with fiscal agent	149,420
Total cash and investment assets - ending	\$ 1,339,754
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,339,754
Total cash and investment fund balance - ending	\$ 1,339,754

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,565,314
Miscellaneous	26,771
Total operating receipts	2,592,085
Operating disbursements:	
Insurance claims and expense	2,571,190
Excess of operating receipts over operating disbursements	20,895
Cash and investment fund balance - beginning	1,339,754
Cash and investment fund balance - ending	\$ 1,360,649
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,241,855
Cash with fiscal agent	118,794
Total cash and investment assets - ending	\$ 1,360,649
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,360,649
Total cash and investment fund balance - ending	\$ 1,360,649

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

NORTH 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:		
Other	\$ -	\$ 48,000
Investment earnings:		
Interest	<u>233,415</u>	<u>3,030</u>
Total additions	<u>233,415</u>	<u>51,030</u>
Deductions:		
Benefits	494,313	-
Administrative and general	<u>-</u>	<u>54,423</u>
Total deductions	<u>494,313</u>	<u>54,423</u>
Deficiency of total additions over total deductions	(260,898)	(3,393)
Cash and investment fund balance - beginning	<u>5,289,194</u>	<u>153,447</u>
Cash and investment fund balance - ending	<u>\$ 5,028,296</u>	<u>\$ 150,054</u>
Net assets:		
Cash and investments	<u>\$ 5,028,296</u>	<u>\$ 150,054</u>
Total net assets - cash and investment basis held in trust	<u>\$ 5,028,296</u>	<u>\$ 150,054</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 75,167
Investment earnings:		
Interest	<u>105,986</u>	<u>2,184</u>
Total additions	<u>105,986</u>	<u>77,351</u>
Deductions:		
Benefits	4,110,324	-
Administrative and general	<u>-</u>	<u>49,704</u>
Total deductions	<u>4,110,324</u>	<u>49,704</u>
Excess (deficiency) of total additions over total deductions	(4,004,338)	27,647
Cash and investment fund balance - beginning	<u>5,028,296</u>	<u>150,054</u>
Cash and investment fund balance - ending	<u>\$ 1,023,958</u>	<u>\$ 177,701</u>
Net assets:		
Cash and investments	<u>\$ 1,023,958</u>	<u>\$ 177,701</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,023,958</u>	<u>\$ 177,701</u>

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

NORTH 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: North 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 East Gibson School Corporation, South Gibson School Corporation, Pike County School Corporation, and Warrick County School Corporation in a joint venture to operate Gibson-Pike-Warrick Special Education Co-operative which was created to provide instruction for handicapped children and vocational students. The School Corporation is obligated by contract to participate at a rate based on the percentage of Average Daily Attendance (ADA) for the Corporation compared to the ADA for the combined corporations. The Co-operative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Gibson-Pike-Warrick Special Education Co-operative can be obtained from its administrative office at 618 East Main Street, Petersburg, IN 47567.

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

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The rainy day fund is used to account for transfers of unused and unencumbered funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

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.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for risks associated with medical benefits to retirees and monies set aside for claim settlements for employees and their qualifying dependents.

The pension trust fund accounts for the activities of the retirement/severance bond fund, which accumulates resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the residents within the school corporation district limits.

C. Measurement Focus and Basis of Accounting

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

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 enterprise funds.

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (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 or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

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

Fund	2007	2008
General	\$ -	\$ (355,381)
Transportation-Operating Fund	-	(88,609)
Debt Service	(29,734)	-
Retirement/Severance Bonds Debt Service	(237,353)	(248,995)
Textbook Rental	(34,279)	-

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

III. Detailed Notes on All Funds

A. Deposits

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.

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	Other governmental funds	\$ 1,727	\$ 91,551
Transportation-Operating	Rainy Day	-	750,000
	Other governmental funds	-	27,106
Rainy Day	Other governmental funds	100,000	150,000
Debt Service	Transportation-Operating	46,997	-
	Rainy Day	-	45,000
	Other governmental funds	34,200	36,838
Capital Projects	Rainy Day	300,000	750,000
	Other governmental funds	-	31,301
Transportation-Bus Replacement	Rainy Day	-	55,000
	Other governmental funds	-	2,202
Other governmental funds	General Fund	-	155,920
	Other governmental funds	-	52,900
Totals		<u>\$ 482,924</u>	<u>\$ 2,147,818</u>

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages, and are reported as quasi-external interfund transactions. The total charge allocated to the Self-Insurance Fund accounts for administrative costs and reinsurance premium and reimbursements for claims paid directly by the third party administrator.

B. Subsequent Event – Construction Project Approved

On April 15, 2009, the Department of Local Government Finance approved the corporation's \$45 million construction project. The project includes construction of a new high school building as well as renovations at the existing high school. The approval authorizes the Corporation to execute a lease rental agreement not to exceed twenty-one (21) years at a maximum annual lease rental payment of \$4,157,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides post-employment health insurance and bridge to retirement benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least fifteen years of service. Currently, sixteen retirees meet these eligibility requirements. The School Corporation pays a flat rate, \$2,000 to \$5,000 (depending on family or single coverage elected), for each retiree. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. The bridge to retirement payments are made to the retirees

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

based on a calculation that figures a percentage of a starting teacher's salary with a Master's degree during the year the retiree elected to retire. During the year ended June 30, 2008, disbursements of \$469,710 were recognized for postemployment benefits.

Fund 0620, Retirement Severance Bond, is held in reserve to pay health insurance premiums of qualified retirees for a limited time, in accordance with various governmental regulations.

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 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.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 104,448
Interest on net pension obligation	(9,229)
Adjustment to annual required contribution	10,518
Annual pension cost	105,737
Contributions made	125,366
Decrease in net pension obligation	(19,629)
Net pension obligation, beginning of year	(127,303)
Net pension obligation, end of year	\$ (146,932)

	PERF
Contribution rates:	
School Corporation	6.5%
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%

NORTH GIBSON SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 91,882	97%	\$ (138,893)
	06-30-07	105,972	89%	(127,303)
	06-30-08	105,737	119%	(146,932)

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.

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.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$259,949, \$217,187, and \$200,491, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

NORTH 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)
07-01-06	\$ 1,286,840	\$ 1,643,200	\$ (356,360)	78%	\$ 1,293,621	(28%)
07-01-07	1,346,770	1,630,452	(283,682)	83%	1,349,285	(21%)
07-01-08	1,429,762	1,952,775	(523,013)	73%	1,511,503	(35%)

NORTH 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	Textbook Rental	Child Care Program	Educational License Plates	Alternative Education
Receipts:						
Local sources	\$ 9,414	\$ 469,880	\$ 106,493	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	880	-
State sources	65,359	13,441	29,583	47,106	-	6,621
Federal sources	-	373,572	-	-	-	-
Total receipts	74,773	856,893	136,076	47,106	880	6,621
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	833,763	117,041	-	-	-
Community services	-	-	-	44,268	-	-
Nonprogrammed charges	58,812	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	58,812	833,763	117,041	44,268	-	-
Excess (deficiency) of receipts over disbursements	15,961	23,130	19,035	2,838	880	6,621
Other financing sources:						
Transfers in	-	-	134,200	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,961	23,130	153,235	2,838	880	6,621
Cash and investments - beginning	21,685	129,650	(187,514)	717	6,826	12,225
Cash and investments - ending	<u>\$ 37,646</u>	<u>\$ 152,780</u>	<u>\$ (34,279)</u>	<u>\$ 3,555</u>	<u>\$ 7,706</u>	<u>\$ 18,846</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 37,646	\$ 152,780	\$ (34,279)	\$ 3,555	\$ 7,706	\$ 18,846
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 37,646	\$ 152,780	\$ (34,279)	\$ 3,555	\$ 7,706	\$ 18,846
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	37,646	152,780	(34,279)	3,555	7,706	18,846
Total cash and investment fund balance - ending	\$ 37,646	\$ 152,780	\$ (34,279)	\$ 3,555	\$ 7,706	\$ 18,846

NORTH 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)

	Early Intervention Grant	PCMS / SINE Year 3 Grant	PCMS / SINE Model Scholarship Grant	Gifted and Talented 2007-2008	Staff Development	Student Distress
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,513
Intermediate sources	-	-	-	-	-	-
State sources	4,500	-	-	14,060	-	-
Federal sources	-	-	-	-	-	-
Total receipts	4,500	-	-	14,060	-	2,513
Disbursements:						
Current:						
Instruction	4,500	7,434	4,322	20,718	-	-
Support services	-	4,783	-	-	-	-
Community services	-	-	-	-	-	1,768
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	4,500	12,217	4,322	20,718	-	1,768
Excess (deficiency) of receipts over disbursements	-	(12,217)	(4,322)	(6,658)	-	745
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(12,217)	(4,322)	(6,658)	-	745
Cash and investments - beginning	-	19,749	9,736	6,658	1,005	3,627
Cash and investments - ending	<u>\$ -</u>	<u>\$ 7,532</u>	<u>\$ 5,414</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 4,372</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 7,532	\$ 5,414	\$ -	\$ 1,005	\$ 4,372
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 7,532	\$ 5,414	\$ -	\$ 1,005	\$ 4,372
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	7,532	5,414	-	1,005	4,372
Total cash and investment fund balance - ending	\$ -	\$ 7,532	\$ 5,414	\$ -	\$ 1,005	\$ 4,372

NORTH 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)

	Non-English Speaking Program	School Technology (USF)	Enrichment Clusters / Buddy System	Title I 2006-2007	Title I 2005-2006 and 2007-2008	Title V, Part A Innovative Education 2004-2005
Receipts:						
Local sources	\$ -	\$ 1,531	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	137	-	-	-	-	-
Federal sources	-	-	-	286,083	26,800	-
Total receipts	137	1,531	-	286,083	26,800	-
Disbursements:						
Current:						
Instruction	17	-	1,163	92,689	56,916	7,893
Support services	-	-	-	59,377	22,299	-
Community services	-	-	-	562	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	17	-	1,163	152,628	79,215	7,893
Excess (deficiency) of receipts over disbursements	120	1,531	(1,163)	133,455	(52,415)	(7,893)
Other financing sources:						
Transfers in	-	-	-	1,727	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	120	1,531	(1,163)	135,182	(52,415)	(7,893)
Cash and investments - beginning	782	25,710	1,163	-	52,415	7,893
Cash and investments - ending	\$ 902	\$ 27,241	\$ -	\$ 135,182	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 902	\$ 27,241	\$ -	\$ 135,182	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 902	\$ 27,241	\$ -	\$ 135,182	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	902	27,241	-	135,182	-	-
Total cash and investment fund balance - ending	\$ 902	\$ 27,241	\$ -	\$ 135,182	\$ -	\$ -

NORTH 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)

	Title V, Part A Innovative Education 2005-2006	Title IV Drug Free Schools 2004-2005	Title IV Drug Free Schools 2005-2006	Title II, Part D Enhancing Education 2005-2006	Title II, Part D Enhancing Education 2004-2005	Title II, Part D Enhancing Education 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	11,105	11,548	-	-	-
Total receipts	-	11,105	11,548	-	-	-
Disbursements:						
Current:						
Instruction	-	7,718	3,543	-	-	-
Support services	2,720	3,387	2,310	6,233	8,099	4,371
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,720	11,105	5,853	6,233	8,099	4,371
Excess (deficiency) of receipts over disbursements	(2,720)	-	5,695	(6,233)	(8,099)	(4,371)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,720)	-	5,695	(6,233)	(8,099)	(4,371)
Cash and investments - beginning	7,510	-	-	6,233	8,099	6,233
Cash and investments - ending	\$ 4,790	\$ -	\$ 5,695	\$ -	\$ -	\$ 1,862
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,790	\$ -	\$ 5,695	\$ -	\$ -	\$ 1,862
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,790	\$ -	\$ 5,695	\$ -	\$ -	\$ 1,862
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,790	-	5,695	-	-	1,862
Total cash and investment fund balance - ending	\$ 4,790	\$ -	\$ 5,695	\$ -	\$ -	\$ 1,862

NORTH 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)

	Read to Succeed Program	Title II, Part A Improving Teacher Quality 2005-2006	Title II, Part A Improving Teacher Quality 2007-2008	Title II, Part A Improving Teacher Quality 2006-2007	Retirement Bond Debt Service	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 279,465	\$ 869,296
Intermediate sources	5,000	-	-	-	-	5,880
State sources	-	-	-	-	-	180,807
Federal sources	-	53,836	-	40,000	-	802,944
Total receipts	5,000	53,836	-	40,000	279,465	1,858,927
Disbursements:						
Current:						
Instruction	-	93,836	9,588	19,216	-	329,553
Support services	5,000	-	-	-	-	1,069,383
Community services	-	-	-	-	-	46,598
Nonprogrammed charges	-	-	-	-	-	58,812
Debt services	-	-	-	-	771,861	771,861
Total disbursements	5,000	93,836	9,588	19,216	771,861	2,276,207
Excess (deficiency) of receipts over disbursements	-	(40,000)	(9,588)	20,784	(492,396)	(417,280)
Other financing sources:						
Transfers in	-	-	-	-	-	135,927
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(40,000)	(9,588)	20,784	(492,396)	(281,353)
Cash and investments - beginning	-	40,000	9,588	-	255,043	445,033
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 20,784	\$ (237,353)	\$ 163,680
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 20,784	\$ -	\$ 401,033
Restricted assets:						
Cash and investments	-	-	-	-	(237,353)	(237,353)
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 20,784	\$ (237,353)	\$ 163,680
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	(237,353)	(237,353)
Unrestricted	-	-	-	20,784	-	401,033
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 20,784	\$ (237,353)	\$ 163,680

NORTH 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	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Alternative Education
Receipts:							
Local sources	\$ 16,535	\$ 441,272	\$ 94,147	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	903	-
State sources	96,709	12,560	52,493	-	47,315	-	-
Federal sources	-	399,649	-	-	-	-	-
Total receipts	113,244	853,481	146,640	-	47,315	903	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	872,415	231,536	-	-	-	-
Community services	-	-	-	-	46,787	-	-
Nonprogrammed charges	146,063	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	146,063	872,415	231,536	-	46,787	-	-
Excess (deficiency) of receipts over disbursements	(32,819)	(18,934)	(84,896)	-	528	903	-
Other financing sources (uses):							
Transfers in	-	-	170,751	155,920	-	-	-
Transfers out	(273)	-	-	(155,920)	-	-	-
Total other financing sources (uses)	(273)	-	170,751	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,092)	(18,934)	85,855	-	528	903	-
Cash and investments - beginning	37,646	152,780	(34,279)	-	3,555	7,706	18,846
Cash and investments - ending	\$ 4,554	\$ 133,846	\$ 51,576	\$ -	\$ 4,083	\$ 8,609	\$ 18,846
Cash and Investment Assets - Ending							
Cash and investments	\$ 4,554	\$ 133,846	\$ 51,576	\$ -	\$ 4,083	\$ 8,609	\$ 18,846
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,554	\$ 133,846	\$ 51,576	\$ -	\$ 4,083	\$ 8,609	\$ 18,846
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,554	133,846	51,576	-	4,083	8,609	18,846
Total cash and investment fund balance - ending	\$ 4,554	\$ 133,846	\$ 51,576	\$ -	\$ 4,083	\$ 8,609	\$ 18,846

NORTH 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)

	Early Intervention Grant	PCMS / SINE Year 3 Grant	PCMS / SINE Model Scholarship Grant	Gifted and Talented 2007-2008	Staff Development	Student Distress	Non-English Speaking Program
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 34,541	\$ -	\$ 1,240	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	4,000	-	-	-	-	-	2,919
Federal sources	-	-	-	-	-	-	-
Total receipts	4,000	-	-	34,541	-	1,240	2,919
Disbursements:							
Current:							
Instruction	4,000	-	1,505	31,326	-	-	-
Support services	-	2,163	-	3,215	-	-	-
Community services	-	-	-	-	-	1,217	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	4,000	2,163	1,505	34,541	-	1,217	-
Excess (deficiency) of receipts over disbursements	-	(2,163)	(1,505)	-	-	23	2,919
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,163)	(1,505)	-	-	23	2,919
Cash and investments - beginning	-	7,532	5,414	-	1,005	4,372	902
Cash and investments - ending	\$ -	\$ 5,369	\$ 3,909	\$ -	\$ 1,005	\$ 4,395	\$ 3,821
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 5,369	\$ 3,909	\$ -	\$ 1,005	\$ 4,395	\$ 3,821
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 5,369	\$ 3,909	\$ -	\$ 1,005	\$ 4,395	\$ 3,821
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,369	3,909	-	1,005	4,395	3,821
Total cash and investment fund balance - ending	\$ -	\$ 5,369	\$ 3,909	\$ -	\$ 1,005	\$ 4,395	\$ 3,821

NORTH 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)

	School Technology (USF)	Title I 2006-2007	Title I 2005-2006 and 2007-2008	Title V, Part A Innovative Education 2005-2006	Title V, Part A Innovative Education 2006-2007	Title V, Part A Innovative Education 2007-2008	Title IV Drug Free Schools 2005-2006
Receipts:							
Local sources	\$ 1,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	28,100	351,334	-	3,649	3,502	-
Total receipts	1,665	28,100	351,334	-	3,649	3,502	-
Disbursements:							
Current:							
Instruction	-	135,344	193,353	1,459	19,479	-	2,258
Support services	-	23,302	3,260	3,331	1,400	-	3,437
Community services	-	116	694	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	158,762	197,307	4,790	20,879	-	5,695
Excess (deficiency) of receipts over disbursements	1,665	(130,662)	154,027	(4,790)	(17,230)	3,502	(5,695)
Other financing sources (uses):							
Transfers in	10,918	-	4,520	-	20,000	20,000	-
Transfers out	-	(4,520)	-	-	-	-	-
Total other financing sources (uses)	10,918	(4,520)	4,520	-	20,000	20,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,583	(135,182)	158,547	(4,790)	2,770	23,502	(5,695)
Cash and investments - beginning	27,241	135,182	-	4,790	-	-	5,695
Cash and investments - ending	\$ 39,824	\$ -	\$ 158,547	\$ -	\$ 2,770	\$ 23,502	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 39,824	\$ -	\$ 158,547	\$ -	\$ 2,770	\$ 23,502	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 39,824	\$ -	\$ 158,547	\$ -	\$ 2,770	\$ 23,502	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	39,824	-	158,547	-	2,770	23,502	-
Total cash and investment fund balance - ending	\$ 39,824	\$ -	\$ 158,547	\$ -	\$ 2,770	\$ 23,502	\$ -

NORTH 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)

	Title IV Drug Free Schools 2006-2007	Title IV Drug Free Schools 2007-2008	Title II, Part D Enhancing Education 2006-2007	Title II, Part A Improving Teacher Quality 2007-2008	Title II, Part A Improving Teacher Quality 2006-2007	Retirement Bond Debt Service	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,997	\$ 1,101,397
Intermediate sources	-	-	-	-	-	-	903
State sources	-	-	-	-	-	-	215,996
Federal sources	8,727	8,578	-	80,000	53,572	-	937,111
Total receipts	8,727	8,578	-	80,000	53,572	511,997	2,255,407
Disbursements:							
Current:							
Instruction	2,113	89	-	51,828	63,581	-	506,335
Support services	2,637	-	1,862	4,758	564	-	1,153,880
Community services	-	-	-	-	-	-	48,814
Nonprogrammed charges	-	-	-	-	-	-	146,063
Debt services	-	-	-	-	-	515,532	515,532
Total disbursements	4,750	89	1,862	56,586	64,145	515,532	2,370,624
Excess (deficiency) of receipts over disbursements	3,977	8,489	(1,862)	23,414	(10,573)	(3,535)	(115,217)
Other financing sources (uses):							
Transfers in	-	-	-	-	9,789	-	391,898
Transfers out	-	-	-	(20,000)	(20,000)	(8,107)	(208,820)
Total other financing sources (uses)	-	-	-	(20,000)	(10,211)	(8,107)	183,078
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,977	8,489	(1,862)	3,414	(20,784)	(11,642)	67,861
Cash and investments - beginning	-	-	1,862	-	20,784	(237,353)	163,680
Cash and investments - ending	\$ 3,977	\$ 8,489	\$ -	\$ 3,414	\$ -	\$ (248,995)	\$ 231,541
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,977	\$ 8,489	\$ -	\$ 3,414	\$ -	\$ -	\$ 480,536
Restricted assets:							
Cash and investments	-	-	-	-	-	(248,995)	(248,995)
Total cash and investment assets - ending	\$ 3,977	\$ 8,489	\$ -	\$ 3,414	\$ -	\$ (248,995)	\$ 231,541
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (248,995)	\$ (248,995)
Unrestricted	3,977	8,489	-	3,414	-	-	480,536
Total cash and investment fund balance - ending	\$ 3,977	\$ 8,489	\$ -	\$ 3,414	\$ -	\$ (248,995)	\$ 231,541

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

	PCMS PE Gateway (Toyota)	William L. West Trust	Esther & Jesse Townesley Memorial Award	John S. Woods Family Scholarship	Charles McElhiney Memorial Award	Larry Ramsey Scholarship	Noble Hale Scholarship
Additions:							
Contributions:							
Other	\$ 3,000	\$ 18,994	\$ 662	\$ 1,769	\$ -	\$ -	\$ -
Investment earnings:							
Interest	<u>-</u>	<u>587</u>	<u>-</u>	<u>30</u>	<u>13</u>	<u>-</u>	<u>2,360</u>
Total additions	<u>3,000</u>	<u>19,581</u>	<u>662</u>	<u>1,799</u>	<u>13</u>	<u>-</u>	<u>2,360</u>
Deductions:							
Administrative and general	<u>3,000</u>	<u>27,374</u>	<u>662</u>	<u>600</u>	<u>300</u>	<u>307</u>	<u>1,000</u>
Excess (deficiency) of total additions over total deductions	-	(7,793)	-	1,199	(287)	(307)	1,360
Cash and investment fund balance - beginning	<u>-</u>	<u>83,678</u>	<u>-</u>	<u>1,620</u>	<u>1,107</u>	<u>307</u>	<u>36,567</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 75,885</u>	<u>\$ -</u>	<u>\$ 2,819</u>	<u>\$ 820</u>	<u>\$ -</u>	<u>\$ 37,927</u>
Net assets:							
Cash and investments	<u>\$ -</u>	<u>\$ 75,885</u>	<u>\$ -</u>	<u>\$ 2,819</u>	<u>\$ 820</u>	<u>\$ -</u>	<u>\$ 37,927</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 75,885</u>	<u>\$ -</u>	<u>\$ 2,819</u>	<u>\$ 820</u>	<u>\$ -</u>	<u>\$ 37,927</u>

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

	Michele Hurt Memorial Scholarship	Johnathan Cummings Scholarship	Terry McQueen Memorial	PCHS Child Care	Displaced Hurricane Students 1	Displaced Hurricane Students 2	Totals
Additions:							
Contributions:							
Other	\$ 600	\$ -	\$ 1,073	\$ 19,652	\$ 2,250	\$ -	\$ 48,000
Investment earnings:							
Interest	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,030</u>
Total additions	<u>640</u>	<u>-</u>	<u>1,073</u>	<u>19,652</u>	<u>2,250</u>	<u>-</u>	<u>51,030</u>
Deductions:							
Administrative and general	<u>1,000</u>	<u>-</u>	<u>1,058</u>	<u>18,367</u>	<u>-</u>	<u>755</u>	<u>54,423</u>
Excess (deficiency) of total additions over total deductions	(360)	-	15	1,285	2,250	(755)	(3,393)
Cash and investment fund balance - beginning	<u>3,215</u>	<u>889</u>	<u>-</u>	<u>20,809</u>	<u>4,500</u>	<u>755</u>	<u>153,447</u>
Cash and investments - June 30	<u>\$ 2,855</u>	<u>\$ 889</u>	<u>\$ 15</u>	<u>\$ 22,094</u>	<u>\$ 6,750</u>	<u>\$ -</u>	<u>\$ 150,054</u>
Net assets:							
Cash and investments	<u>\$ 2,855</u>	<u>\$ 889</u>	<u>\$ 15</u>	<u>\$ 22,094</u>	<u>\$ 6,750</u>	<u>\$ -</u>	<u>\$ 150,054</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,855</u>	<u>\$ 889</u>	<u>\$ 15</u>	<u>\$ 22,094</u>	<u>\$ 6,750</u>	<u>\$ -</u>	<u>\$ 150,054</u>

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

	<u>PCMS PE Equipment (Toyota)</u>	<u>William L. West Trust</u>	<u>Jesse Townesley Memorial Award</u>	<u>John S. Woods Family Scholarship</u>	<u>Charles McElhiney Memorial Award</u>	<u>Noble Hale Scholarship</u>
Additions:						
Contributions:						
Other	\$ 7,500	\$ 33,896	\$ 2,000	\$ 1,769	\$ -	\$ -
Investment earnings:						
Interest	<u>-</u>	<u>-</u>	<u>17</u>	<u>47</u>	<u>13</u>	<u>2,044</u>
Total additions	<u>7,500</u>	<u>33,896</u>	<u>2,017</u>	<u>1,816</u>	<u>13</u>	<u>2,044</u>
Deductions:						
Administrative and general	<u>7,500</u>	<u>26,807</u>	<u>1,000</u>	<u>600</u>	<u>300</u>	<u>1,000</u>
Excess (deficiency) of total additions over total deductions	-	7,089	1,017	1,216	(287)	1,044
Cash and investment fund balance - beginning	<u>-</u>	<u>75,885</u>	<u>-</u>	<u>2,819</u>	<u>820</u>	<u>37,927</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 82,974</u>	<u>\$ 1,017</u>	<u>\$ 4,035</u>	<u>\$ 533</u>	<u>\$ 38,971</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 82,974</u>	<u>\$ 1,017</u>	<u>\$ 4,035</u>	<u>\$ 533</u>	<u>\$ 38,971</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 82,974</u>	<u>\$ 1,017</u>	<u>\$ 4,035</u>	<u>\$ 533</u>	<u>\$ 38,971</u>

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

	Michele Hurt Memorial Scholarship	Johnathan Cummings Scholarship	Terry McQueen Memorial	PCHS Child Care	Displaced Hurricane Students 1	Totals
Additions:						
Contributions:						
Other	\$ 1,050	\$ -	\$ 1,074	\$ 27,878	\$ -	\$ 75,167
Investment earnings:						
Interest	48	15	-	-	-	2,184
Total additions	<u>1,098</u>	<u>15</u>	<u>1,074</u>	<u>27,878</u>	<u>-</u>	<u>77,351</u>
Deductions:						
Administrative and general	<u>1,000</u>	<u>-</u>	<u>1,089</u>	<u>10,408</u>	<u>-</u>	<u>49,704</u>
Excess (deficiency) of total additions over total deductions	98	15	(15)	17,470	-	27,647
Cash and investment fund balance - beginning	<u>2,855</u>	<u>889</u>	<u>15</u>	<u>22,094</u>	<u>6,750</u>	<u>150,054</u>
Cash and investments - June 30	<u>\$ 2,953</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ 39,564</u>	<u>\$ 6,750</u>	<u>\$ 177,701</u>
Net assets:						
Cash and investments	<u>\$ 2,953</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ 39,564</u>	<u>\$ 6,750</u>	<u>\$ 177,701</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,953</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ 39,564</u>	<u>\$ 6,750</u>	<u>\$ 177,701</u>

NORTH 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 and Land Improvements	\$ 1,474,634	(A)
Buildings	10,817,752	
Machinery and equipment	<u>1,531,921</u>	
 Total governmental activities, capital assets not being depreciated	 <u>\$ 13,824,307</u>	

(A) - The cost of land owned by the Corporation is not included in this schedule.

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

The North Gibson School Corporation has entered into the following debt obligations:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Energy Savings Contract	\$ 422,250	\$ 222,852
Bonds payable:		
General obligation bonds:		
Retirement/Severance Bonds	<u>5,205,000</u>	<u>254,557</u>
Total governmental activities long-term debt	<u>\$ 5,627,250</u>	<u>\$ 477,409</u>

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

GUARANTEED ENERGY SAVINGS CONTRACT

The North Gibson School Corporation entered into a guaranteed energy savings contract with Cinergy Business Solutions, Inc. (now Optimira Energy) on October 7, 1999. The total amount of the contract was \$1,713,244. The total amount of guaranteed energy savings was \$314,000. The total amount of guaranteed operational savings was \$785,800. The total amount of guaranteed stipulated or agreed upon savings was \$785,000. The contract provides operational cost savings projections and included capital expenditures as "agreed upon Operational Cost Savings." The "agreed upon" savings were "deemed realized upon execution" of the contract. No information was presented for audit to document the operational or "agreed upon" savings.

The contract states in part "Stipulated Savings are mutually agreed by the Customer and Cinergy . . . to be achieved upon execution of the Certificate of Substantial Completion and shall not be measured or monitored during the Term."

Stipulated Savings is further described in the contract as "Operational Savings - Includes any labor and material costs associated with the repair of unplanned maintenance of the equipment being replaced in the scope of work." and "Capital Offset - Includes cost avoidance from future planned equipment upgrades or replacement with the cost amortized over the ten years of the agreement." No information was presented for audit to document any "stipulated savings" that resulted in actual energy or operating cost savings from energy conservation measures.

The project includes per the contract, "Window Replacement," "New Ceiling/Light Fixtures," "Energy Management System with DDC Controls for Major Equipment," "HVAC Upgrades," "Domestic Hot Water Tank Replacement."

Statutory and Other Compliance Guideline Provisions

The Public Works Law, IC 36-1-12-1(e), states in part: "As an alternative to this chapter, the governing body . . . may . . . enter into a guaranteed energy savings contract as permitted under Indiana Code 36-1-12.5."

Effective March 21, 2002, IC 36-1-12.5-1 states in part:

"As used in this chapter, 'energy conservation measure' means a school facility alteration or an alteration of a structure (as defined in IC 36-1-10-2) designed to reduce energy consumption costs or other operating costs . . . including future:

- (A) labor costs;
- (B) costs for contracted services; and
- (C) related capital expenditures."

IC 36-1-12.5-5(a) concerning energy savings contracts states in part:

"The governing body may enter into . . . a guaranteed energy savings contract with a qualified provider to reduce the school corporation's or the political subdivision's energy consumption costs or operating costs if, after review of the report described in section 6 of this chapter, the governing body finds: (1) that the amount the governing body would spend on the energy conservation measures under the contract and that are recommended in the report is not likely to exceed the amount to be saved in energy consumption costs and other operating

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

costs over ten (10) years from the date of installation if the recommendations in the report were followed; and (2) in the case of a guaranteed energy savings contract, the qualified provider provides a written guarantee as described in subsection (d)(2)."

IC 36-1-12.5-5(d) states in part:

"An agreement to participate in . . . guaranteed energy savings contract under this section must provide that: . . . (2) in the case of the guaranteed energy savings contract: (A) the savings in energy and operating costs due to the energy conservation measures are guaranteed to cover the costs of the payments for the measures; and (B) the qualified provider will reimburse the school corporation or political subdivision for the difference between the guaranteed savings and the actual savings . . ."

Effective March 21, 2002, IC 36-1-12.5-0.5 states: "As used in this chapter, 'actual savings' includes stipulated savings."

IC 36-1-12.5-0.7 states: "As used in this chapter, 'causally connected work' means work that is required to properly implement an energy conservation measure."

IC 36-1-12.5-3.7 states in part: "As used in this chapter, 'stipulated savings' are assumed savings that are documented by industry engineering standards."

IC 36-1-12.5-11 states in part:

"(a) A guaranteed energy savings contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards.

(b) Stipulated savings may be used for energy conservation measures including . . . (9) Any work that is causally connected to the energy conservation measures listed in subdivisions (1) through (8).

(c) The guaranteed energy savings contract shall:

(1) describe stipulated savings for:

(A) energy conservation measures; and

(B) work causally connected to the energy conservation measures; and

(2) document assumptions by industry engineering standards."

Repayment of Costs in Excess of Savings

School Corporation Officials conveyed that the items shown as "agreed upon" or "stipulated savings" have been predetermined. Furthermore, School Corporation Officials do not have available for audit and conveyed they do not plan in the future to have any additional information to document actual operating or energy savings. Accordingly, with due regards for the remaining contract time for which information may be presented to document actual operating and energy savings (effective March 21, 2002 "stipulated savings" documented by "industry engineering standards"), the School Corporation should request reimbursement from Optimira Energy for costs which did not result in an actual reduction of energy consumption costs or other operating costs (or effective March 21, 2002, stipulated savings

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

which were not supported by "industry engineering standards") at the end of the contract term in accordance with IC 36-1-12.5-5(d)(2)(B). To the date of this report, the School Corporation has received \$31,400 per year, in reimbursement for the first two years of the contract.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Late Reports

Savings summary reports relative to guaranteed energy savings contracts that are required to be filed with the Indiana Department of Commerce, Energy Policy Division, were not filed for the years 2002, 2003, 2004, 2005, 2006, 2007, and 2008.

Information forwarded to the Indiana Department of Commerce, Energy Policy Division by the School Corporation did not include a copy of the executed guaranteed energy savings contract, the energy consumption costs before the date of execution of the guaranteed energy savings contract, the documentation using industry engineering standards for stipulated savings; and related capital expenditures.

Effective March 21, 2002, IC 36-1-12.5-10 states:

"The governing body shall:

- (1) provide to the department of commerce not more than sixty (60) days after the date of execution of the guaranteed energy savings contract:
 - (A) a copy of the executed guaranteed energy savings contract;
 - (B) the energy consumption costs before the date of execution of the guaranteed energy savings contract; and
 - (C) the documentation using industry engineering standards for:
 - (i) stipulated savings; and
 - (ii) related capital expenditures; and
- (2) annually report to the department of commerce, in accordance with procedures established by the department of commerce, the savings resulting in the previous year from the guaranteed energy savings contract or utility energy efficiency program."

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at June 30, 2007 and 2008:

Fund	June 30, 2007 Amount	June 30, 2008 Amount
General Fund	\$ —	\$ (355,381)
Transportation-Operating	—	(88,609)
Debt Service	(29,734)	—
Retirement/Severance Bonds Debt Service	(237,353)	(248,995)
Textbook Rental	(34,279)	—

A similar comment appeared in the prior report.

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)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the North Gibson School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended June 30, 2007 and 2008. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

June 4, 2009

NORTH GIBSON SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 67,596	\$ 72,277
National School Lunch Program	10.555		<u>346,628</u>	<u>370,787</u>
Total for federal grantor agency			<u>414,224</u>	<u>443,064</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies	84.010			
FY 05-06		05-2735	79,215	-
FY 06-07		06-2735	150,901	158,762
FY 07-08		07-2735	<u>-</u>	<u>197,307</u>
Total for program			<u>230,116</u>	<u>356,069</u>
Safe & Drug-Free Schools and Communities	84.186			
FY 04-05		04-358	11,105	-
FY 05-06		05-134	5,853	5,695
FY 06-07		06-2735	-	4,750
FY 07-08		07-2735	<u>-</u>	<u>89</u>
Total for program			<u>16,958</u>	<u>10,534</u>
State Grants for Innovative Programs	84.298			
FY 04-05		04-119	7,893	-
FY 05-06		05-192	2,720	4,790
FY 06-07		06-2735	<u>-</u>	<u>20,879</u>
Total for program			<u>10,613</u>	<u>25,669</u>
Education Technology State Grants	84.318			
FY 04-05		04-2735	8,099	-
FY 05-06		05-2735	6,233	-
FY 06-07		06-2735	<u>4,371</u>	<u>1,862</u>
Total for program			<u>18,703</u>	<u>1,862</u>
Improving Teacher Quality State Grants	84.367			
FY 04-05		04-083	9,588	-
FY 05-06		05-220	93,836	-
FY 06-07		06-2735	19,216	54,356
FY 07-08		07-2735	<u>-</u>	<u>56,586</u>
Total for program			<u>122,640</u>	<u>110,942</u>
Hurricane Education Recovery	84.938			
FY 05-06		05-2735	<u>755</u>	<u>-</u>
Total for federal grantor agency			<u>399,785</u>	<u>505,076</u>
Total federal awards expended			<u>\$ 814,009</u>	<u>\$ 948,140</u>

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

NORTH GIBSON SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Gibson School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2007	2008
Child Nutrition Cluster:			
Food Commodities			
School Breakfast Program	10.553	\$ 6,696	\$ 7,144
National School Lunch Program	10.555	33,956	36,271

NORTH GIBSON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTH GIBSON SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH GIBSON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 4, 2009, with Dr. Linda Coleman, Assistant Superintendent of Schools, B. Dale McCuiston, Superintendent of Schools; H. Mark Iunghuhn, President of the School Board; and Marlene S. Fisher, Treasurer.