

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

EXAMINATION REPORT
OF

COMMUNITY SCHOOL CORPORATION OF
EASTERN HANCOCK COUNTY
HANCOCK COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

06/01/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly Payne	07-01-07 to 06-30-10
Superintendent of Schools	Dr. Ellen Welk Larry Moore (Interim) Randy Harris	07-01-07 to 07-30-08 08-01-08 to 12-31-08 01-01-09 to 06-30-10
President of the School Board	Bradley R. Hancock Teresa S. Dunlavy	07-01-07 to 06-30-08 07-01-08 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 17, 2010

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<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	\$ 4,267,089	\$ -	\$ 60,128	\$ (4,206,961)
Support services	2,974,280	436,885	103,997	(2,433,398)
Noninstructional services	555,939	-	-	(555,939)
Facilities acquisition and construction	1,664,731	-	-	(1,664,731)
Debt service	1,499,956	-	-	(1,499,956)
Nonprogrammed charges	683,264	-	-	(683,264)
Total governmental activities	<u>\$ 11,645,259</u>	<u>\$ 436,885</u>	<u>\$ 164,125</u>	<u>(11,044,249)</u>
General receipts:				
Property taxes				3,924,143
Other local sources				1,010,230
State aid				3,944,149
Bonds and loans				1,418,857
Grants and contributions not restricted to specific programs				97,048
Sale of property				2,554
Investment earnings				110,447
Other				6,458
Total general receipts				<u>10,513,886</u>
Change in net assets				(530,363)
Net assets - beginning				<u>2,430,867</u>
Net assets - ending				<u>\$ 1,900,504</u>
<u>Assets</u>				
Cash and investments				\$ 1,806,493
Restricted assets:				
Cash and investments				<u>94,011</u>
Total assets				<u>\$ 1,900,504</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 94,011
Unrestricted				<u>1,806,493</u>
Total net assets				<u>\$ 1,900,504</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,310,263	\$ -	\$ 184,184	\$ (4,126,079)
Support services	3,489,313	440,133	226,197	(2,822,983)
Noninstructional services	609,088	-	-	(609,088)
Facilities acquisition and construction	981,900	-	-	(981,900)
Debt service	2,717,547	-	-	(2,717,547)
Nonprogrammed charges	566,463	-	-	(566,463)
Total governmental activities	<u>\$ 12,674,574</u>	<u>\$ 440,133</u>	<u>\$ 410,381</u>	<u>(11,824,060)</u>
General receipts:				
Property taxes				4,765,554
Other local sources				1,027,930
State aid				4,519,670
Bonds and loans				821,894
Grants and contributions not restricted to specific programs				597,820
Investment earnings				18,159
Other				6,747
Total general receipts				<u>11,757,774</u>
Change in net assets				(66,286)
Net assets - beginning				<u>1,900,504</u>
Net assets - ending				<u>\$ 1,834,218</u>
<u>Assets</u>				
Cash and investments				\$ 1,599,483
Restricted assets:				
Cash and investments				<u>234,735</u>
Total assets				<u>\$ 1,834,218</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 234,735
Unrestricted				<u>1,599,483</u>
Total net assets				<u>\$ 1,834,218</u>

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

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

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 2,194,229	\$ -	\$ 788,273	\$ 875,007	\$ 1,623,849	\$ 5,481,358
Intermediate sources	64	-	-	-	282	346
State sources	3,974,249	-	-	-	90,611	4,064,860
Federal sources	1,744	-	-	-	138,719	140,463
Temporary loans	353,966	-	138,063	514,653	412,175	1,418,857
Other	6,458	-	-	-	-	6,458
Total receipts	6,530,710	-	926,336	1,389,660	2,265,636	11,112,342
Disbursements:						
Current:						
Instruction	4,193,456	-	-	-	73,633	4,267,089
Support services	1,646,804	-	-	346,311	981,165	2,974,280
Noninstructional services	107,818	-	-	-	448,121	555,939
Facilities acquisition and construction	33,244	18,561	-	725,694	887,232	1,664,731
Debt services	1,782	-	945,596	2,217	550,361	1,499,956
Nonprogrammed charges	637,889	-	-	-	45,375	683,264
Total disbursements	6,620,993	18,561	945,596	1,074,222	2,985,887	11,645,259
Excess (deficiency) of receipts over disbursements	(90,283)	(18,561)	(19,260)	315,438	(720,251)	(532,917)
Other financing sources (uses):						
Sale of capital assets	2,554	-	-	-	-	2,554
Transfers in	-	300,000	-	-	680,434	980,434
Transfers out	(300,000)	-	-	-	(680,434)	(980,434)
Total other financing sources (uses)	(297,446)	300,000	-	-	-	2,554
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(387,729)	281,439	(19,260)	315,438	(720,251)	(530,363)
Cash and investments - beginning	929,744	-	113,271	139,581	1,248,271	2,430,867
Cash and investments - ending	<u>\$ 542,015</u>	<u>\$ 281,439</u>	<u>\$ 94,011</u>	<u>\$ 455,019</u>	<u>\$ 528,020</u>	<u>1,900,504</u>
Net assets of governmental activities						<u>\$ 1,900,504</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 542,015	\$ 281,439	\$ -	\$ 455,019	\$ 528,020	\$ 1,806,493
Restricted assets:						
Cash and investments	-	-	94,011	-	-	94,011
Total cash and investment assets - ending	<u>\$ 542,015</u>	<u>\$ 281,439</u>	<u>\$ 94,011</u>	<u>\$ 455,019</u>	<u>\$ 528,020</u>	<u>\$ 1,900,504</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 94,011	\$ -	\$ -	\$ 94,011
Unrestricted	542,015	281,439	-	455,019	528,020	1,806,493
Total cash and investment fund balance - ending	<u>\$ 542,015</u>	<u>\$ 281,439</u>	<u>\$ 94,011</u>	<u>\$ 455,019</u>	<u>\$ 528,020</u>	<u>\$ 1,900,504</u>

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Rainy Day	Fiscal Stabilization Education	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 2,326,956	\$ -	\$ -	\$ 1,268,019	\$ 967,477	\$ 1,688,911	\$ 6,251,363
Intermediate sources	-	-	-	-	-	413	413
State sources	4,609,676	-	-	-	-	252,987	4,862,663
Federal sources	1,983	-	518,463	-	-	144,763	665,209
Temporary loans	-	-	-	142,216	295,811	383,867	821,894
Other	6,746	-	-	-	-	-	6,746
Total receipts	6,945,361	-	518,463	1,410,235	1,263,288	2,470,941	12,608,288
Disbursements:							
Current:							
Instruction	4,230,052	-	3,813	-	-	76,398	4,310,263
Support services	1,887,956	-	47,665	-	337,916	1,215,776	3,489,313
Noninstructional services	121,649	-	-	-	-	487,439	609,088
Facilities acquisition and construction	5,643	146,999	852	-	806,396	22,010	981,900
Debt services	355,966	-	-	1,273,210	514,653	573,718	2,717,547
Nonprogrammed charges	381,895	-	152,982	-	-	31,586	566,463
Total disbursements	6,983,161	146,999	205,312	1,273,210	1,658,965	2,406,927	12,674,574
Excess (deficiency) of receipts over disbursements	(37,800)	(146,999)	313,151	137,025	(395,677)	64,014	(66,286)
Other financing sources (uses):							
Transfers in	1,782	-	-	-	-	500	2,282
Transfers out	-	-	-	-	-	(2,282)	(2,282)
Total other financing sources (uses)	1,782	-	-	-	-	(1,782)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,018)	(146,999)	313,151	137,025	(395,677)	62,232	(66,286)
Cash and investments - beginning	542,015	281,439	-	94,011	455,019	528,020	1,900,504
Cash and investments - ending	\$ 505,997	\$ 134,440	\$ 313,151	\$ 231,036	\$ 59,342	\$ 590,252	1,834,218
Net assets of governmental activities							\$ 1,834,218
Cash and Investment Assets - Ending							
Cash and investments	\$ 505,997	\$ 134,440	\$ 313,151	\$ -	\$ 59,342	\$ 586,553	\$ 1,599,483
Restricted assets:							
Cash and investments	-	-	-	231,036	-	3,699	234,735
Total cash and investment assets - ending	\$ 505,997	\$ 134,440	\$ 313,151	\$ 231,036	\$ 59,342	\$ 590,252	\$ 1,834,218
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 231,036	\$ -	\$ 3,699	\$ 234,735
Unrestricted	505,997	134,440	313,151	-	59,342	586,553	1,599,483
Total cash and investment fund balance - ending	\$ 505,997	\$ 134,440	\$ 313,151	\$ 231,036	\$ 59,342	\$ 590,252	\$ 1,834,218

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 11,976	
Deductions:			
Benefits	52,632	-	
Administrative and general	-	4,749	
Total deductions	52,632	4,749	
Excess (deficiency) of total additions over total deductions	(52,632)	7,227	
Cash and investment fund balance - beginning	107,656	493	
Cash and investment fund balance - ending	55,024	7,720	99,162
Net assets:			
Cash and investments	55,024	7,720	99,162
Total net assets - cash and investment basis held in trust	55,024	7,720	99,162

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 11,976	
Deductions:			
Benefits	52,632	-	
Administrative and general	-	4,749	
Total deductions	52,632	4,749	
Excess (deficiency) of total additions over total deductions	(52,632)	7,227	
Cash and investment fund balance - beginning	107,656	493	
Cash and investment fund balance - ending	\$ 55,024	\$ 7,720	\$ 99,162
Net assets:			
Cash and investments	\$ 55,024	\$ 7,720	\$ 99,162
Total net assets - cash and investment basis held in trust	\$ 55,024	\$ 7,720	\$ 99,162

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

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Community School Corporation of Eastern Hancock County

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

Joint Venture

The School Corporation is a participant in a joint venture to operate New Castle Area Vocational School which was created to provide instruction for vocational students. The School Corporation is obligated by contract to remit \$82,440 annually to supplement the New Castle Area Vocational School. Complete financial statements for the New Castle Area Vocational School can be obtained from the New Castle Community School Corporation at 322 Elliot Ave. New Castle, IN 47362.

The School Corporation is a participant in a joint venture to operate East Central Educational Service Center which was created to provide certain programs and services to participating school corporations. The School Corporation is obligated by contract to remit \$3,731 annually to supplement the East Central Educational Service Center. Complete financial statements for the East Central Educational Service Center can be obtained from the ECESC Administrative Office at 1601 Indiana Ave., Connersville, IN 47331.

The School Corporation is a participant in a joint venture to operate the Hancock-South Madison Joint Services which was created to provide special education services. The School Corporation is obligated by contract to remit \$552,661 annually to supplement the Hancock-South Madison Joint Services. Complete financial statements for the Hancock-South Madison Joint Services can be obtained from the Greenfield Central School Corporation at 110 W. North St. Greenfield, IN 46140.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The rainy day Fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The fiscal stabilization-education grant (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the annual disbursement of scholarship funds to eligible students.

The agency fund accounts for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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%

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

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 may 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 December 31 of the year collected.

4. 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.

5. Long-Term Debt

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

6. 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."

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

Program Receipts

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

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

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

Fund Financial Statements

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, if any, is 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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 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

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

public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$1,945,822.

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2009, the School Corporation had no investments or a formal investment policy.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
General Fund	Rainy Day	\$ 300,000	\$ -
Other governmental funds	General Fund	-	1,782
Other governmental funds	Other governmental funds	<u>680,434</u>	<u>500</u>
Totals		<u>\$ 980,434</u>	<u>\$ 2,282</u>

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

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; 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 risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1984, the School Corporation joined with other governmental entities to form the East Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 10 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees, and dependents. The School Corporation pays an annual premium to the risk pool

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

for its medical benefits to employees, retirees, and dependents coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Eastern Hancock Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2008 and 2009 totaled \$939,528, and \$1,117,000 respectively.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

a. 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$139,960.

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

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (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

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

The School Corporation's contributions to the plan during the period were \$266,934.

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 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Education License Plates	Safe School Haven
Receipts:						
Local sources	\$ 744,721	\$ 6,469	\$ 372,040	\$ 112,594	\$ -	\$ -
Intermediate sources	-	-	20	-	262	-
State sources	-	39,751	6,569	14,263	-	-
Federal sources	-	-	81,422	-	-	-
Temporary loans	340,536	-	-	-	-	-
Total receipts	1,085,257	46,220	460,051	126,857	262	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	754,725	-	7,630	66,927	-	-
Noninstructional services	-	-	441,685	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	245,761	-	-	-	-	-
Nonprogrammed charges	-	45,375	-	-	-	-
Total disbursements	1,000,486	45,375	449,315	66,927	-	-
Excess (deficiency) of receipts over disbursements	84,771	845	10,736	59,930	262	-
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	84,771	845	10,736	59,930	262	-
Cash and investments - beginning	31,297	8,717	40,888	97,260	1,550	14
Cash and investments - ending	\$ 116,068	\$ 9,562	\$ 51,624	\$ 157,190	\$ 1,812	\$ 14
Cash and Investment Assets - Ending						
Cash and investments	\$ 116,068	\$ 9,562	\$ 51,624	\$ 157,190	\$ 1,812	\$ 14
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 116,068	\$ 9,562	\$ 51,624	\$ 157,190	\$ 1,812	\$ 14

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 (Continued)

	Griffith Library Endowment	High Ability Grant 07-08	Non English Speaking	Title I ECIA SY 2005/2006	Title I School Year 2006/2007	Title I ECIA SY 2007/2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	30,028	-	-	-	-
Federal sources	-	-	-	-	3,616	34,009
Temporary loans	-	-	-	-	-	-
Total receipts	-	30,028	-	-	3,616	34,009
Disbursements:						
Current:						
Instruction	-	20,633	-	3,140	14,222	32,604
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	6,436	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	20,633	-	3,140	20,658	32,604
Excess (deficiency) of receipts over disbursements	-	9,395	-	(3,140)	(17,042)	1,405
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	-	9,395	-	(3,140)	(17,042)	1,405
Cash and investments - beginning	68	-	65	3,140	17,042	-
Cash and investments - ending	\$ 68	\$ 9,395	\$ 65	\$ -	\$ -	\$ 1,405
Cash and Investment Assets - Ending						
Cash and investments	\$ 68	\$ 9,395	\$ 65	\$ -	\$ -	\$ 1,405
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 68	\$ 9,395	\$ 65	\$ -	\$ -	\$ 1,405

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 (Continued)

	Title V SY 2007/2008	Title I Migrant P.L. 100-297	Drug Free Schools 2007/2008	Title II Part A	Title II Part D
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	500	874	-	18,298	-
Temporary loans	-	-	-	-	-
Total receipts	500	874	-	18,298	-
Disbursements:					
Current:					
Instruction	-	-	-	3,034	-
Support services	-	-	1,280	-	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	-	-	1,280	3,034	-
Excess (deficiency) of receipts over disbursements	500	874	(1,280)	15,264	-
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	500	874	(1,280)	15,264	-
Cash and investments - beginning	-	-	1,283	2	13
Cash and investments - ending	\$ 500	\$ 874	\$ 3	\$ 15,266	\$ 13
Cash and Investment Assets - Ending					
Cash and investments	\$ 500	\$ 874	\$ 3	\$ 15,266	\$ 13
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ 500	\$ 874	\$ 3	\$ 15,266	\$ 13

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 (Continued)

	Retirement Severance Bond	School Bus Replacement	Sale of Bonds Principal 2007/2008	Sale of Bonds Principal 2006/2007	Totals
Receipts:					
Local sources	\$ 130,398	\$ 228,963	\$ 8,397	\$ 20,267	\$ 1,623,849
Intermediate sources	-	-	-	-	282
State sources	-	-	-	-	90,611
Federal sources	-	-	-	-	138,719
Temporary loans	71,639	-	-	-	412,175
	<u>202,037</u>	<u>228,963</u>	<u>8,397</u>	<u>20,267</u>	<u>2,265,636</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	73,633
Support services	-	144,934	108	5,561	981,165
Noninstructional services	-	-	-	-	448,121
Facilities acquisition and construction	-	-	614,944	272,288	887,232
Debt services	263,696	40,904	-	-	550,361
Nonprogrammed charges	-	-	-	-	45,375
	<u>263,696</u>	<u>185,838</u>	<u>615,052</u>	<u>277,849</u>	<u>2,985,887</u>
Excess (deficiency) of receipts over disbursements	<u>(61,659)</u>	<u>43,125</u>	<u>(606,655)</u>	<u>(257,582)</u>	<u>(720,251)</u>
Other financing sources (uses):					
Transfers in	-	-	680,434	-	680,434
Transfers out	-	-	-	(680,434)	(680,434)
	<u>-</u>	<u>-</u>	<u>680,434</u>	<u>(680,434)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(61,659)</u>	<u>43,125</u>	<u>73,779</u>	<u>(938,016)</u>	<u>(720,251)</u>
Cash and investments - beginning	<u>61,659</u>	<u>47,257</u>	<u>-</u>	<u>938,016</u>	<u>1,248,271</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 90,382</u>	<u>\$ 73,779</u>	<u>\$ -</u>	<u>\$ 528,020</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ -</u>	<u>\$ 90,382</u>	<u>\$ 73,779</u>	<u>\$ -</u>	<u>\$ 528,020</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ -</u>	<u>\$ 90,382</u>	<u>\$ 73,779</u>	<u>\$ -</u>	<u>\$ 528,020</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Education License Plates	Safe School Haven
Receipts:						
Local sources	\$ 778,875	\$ 6,199	\$ 434,749	\$ 41,884	\$ -	\$ -
Intermediate sources	-	-	-	-	413	-
State sources	-	34,659	5,779	118,371	-	-
Federal sources	-	-	100,064	-	-	-
Temporary loans	314,515	-	-	-	-	-
Total receipts	1,093,390	40,858	540,592	160,255	413	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	728,968	-	52,248	205,518	-	-
Noninstructional services	-	-	487,439	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	365,975	-	-	-	-	-
Nonprogrammed charges	-	31,586	-	-	-	-
Total disbursements	1,094,943	31,586	539,687	205,518	-	-
Excess (deficiency) of receipts over disbursements	(1,553)	9,272	905	(45,263)	413	-
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	(1,553)	9,272	905	(45,263)	413	-
Cash and investments - beginning	116,068	9,562	51,624	157,190	1,812	14
Cash and investments - ending	\$ 114,515	\$ 18,834	\$ 52,529	\$ 111,927	\$ 2,225	\$ 14
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 114,515	\$ 18,834	\$ 52,529	\$ 111,927	\$ 2,225	\$ 14
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 114,515	\$ 18,834	\$ 52,529	\$ 111,927	\$ 2,225	\$ 14
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	114,515	18,834	52,529	111,927	2,225	14
Total cash and investment fund balance - ending	\$ 114,515	\$ 18,834	\$ 52,529	\$ 111,927	\$ 2,225	\$ 14

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Griffith Library Endowment	High Ability Grant 07-08	High Ability Grant 08-09	Non English Speaking	Technology Grants	Title I ECIA SY 2007/2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 710	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	30,028	-	64,150	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Total receipts	-	-	30,028	710	64,150	-
Disbursements:						
Current:						
Instruction	-	9,395	23,741	-	-	1,405
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	9,395	23,741	-	-	1,405
Excess (deficiency) of receipts over disbursements	-	(9,395)	6,287	710	64,150	(1,405)
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	-	(9,395)	6,287	710	64,150	(1,405)
Cash and investments - beginning	68	9,395	-	65	-	1,405
Cash and investments - ending	<u>68</u>	<u>-</u>	<u>6,287</u>	<u>775</u>	<u>64,150</u>	<u>-</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 68	\$ -	\$ 6,287	\$ 775	\$ 64,150	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 6,287</u>	<u>\$ 775</u>	<u>\$ 64,150</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	68	-	6,287	775	64,150	-
Total cash and investment fund balance - ending	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 6,287</u>	<u>\$ 775</u>	<u>\$ 64,150</u>	<u>\$ -</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
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 For the Year Ended June 30, 2009
 (Continued)

	Title I School Year 2008/2009	Title V SY 2007/2008	Title V SY 2008/2009	Title I Migrant P.L. 100-297	Drug Free Schools 2007/2008	Drug Free Communities
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	33,799	-	-	-	-	2,299
Temporary loans	-	-	-	-	-	-
Total receipts	33,799	-	-	-	-	2,299
Disbursements:						
Current:						
Instruction	33,799	-	-	-	-	-
Support services	-	-	-	-	3	1,320
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	33,799	-	-	-	3	1,320
Excess (deficiency) of receipts over disbursements	-	-	-	-	(3)	979
Other financing sources (uses):						
Transfers in	-	-	500	-	-	-
Transfers out	-	(500)	-	-	-	-
Total other financing sources (uses)	-	(500)	500	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(500)	500	-	(3)	979
Cash and investments - beginning	-	500	-	874	3	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 979</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 500	\$ 874	\$ -	\$ 979
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 979</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	500	874	-	979
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 979</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title II Part A	Title II Part D	Retirement Severance Bond	School Bus Replacement	Sale of Bonds Principal 2007/2008	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 143,872	\$ 281,946	\$ 676	\$ 1,688,911
Intermediate sources	-	-	-	-	-	413
State sources	-	-	-	-	-	252,987
Federal sources	8,601	-	-	-	-	144,763
Temporary loans	-	-	69,352	-	-	383,867
Total receipts	8,601	-	213,224	281,946	676	2,470,941
Disbursements:						
Current:						
Instruction	8,058	-	-	-	-	76,398
Support services	-	-	-	227,496	223	1,215,776
Noninstructional services	-	-	-	-	-	487,439
Facilities acquisition and construction	-	-	-	-	22,010	22,010
Debt services	-	-	207,743	-	-	573,718
Nonprogrammed charges	-	-	-	-	-	31,586
Total disbursements	8,058	-	207,743	227,496	22,233	2,406,927
Excess (deficiency) of receipts over disbursements	543	-	5,481	54,450	(21,557)	64,014
Other financing sources (uses):						
Transfers in	-	-	-	-	-	500
Transfers out	-	-	(1,782)	-	-	(2,282)
Total other financing sources (uses)	-	-	(1,782)	-	-	(1,782)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	543	-	3,699	54,450	(21,557)	62,232
Cash and investments - beginning	15,266	13	-	90,382	73,779	528,020
Cash and investments - ending	<u>\$ 15,809</u>	<u>\$ 13</u>	<u>\$ 3,699</u>	<u>\$ 144,832</u>	<u>\$ 52,222</u>	<u>\$ 590,252</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 15,809	\$ 13	\$ -	\$ 144,832	\$ 52,222	\$ 586,553
Restricted assets:						
Cash and investments	-	-	3,699	-	-	3,699
Total cash and investment assets - ending	<u>\$ 15,809</u>	<u>\$ 13</u>	<u>\$ 3,699</u>	<u>\$ 144,832</u>	<u>\$ 52,222</u>	<u>\$ 590,252</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 3,699	\$ -	\$ -	\$ 3,699
Unrestricted	15,809	13	-	144,832	52,222	586,553
Total cash and investment fund balance - ending	<u>\$ 15,809</u>	<u>\$ 13</u>	<u>\$ 3,699</u>	<u>\$ 144,832</u>	<u>\$ 52,222</u>	<u>\$ 590,252</u>

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

	Cape Grant	BSU German Grant	Elementary Field Trip Donation	NASA Grant	Safe Hire Fees	Lilly PLTW Grant	Life Science Donation	Early Literacy Donation	Totals
Additions:									
Contributions:									
Other	\$ -	\$ -	\$ 300	\$ 5,500	\$ 1,176	\$ -	\$ 2,500	\$ 2,500	\$ 11,976
Deductions:									
Administrative and general	-	-	-	3,223	1,008	518	-	-	4,749
Excess (deficiency) of total additions over total deductions	-	-	300	2,277	168	(518)	2,500	2,500	7,227
Cash and investment fund balance - beginning	(167)	28	-	-	-	632	-	-	493
Cash and investments - June 30	<u>\$ (167)</u>	<u>\$ 28</u>	<u>\$ 300</u>	<u>\$ 2,277</u>	<u>\$ 168</u>	<u>\$ 114</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 7,720</u>
Net assets:									
Cash and investments	\$ (167)	\$ 28	\$ 300	\$ 2,277	\$ 168	\$ 114	\$ 2,500	\$ 2,500	\$ 7,720
Total net assets - cash and investment basis held in trust	<u>\$ (167)</u>	<u>\$ 28</u>	<u>\$ 300</u>	<u>\$ 2,277</u>	<u>\$ 168</u>	<u>\$ 114</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 7,720</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Cape Grant	BSU German Grant	Elementary Field Trip Donation	NASA Grant	Safe Hire Fees	Lilly PLTW Grant	Life Science Donation	Early Literacy Donation	Lilly School Science Grant	Totals
Additions:										
Contributions:										
Other	\$ 4,143	\$ -	\$ 300	\$ -	\$ 924	\$ -	\$ -	\$ -	\$ 6,688	\$ 12,055
Deductions:										
Administrative and general	3,976	-	600	2,270	845	-	-	-	6,572	14,263
Excess (deficiency) of total additions over total deductions	167	-	(300)	(2,270)	79	-	-	-	116	(2,208)
Cash and investment fund balance - beginning	(167)	28	300	2,277	168	114	2,500	2,500	-	7,720
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 247</u>	<u>\$ 114</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 116</u>	<u>\$ 5,512</u>
Net assets:										
Cash and investments	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 247</u>	<u>\$ 114</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 116</u>	<u>\$ 5,512</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 247</u>	<u>\$ 114</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 116</u>	<u>\$ 5,512</u>

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

	<u>Payroll Clearing Fund</u>
Additions:	
Agency fund additions	<u>\$ 1,785,217</u>
Deductions:	
Agency fund deductions	<u>1,766,099</u>
Excess of total additions over total deductions	19,119
Cash and investment fund balance - beginning	<u>80,043</u>
Cash and investment fund balance - ending	<u><u>\$ 99,162</u></u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll Clearing Fund</u>
Additions:	
Agency fund additions	<u>\$ 1,790,272</u>
Deductions:	
Agency fund deductions	<u>1,837,868</u>
(Deficiency) of total additions over total deductions	(47,596)
Cash and investment fund balance - beginning	<u>99,162</u>
Cash and investment fund balance - ending	<u><u>\$ 51,566</u></u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2009

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 33,921
Infrastructure	52,200
Buildings	39,145,300
Improvements other than buildings	1,232,070
Machinery and equipment	<u>4,155,660</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 44,619,151</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Middle School Holding Corporation 2007	\$ 5,735,000	\$ 447,418
Middle School Holding Corporation 2009	6,335,000	337,279
Bonds payable:		
General obligation bonds:		
Pension bonds	660,000	140,016
Total governmental activities debt	<u>\$ 12,730,000</u>	<u>\$ 924,713</u>

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
EXAMINATION RESULT AND COMMENT

PAYMENT TO EMPLOYEES FROM EXTRA-CURRICULAR
ACTIVITY FUNDS (Applies to High School/Middle School)

Payments to School Corporation employees working at Extra-Curricular activity events were made directly from the Extra-Curricular account by check, rather than through a payroll system. A similar comment appeared in prior Report B31805.

Pay of teachers and other personnel for service at interscholastic athletic events such as ticket takers, scoreboard personnel, etc., are expenses of the Athletic Fund of the Extra-Curricular Account. Pay of concession stand supervisors and of ticket takers, etc., for fine arts events should be paid from the proceeds of the activity sponsoring these events. Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the corporation payroll and charged to a school corporation General Fund appropriation; however, the General Fund must be reimbursed for such payment by the activity which the employees served. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2010, with Randy Harris, Superintendent of Schools; Kimberly Payne, Treasurer; Teresa S. Dunlavy, President of the School Board; Shelley Goe, Payroll Clerk; and Debbie Spangler, Facilities Manager. The officials concurred with our finding.