

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

AUDIT REPORT

OF

MISSISSINEWA COMMUNITY SCHOOL CORPORATION

GRANT COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

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
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances- Fiduciary Funds	11-12
Notes to Financial Statements	13-22
Required Supplementary Information:	
Schedule of Funding Progress	23
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds	24-33
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	34-35
Schedule of Capital Assets	36
Schedule of Long-Term Debt	37
Audit Results and Comments:	
Temporary Loan	38
Honors Diplomas – Incorrect Reporting to the State	38
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	40-41
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	45
Exit Conference	46
Official Response	47

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James E. McWhirt Jill S. Morphew	07-01-05 to 09-30-06 10-02-06 to 06-30-08
Superintendent of Schools	Michael A. Powell	07-01-05 to 06-30-08
President of the School Board	David Linn	01-01-05 to 12-31-08



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 MISSISSINEWA COMMUNITY
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mississinewa Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, 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, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and

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

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 Combing 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 Combing 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

February 13, 2008



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

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 MISSISSINEWA COMMUNITY
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mississinewa Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 13, 2008. 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.

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

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

STATE BOARD OF ACCOUNTS

February 13, 2008

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<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 (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 7,233,564	\$ -	\$ 96,223	\$ (7,137,341)
Support services	9,494,015	319,229	405,529	(8,769,257)
Community services	215,516	-	-	(215,516)
Nonprogrammed charges	2,335,810	-	-	(2,335,810)
Debt service	<u>1,021,922</u>	<u>-</u>	<u>-</u>	<u>(1,021,922)</u>
Total governmental activities	<u>\$ 20,300,827</u>	<u>\$ 319,229</u>	<u>\$ 501,752</u>	<u>(19,479,846)</u>
General receipts:				
Property taxes				6,037,111
Other local sources				1,836,346
State aid				10,536,445
Grants and contributions not restricted to specific programs				2,994,810
Sale of property, adjustments, and refunds				13,378
Investment earnings				<u>178,805</u>
Total general receipts				<u>21,596,895</u>
Change in net assets				2,117,049
Net assets - beginning				<u>2,622,039</u>
Net assets - ending				<u>\$ 4,739,088</u>
Assets				
Cash and investments				\$ 4,036,347
Restricted assets:				
Cash and investments				<u>702,741</u>
Total assets				<u>\$ 4,739,088</u>
Net Assets				
Restricted for:				
Debt service				\$ 702,741
Unrestricted				<u>4,036,347</u>
Total net assets				<u>\$ 4,739,088</u>

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

MISSISSINEWA COMMUNITY 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>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,846,533	\$ -	\$ 68,857	\$ (6,777,676)
Support services	8,784,668	312,312	472,056	(8,000,300)
Community services	191,188	-	-	(191,188)
Nonprogrammed charges	2,783,379	-	-	(2,783,379)
Debt service	<u>1,255,723</u>	<u>-</u>	<u>-</u>	<u>(1,255,723)</u>
Total governmental activities	<u>\$ 19,861,491</u>	<u>\$ 312,312</u>	<u>\$ 540,913</u>	<u>(19,008,266)</u>
General receipts:				
Property taxes				2,346,178
Other local sources				1,283,324
State aid				10,954,132
Grants and contributions not restricted to specific programs				3,770,236
Sale of property, adjustments, and refunds				81,112
Investment earnings				<u>288,759</u>
Total general receipts				<u>18,723,741</u>
Change in net assets				(284,525)
Net assets - beginning				<u>4,739,088</u>
Net assets - ending				<u>\$ 4,454,563</u>
Assets				
Cash and investments				\$ 4,334,999
Restricted assets:				
Cash and investments				<u>119,564</u>
Total assets				<u>\$ 4,454,563</u>
Net Assets				
Restricted for:				
Debt service				\$ 119,564
Unrestricted				<u>4,334,999</u>
Total net assets				<u>\$ 4,454,563</u>

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

MISSISSINEWA COMMUNITY 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, 2006

	General	Transportation Operating	Special Education Cooperative IDEA Grant	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 3,736,682	\$ 752,026	\$ -	\$ 1,295,342	\$ 1,225,264	\$ 218,034	\$ 1,144,099	\$ 8,371,447
Intermediate sources	44	-	-	-	-	-	-	44
State sources	10,618,973	-	-	-	-	-	85,979	10,704,952
Federal sources	2,269	-	2,035,697	-	-	-	1,290,089	3,328,055
Sale of property, adjustments and refunds	2,787	-	-	-	8,209	-	2,382	13,378
Interfund loans	-	-	-	-	190,000	-	-	190,000
Total receipts	14,360,755	752,026	2,035,697	1,295,342	1,423,473	218,034	2,522,549	22,607,876
Disbursements:								
Current:								
Instruction	6,552,328	-	-	-	-	-	681,236	7,233,564
Support services	5,956,488	530,981	-	-	1,527,771	102,385	1,376,390	9,494,015
Community services	215,160	-	-	-	-	-	356	215,516
Nonprogrammed charges	176,328	-	2,035,697	-	-	-	123,785	2,335,810
Debt services	-	-	-	761,721	-	-	260,201	1,021,922
Interfund loans	-	135,000	-	-	-	-	55,000	190,000
Total disbursements	12,900,304	665,981	2,035,697	761,721	1,527,771	102,385	2,496,968	20,490,827
Excess (deficiency) of receipts over disbursements	1,460,451	86,045	-	533,621	(104,298)	115,649	25,581	2,117,049
Other financing sources (uses):								
Transfers in	-	25,346	-	-	-	-	91,084	116,430
Transfers out	(70,195)	-	-	-	(25,346)	-	(20,889)	(116,430)
Total other financing sources (uses)	(70,195)	25,346	-	-	(25,346)	-	70,195	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,390,256	111,391	-	533,621	(129,644)	115,649	95,776	2,117,049
Cash and investments - beginning	260,933	54,078	-	32,908	2,032,919	1,854	239,347	2,622,039
Cash and investments - ending	\$ 1,651,189	\$ 165,469	\$ -	\$ 566,529	\$ 1,903,275	\$ 117,503	\$ 335,123	\$ 4,739,088
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,651,189	\$ 165,469	\$ -	\$ -	\$ 1,903,275	\$ 117,503	\$ 198,911	\$ 4,036,347
Restricted assets:								
Cash and investments	-	-	-	566,529	-	-	136,212	702,741
Total cash and investment assets - ending	\$ 1,651,189	\$ 165,469	\$ -	\$ 566,529	\$ 1,903,275	\$ 117,503	\$ 335,123	\$ 4,739,088
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 566,529	\$ -	\$ -	\$ 136,212	\$ 702,741
Unrestricted	1,651,189	165,469	-	-	1,903,275	117,503	198,911	4,036,347
Total cash and investment fund balance - ending	\$ 1,651,189	\$ 165,469	\$ -	\$ 566,529	\$ 1,903,275	\$ 117,503	\$ 335,123	\$ 4,739,088

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

MISSISSINEWA COMMUNITY 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	Special Education Cooperative IDEA Grant	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,914,446	\$ 316,742	\$ -	\$ 515,619	\$ 623,874	\$ 82,850	\$ 776,998	\$ 4,230,529
Intermediate sources	44	-	-	-	-	-	-	44
State sources	11,023,593	-	-	-	-	-	83,788	11,107,381
Federal sources	415	-	2,812,676	-	-	-	1,344,809	4,157,900
Sale of property, adjustments and refunds	79,460	-	-	-	1,000	-	652	81,112
Interfund loans	-	65,000	-	-	-	-	-	65,000
Total receipts	13,017,958	381,742	2,812,676	515,619	624,874	82,850	2,206,247	19,641,966
Disbursements:								
Current:								
Instruction	6,215,038	-	-	-	-	-	631,495	6,846,533
Support services	5,632,782	546,407	-	-	989,414	139,314	1,476,751	8,784,668
Community services	190,746	-	-	-	-	-	442	191,188
Nonprogrammed charges	169,302	-	2,498,528	-	-	-	115,549	2,783,379
Debt services	-	-	-	990,544	-	-	265,179	1,255,723
Interfund loans	65,000	-	-	-	-	-	-	65,000
Total disbursements	12,272,868	546,407	2,498,528	990,544	989,414	139,314	2,489,416	19,926,491
Excess (deficiency) of receipts over disbursements	745,090	(164,665)	314,148	(474,925)	(364,540)	(56,464)	(283,169)	(284,525)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	86,794	86,794
Transfers out	(46,063)	-	-	-	-	-	(40,731)	(86,794)
Total other financing sources (uses)	(46,063)	-	-	-	-	-	46,063	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	699,027	(164,665)	314,148	(474,925)	(364,540)	(56,464)	(237,106)	(284,525)
Cash and investments - beginning	1,651,189	165,469	-	566,529	1,903,275	117,503	335,123	4,739,088
Cash and investments - ending	\$ 2,350,216	\$ 804	\$ 314,148	\$ 91,604	\$ 1,538,735	\$ 61,039	\$ 98,017	\$ 4,454,563
Cash and Investment Assets - Ending								
Cash and investments	\$ 2,350,216	\$ 804	\$ 314,148	\$ -	\$ 1,538,735	\$ 61,039	\$ 70,057	\$ 4,334,999
Restricted assets:								
Cash and investments	-	-	-	91,604	-	-	27,960	119,564
Total cash and investment assets - ending	\$ 2,350,216	\$ 804	\$ 314,148	\$ 91,604	\$ 1,538,735	\$ 61,039	\$ 98,017	\$ 4,454,563
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 91,604	\$ -	\$ -	\$ 27,960	\$ 119,564
Unrestricted	2,350,216	804	314,148	-	1,538,735	61,039	70,057	4,334,999
Total cash and investment fund balance - ending	\$ 2,350,216	\$ 804	\$ 314,148	\$ 91,604	\$ 1,538,735	\$ 61,039	\$ 98,017	\$ 4,454,563

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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>120</u>
Deductions:	
Administrative and general	<u>18,875</u>
Deficiency of total additions over total deductions	(18,755)
Cash and investment fund balance - beginning	<u>22,762</u>
Cash and investment fund balance - ending	<u>\$ 4,007</u>
Net assets:	
Cash and investments	<u>\$ 4,007</u>

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

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

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 10,000
Deductions:	
Administrative and general	2,816
Excess of total additions over total deductions	7,184
Cash and investment fund balance - beginning	4,007
Cash and investment fund balance - ending	\$ 11,191
Net assets:	
Cash and investments	\$ 11,191

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

MISSISSINewa COMMUNITY 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 primary government, Mississinewa Community 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 Marion Community Schools, Oak Hill United School Corporation, Madison-Grant United School Corporation, and Eastbrook Community School Corporation in a joint venture to operate the Grant County Special Education Cooperative (Co-op) which was created to provide instruction for handicapped children. The Co-op's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Co-op can be obtained from the Co-op's administrative office at 424 East South A Street, Gas City, IN 46933.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The special education cooperative IDEA grant fund accounts for financial resources received from federal grants for the education of handicapped children.

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 school bus replacement fund accounts for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the School Corporation.

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.

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.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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. Compensated Absences

a. Sick Leave

Employees earn sick leave at rates from 7 days to 12 days per year. Unused sick leave may be accumulated to a maximum of 160 days. Accumulated sick leave is not paid to employees upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave may be accumulated indefinitely. Accumulated vacation leave is not paid to employees upon termination.

c. Personal Leave

School Corporation employees earn personal leave at rates from 2 days to 3 days per year. Unused personal leave may be accumulated to a maximum of 6 days. Accumulated personal leave is not paid to employees upon termination.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 liabilities 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."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include (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 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.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
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 and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	June 30, 2006	June 30, 2007
Special Education Preschool	\$ (22,414)	\$ -
County Special Ed Cooperative	-	(69,752)
Special Education Cooperative Sliver Grant	(7,193)	-
Special Education 05-06	(73,134)	-
Special Education 06-07	-	(79,555)
Drug Free 06-07	-	(306)
Title II Part A	-	(66,272)

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Other governmental funds	\$ 70,195	\$ 46,063
Capital Projects Fund	Transportation Operating Fund	25,346	-
Other governmental funds	Other governmental funds	20,889	40,731
Totals		<u>\$ 116,430</u>	<u>\$ 86,794</u>

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

MISSISSINewa COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

During 1993, the School Corporation joined the School Employees' Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for 14 member governmental entities. This risk pool was formed in 1980. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees, and dependents (excluding postemployment benefits). 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. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health, life, and dependent life benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, 18 retirees meet these eligibility requirements. The School Corporation and retirees provide 65% and 35%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$74,150 were recognized for postemployment benefits.

C. 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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 134,129
Interest on net pension obligation	(5,566)
Adjustment to annual required contribution	6,343
Annual pension cost	134,906
Contributions made	130,168
Increase in net pension obligation	4,738
Net pension obligation, beginning of year	(76,773)
Net pension obligation, end of year	\$ (72,035)

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	6.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 93,680	127%	\$ (68,313)
	06-30-05	114,032	107%	(76,773)
	06-30-06	134,906	96%	(72,035)

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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$218,084, \$230,738 and \$213,640, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

MISSISSINEWA COMMUNITY 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)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 2,006,721	\$ 2,237,490	\$ (230,769)	90%	\$ 1,896,181	(12%)
07-01-05	2,103,903	2,509,997	(406,094)	84%	1,912,847	(21%)
07-01-06	2,155,951	2,486,938	(330,987)	87%	1,949,732	(17%)

MISSISSINEWA COMMUNITY 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, 2006

	Special Education Preschool	School Lunch	Textbook Rental	County Special Education Cooperative	County Special Education Cooperative - Special Programs	Insurance Settlement
Receipts:						
Local sources	\$ 10,758	\$ 290,343	\$ 28,636	\$ 244,851	\$ 4,533	\$ -
State sources	51,491	10,027	8,647	-	1,470	-
Federal sources	-	384,736	-	-	-	-
Sale of property, adjustments and refunds	-	382	-	-	-	2,000
Total receipts	<u>62,249</u>	<u>685,488</u>	<u>37,283</u>	<u>244,851</u>	<u>6,003</u>	<u>2,000</u>
Disbursements:						
Current:						
Instruction	78,292	-	-	-	3,898	-
Support services	23,874	652,972	54,126	235,277	-	15,500
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	55,000	-	-	-	-	-
Total disbursements	<u>157,166</u>	<u>652,972</u>	<u>54,126</u>	<u>235,277</u>	<u>3,898</u>	<u>15,500</u>
Excess (deficiency) of receipts over disbursements	<u>(94,917)</u>	<u>32,516</u>	<u>(16,843)</u>	<u>9,574</u>	<u>2,105</u>	<u>(13,500)</u>
Other financing sources (uses):						
Transfers in	70,195	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>70,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(24,722)</u>	<u>32,516</u>	<u>(16,843)</u>	<u>9,574</u>	<u>2,105</u>	<u>(13,500)</u>
Cash and investments - beginning	<u>2,308</u>	<u>163,512</u>	<u>18,032</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Cash and investments - ending	<u>\$ (22,414)</u>	<u>\$ 196,028</u>	<u>\$ 1,189</u>	<u>\$ 9,574</u>	<u>\$ 2,105</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (22,414)	\$ 196,028	\$ 1,189	\$ 9,574	\$ 2,105	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (22,414)</u>	<u>\$ 196,028</u>	<u>\$ 1,189</u>	<u>\$ 9,574</u>	<u>\$ 2,105</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(22,414)</u>	<u>196,028</u>	<u>1,189</u>	<u>9,574</u>	<u>2,105</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ (22,414)</u>	<u>\$ 196,028</u>	<u>\$ 1,189</u>	<u>\$ 9,574</u>	<u>\$ 2,105</u>	<u>\$ -</u>

MISSISSINEWA COMMUNITY 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, 2006
 (Continued)

	Gifted/Talented 05-06	Gifted/Talented 04-05	Non-English Speaking Program	School Technology	Technology Workshop	School Incentive Awards
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 177	\$ -	\$ -
State sources	14,189	-	155	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	14,189	-	155	177	-	-
Disbursements:						
Current:						
Instruction	10,656	194	-	-	-	-
Support services	-	-	-	189	9,592	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	10,656	194	-	189	9,592	-
Excess (deficiency) of receipts over disbursements	3,533	(194)	155	(12)	(9,592)	-
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	3,533	(194)	155	(12)	(9,592)	-
Cash and investments - beginning	-	194	874	2,175	9,592	365
Cash and investments - ending	\$ 3,533	\$ -	\$ 1,029	\$ 2,163	\$ -	\$ 365
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,533	\$ -	\$ 1,029	\$ 2,163	\$ -	\$ 365
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 3,533	\$ -	\$ 1,029	\$ 2,163	\$ -	\$ 365
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,533	-	1,029	2,163	-	365
Total cash and investment fund balance - ending	\$ 3,533	\$ -	\$ 1,029	\$ 2,163	\$ -	\$ 365

MISSISSINEWA COMMUNITY 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, 2006
 (Continued)

	Indiana School Academic Improvement	Youth Tobacco Survey	Title I 04-05	Title I 05-06	Title I School Improvement	Title V 03-04
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	300,878	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	300,878	-	-
Disbursements:						
Current:						
Instruction	-	-	186	237,389	35	-
Support services	-	-	792	47,414	6,000	1,851
Community services	-	-	-	356	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	-	978	285,159	6,035	1,851
Excess (deficiency) of receipts over disbursements	-	-	(978)	15,719	(6,035)	(1,851)
Other financing sources (uses):						
Transfers in	-	-	-	20,889	-	-
Transfers out	-	-	(20,889)	-	-	-
Total other financing sources (uses)	-	-	(20,889)	20,889	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(21,867)	36,608	(6,035)	(1,851)
Cash and investments - beginning	819	500	21,867	-	6,035	1,851
Cash and investments - ending	<u>\$ 819</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 36,608</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 819	\$ 500	\$ -	\$ 36,608	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 819</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 36,608</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	819	500	-	36,608	-	-
Total cash and investment fund balance - ending	<u>\$ 819</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 36,608</u>	<u>\$ -</u>	<u>\$ -</u>

MISSISSINEWA COMMUNITY 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, 2006
 (Continued)

	Title V 04-05	Title V 05-06	Special Education Cooperative Sliver Grant	Special Education 05-06	Special Education 03-04	Special Education 04-05
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 156,015	\$ -	\$ 12,373
State sources	-	-	-	-	-	-
Federal sources	-	7,382	35,190	213,749	-	111,227
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	7,382	35,190	369,764	-	123,600
Disbursements:						
Current:						
Instruction	-	-	39,017	222,923	-	1,396
Support services	3,902	5,787	3,366	219,975	21,828	62,836
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	3,902	5,787	42,383	442,898	21,828	64,232
Excess (deficiency) of receipts over disbursements	(3,902)	1,595	(7,193)	(73,134)	(21,828)	59,368
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	(3,902)	1,595	(7,193)	(73,134)	(21,828)	59,368
Cash and investments - beginning	5,750	-	-	-	21,828	(35,925)
Cash and investments - ending	\$ 1,848	\$ 1,595	\$ (7,193)	\$ (73,134)	\$ -	\$ 23,443
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,848	\$ 1,595	\$ (7,193)	\$ (73,134)	\$ -	\$ 23,443
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,848	\$ 1,595	\$ (7,193)	\$ (73,134)	\$ -	\$ 23,443
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,848	1,595	(7,193)	(73,134)	-	23,443
Total cash and investment fund balance - ending	\$ 1,848	\$ 1,595	\$ (7,193)	\$ (73,134)	\$ -	\$ 23,443

MISSISSINEWA COMMUNITY 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, 2006
 (Continued)

	Special Education Cooperative Preschool Grant	Preschool Grant	Title II Part A	Improving Teacher Quality	Severance Debt Service	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 396,413	\$ 1,144,099
State sources	-	-	-	-	-	85,979
Federal sources	114,903	21,906	87,250	12,868	-	1,290,089
Sale of property, adjustments and refunds	-	-	-	-	-	2,382
Total receipts	<u>114,903</u>	<u>21,906</u>	<u>87,250</u>	<u>12,868</u>	<u>396,413</u>	<u>2,522,549</u>
Disbursements:						
Current:						
Instruction	-	-	87,250	-	-	681,236
Support services	-	-	-	11,109	-	1,376,390
Community services	-	-	-	-	-	356
Nonprogrammed charges	114,903	8,882	-	-	-	123,785
Debt services	-	-	-	-	260,201	260,201
Interfund loans	-	-	-	-	-	55,000
Total disbursements	<u>114,903</u>	<u>8,882</u>	<u>87,250</u>	<u>11,109</u>	<u>260,201</u>	<u>2,496,968</u>
Excess (deficiency) of receipts over disbursements	-	13,024	-	1,759	136,212	25,581
Other financing sources (uses):						
Transfers in	-	-	-	-	-	91,084
Transfers out	-	-	-	-	-	(20,889)
Total other financing sources (uses)	-	-	-	-	-	70,195
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,024	-	1,759	136,212	95,776
Cash and investments - beginning	-	-	-	6,070	-	239,347
Cash and investments - ending	<u>\$ -</u>	<u>\$ 13,024</u>	<u>\$ -</u>	<u>\$ 7,829</u>	<u>\$ 136,212</u>	<u>\$ 335,123</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 13,024	\$ -	\$ 7,829	\$ -	\$ 198,911
Restricted assets:						
Cash and investments	-	-	-	-	136,212	136,212
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 13,024</u>	<u>\$ -</u>	<u>\$ 7,829</u>	<u>\$ 136,212</u>	<u>\$ 335,123</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 136,212	\$ 136,212
Unrestricted	-	13,024	-	7,829	-	198,911
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 13,024</u>	<u>\$ -</u>	<u>\$ 7,829</u>	<u>\$ 136,212</u>	<u>\$ 335,123</u>

MISSISSINEWA COMMUNITY 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	County Special Education Cooperative	County Special Education Cooperative - Special Programs	Gifted/Talented 05-06
Receipts:						
Local sources	\$ 19,744	\$ 285,789	\$ 26,573	\$ 261,347	\$ 16	\$ -
State sources	51,621	10,412	15,179	-	1,330	-
Federal sources	-	445,131	-	-	-	-
Sale of property, adjustments and refunds	-	652	-	-	-	-
Total receipts	71,365	741,984	41,752	261,347	1,346	-
Disbursements:						
Current:						
Instruction	74,554	-	-	10,965	3,207	3,533
Support services	20,251	759,479	38,588	329,708	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	94,805	759,479	38,588	340,673	3,207	3,533
Excess (deficiency) of receipts over disbursements	(23,440)	(17,495)	3,164	(79,326)	(1,861)	(3,533)
Other financing sources (uses):						
Transfers in	46,063	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	46,063	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,623	(17,495)	3,164	(79,326)	(1,861)	(3,533)
Cash and investments - beginning	(22,414)	196,028	1,189	9,574	2,105	3,533
Cash and investments - ending	\$ 209	\$ 178,533	\$ 4,353	\$ (69,752)	\$ 244	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 209	\$ 178,533	\$ 4,353	\$ (69,752)	\$ 244	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 209	\$ 178,533	\$ 4,353	\$ (69,752)	\$ 244	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	209	178,533	4,353	(69,752)	244	-
Total cash and investment fund balance - ending	\$ 209	\$ 178,533	\$ 4,353	\$ (69,752)	\$ 244	\$ -

MISSISSINEWA COMMUNITY 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)

	Gifted/Talented 06-07	Non-English Speaking Program	School Technology	Technology Workshop	School Incentive Awards	Indiana School Academic Improvement
Receipts:						
Local sources	\$ 14,189	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	4,246	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	14,189	-	-	4,246	-	-
Disbursements:						
Current:						
Instruction	9,544	-	-	-	365	-
Support services	-	-	2,163	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	9,544	-	2,163	-	365	-
Excess (deficiency) of receipts over disbursements	4,645	-	(2,163)	4,246	(365)	-
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	4,645	-	(2,163)	4,246	(365)	-
Cash and investments - beginning	-	1,029	2,163	-	365	819
Cash and investments - ending	\$ 4,645	\$ 1,029	\$ -	\$ 4,246	\$ -	\$ 819
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,645	\$ 1,029	\$ -	\$ 4,246	\$ -	\$ 819
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,645	\$ 1,029	\$ -	\$ 4,246	\$ -	\$ 819
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,645	1,029	-	4,246	-	819
Total cash and investment fund balance - ending	\$ 4,645	\$ 1,029	\$ -	\$ 4,246	\$ -	\$ 819

MISSISSINEWA COMMUNITY 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)

	Youth Tobacco Survey	Title I 05-06	Title I 06-07	Title V 06-07	Title V 04-05	Title V 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,000	-	-	-	-	-
Federal sources	-	-	300,457	3,648	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	1,000	-	300,457	3,648	-	-
Disbursements:						
Current:						
Instruction	1,500	-	235,289	-	-	-
Support services	-	-	27,189	3,648	1,848	918
Community services	-	-	442	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,500	-	262,920	3,648	1,848	918
Excess (deficiency) of receipts over disbursements	(500)	-	37,537	-	(1,848)	(918)
Other financing sources (uses):						
Transfers in	-	-	36,608	-	-	-
Transfers out	-	(36,608)	-	-	-	-
Total other financing sources (uses)	-	(36,608)	36,608	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	(36,608)	74,145	-	(1,848)	(918)
Cash and investments - beginning	500	36,608	-	-	1,848	1,595
Cash and investments - ending	\$ -	\$ -	\$ 74,145	\$ -	\$ -	\$ 677
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 74,145	\$ -	\$ -	\$ 677
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 74,145	\$ -	\$ -	\$ 677
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	74,145	-	-	677
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 74,145	\$ -	\$ -	\$ 677

MISSISSINEWA COMMUNITY 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)

	Special Education Cooperative Sliver Grant	Special Education 05-06	Special Education 06-07	Special Education 04-05	Special Education Cooperative Preschool Grant	Preschool Grant
Receipts:						
Local sources	\$ 7,193	\$ 5,220	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	700	91,528	358,129	-	117,716	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	7,893	96,748	358,129	-	117,716	-
Disbursements:						
Current:						
Instruction	700	2,005	195,469	286	-	-
Support services	-	21,609	242,215	23,157	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	102,525	13,024
Debt services	-	-	-	-	-	-
Total disbursements	700	23,614	437,684	23,443	102,525	13,024
Excess (deficiency) of receipts over disbursements	7,193	73,134	(79,555)	(23,443)	15,191	(13,024)
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	7,193	73,134	(79,555)	(23,443)	15,191	(13,024)
Cash and investments - beginning	(7,193)	(73,134)	-	23,443	-	13,024
Cash and investments - ending	\$ -	\$ -	\$ (79,555)	\$ -	\$ 15,191	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ (79,555)	\$ -	\$ 15,191	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ (79,555)	\$ -	\$ 15,191	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	(79,555)	-	15,191	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ (79,555)	\$ -	\$ 15,191	\$ -

MISSISSINEWA COMMUNITY 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)

	<u>Drug Free 06-07</u>	<u>Title II Part A</u>	<u>Improving Teacher Quality</u>	<u>Severance Debt Service</u>	<u>Totals</u>
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 156,927	\$ 776,998
State sources	-	-	-	-	83,788
Federal sources	7,500	20,000	-	-	1,344,809
Sale of property, adjustments and refunds	-	-	-	-	652
Total receipts	<u>7,500</u>	<u>20,000</u>	<u>-</u>	<u>156,927</u>	<u>2,206,247</u>
Disbursements:					
Current:					
Instruction	3,683	90,395	-	-	631,495
Support services	-	-	5,978	-	1,476,751
Community services	-	-	-	-	442
Nonprogrammed charges	-	-	-	-	115,549
Debt services	-	-	-	265,179	265,179
Total disbursements	<u>3,683</u>	<u>90,395</u>	<u>5,978</u>	<u>265,179</u>	<u>2,489,416</u>
Excess (deficiency) of receipts over disbursements	<u>3,817</u>	<u>(70,395)</u>	<u>(5,978)</u>	<u>(108,252)</u>	<u>(283,169)</u>
Other financing sources (uses):					
Transfers in	-	4,123	-	-	86,794
Transfers out	(4,123)	-	-	-	(40,731)
Total other financing sources (uses)	<u>(4,123)</u>	<u>4,123</u>	<u>-</u>	<u>-</u>	<u>46,063</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(306)</u>	<u>(66,272)</u>	<u>(5,978)</u>	<u>(108,252)</u>	<u>(237,106)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>7,829</u>	<u>136,212</u>	<u>335,123</u>
Cash and investments - ending	<u>\$ (306)</u>	<u>\$ (66,272)</u>	<u>\$ 1,851</u>	<u>\$ 27,960</u>	<u>\$ 98,017</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (306)	\$ (66,272)	\$ 1,851	\$ -	\$ 70,057
Restricted assets:					
Cash and investments	-	-	-	27,960	27,960
Total cash and investment assets - ending	<u>\$ (306)</u>	<u>\$ (66,272)</u>	<u>\$ 1,851</u>	<u>\$ 27,960</u>	<u>\$ 98,017</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 27,960	\$ 27,960
Unrestricted	(306)	(66,272)	1,851	-	70,057
Total cash and investment fund balance - ending	<u>\$ (306)</u>	<u>\$ (66,272)</u>	<u>\$ 1,851</u>	<u>\$ 27,960</u>	<u>\$ 98,017</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	RW Clinton Scholarship	PCA Donation	Special Education Preschool Donation	Gas City Community Foundation Grant	Health Education Grant	After School Tutoring	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ 120
Deductions:							
Administrative and general	-	-	-	7,657	-	11,218	18,875
Excess (deficiency) of total additions over total deductions	-	-	120	(7,657)	-	(11,218)	(18,755)
Cash and investment fund balance - beginning	500	1,000	120	7,657	200	13,285	22,762
Cash and investments - June 30	<u>\$ 500</u>	<u>\$ 1,000</u>	<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 2,067</u>	<u>\$ 4,007</u>
Net assets:							
Cash and investments	<u>\$ 500</u>	<u>\$ 1,000</u>	<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 2,067</u>	<u>\$ 4,007</u>

MISSISSINEWA COMMUNITY 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

	RW Clinton Scholarship	PCA Donation	Special Education Preschool Donation	Wal-Mart Grant	Health Education Grant	After School Tutoring	Totals
Additions:							
Contributions:							
Other	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Deductions:							
Administrative and general	-	-	-	549	200	2,067	2,816
Excess (deficiency) of total additions over total deductions	-	-	-	9,451	(200)	(2,067)	7,184
Cash and investment fund balance - beginning	500	1,000	240	-	200	2,067	4,007
Cash and investments - June 30	<u>\$ 500</u>	<u>\$ 1,000</u>	<u>\$ 240</u>	<u>\$ 9,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,191</u>
Net assets:							
Cash and investments	<u>\$ 500</u>	<u>\$ 1,000</u>	<u>\$ 240</u>	<u>\$ 9,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,191</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For the Year Ended June 30, 2007

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	\$ 57,625
Buildings	24,702,299
Improvements other than buildings	1,121,335
Machinery and equipment	<u>4,593,573</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 30,474,832</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Loans payable:		
Common School Fund Loan - Northview	\$ 6,246,540	\$ 449,400
Common School Fund Loan - Westview	5,303,707	381,569
Common School Fund Loan - High School	172,162	***
Energy Savings Loan	1,695,600	237,182
Bonds payable:		
General obligation bonds:		
Pension Bond	<u>1,755,000</u>	<u>263,831</u>
Total governmental activities debt	<u>\$ 15,173,009</u>	<u>\$ 1,331,982</u>

*** Draws on loan not completed; therefore repayment schedule has not yet been determined.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

TEMPORARY LOAN

A temporary loan of \$100,000 was made in October 2003, from the General Fund to the Textbook Rental Fund. The loan has not been repaid as of January 17, 2008.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes . . . a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the . . . resolution to the state board of accounts and the department of local government finance."

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates a variance between the count reported and the actual honors graduates as noted:

<u>School Year</u>	<u>Count as Reported</u>	<u>Actual Graduates</u>	<u>Difference</u>
2005-2006	25	23	2
2006-2007	19	20	(1)

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

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 MISSISSINEWA COMMUNITY
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

Compliance

We have audited the compliance of Mississinewa Community 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 each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

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.

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

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

STATE BOARD OF ACCOUNTS

February 13, 2008

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 72,430	\$ 75,478
National School Lunch Program	10.555		337,155	404,238
			<u>409,585</u>	<u>479,716</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Marion Community Schools				
Special Education Cluster	84.027			
Special Education - Grants to States				
		14203-021-SN01	21,828	-
		14204-021-PN01	64,231	23,443
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-021-DY101	35,190	700
		14206-021-PN01	2,108,831	435,790
		14207-021-PN01	-	2,069,159
			<u>2,230,080</u>	<u>2,529,092</u>
Total for program				
Special Education - Preschool Grants	84.173			
		45706-021-PN01	101,879	16,821
		45707-021-PN01	-	98,728
			<u>101,879</u>	<u>115,549</u>
Total for cluster			<u>2,331,959</u>	<u>2,644,641</u>
Title I Grants to Local Educational Agencies	84.010			
		05-2855	7,014	-
		06-2855	285,159	-
		07-2855	-	262,920
			<u>292,173</u>	<u>262,920</u>
Total for program				
Pass-Through Marion Community Schools				
Vocational Education - Basic Grants to States	84.048			
		05-4700-2865	2,652	-
		06-4700-2865	-	415
		07-4700-2865	-	2,260
			<u>2,652</u>	<u>2,675</u>
Total for program				
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186	2855-06	-	3,683
State Grants for Innovative Programs	84.298			
		03-113	1,851	-
		04-106	3,902	1,848
		05-131	5,787	918
		06-2855	-	3,648
			<u>11,540</u>	<u>6,414</u>
Total for program				
Education Technology State Grants	84.318			
		FY 2003-2005	6,070	-
		FY 2004-2006	5,039	2,253
		FY 2005-2007	-	3,725
			<u>11,109</u>	<u>5,978</u>
Total for program				
Improving Teacher Quality State Grants	84.367			
		05-114	87,250	-
		06-2855	-	86,272
			<u>87,250</u>	<u>86,272</u>
Total for program				
Total for federal grantor agency			<u>2,736,683</u>	<u>3,012,583</u>
Total federal awards expended			<u>\$ 3,146,268</u>	<u>\$ 3,492,299</u>

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

MISSISSINEWA COMMUNITY 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 Mississinewa Community 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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2006 and 2007:

Program Title	Federal CFDA Number	2006	2007
Special Education – Grants to States	84.027	\$ 1,669,271	\$ 2,048,872
Special Education – Preschool Grants	84.173	92,997	83,046

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
Child Nutrition Cluster: Food Commodities National School Lunch Program	10.555	\$ 24,849	\$ 34,585

MISSISSINEWA COMMUNITY 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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2008, with Michael A. Powell, Superintendent of Schools; Jill S. Morpew, Treasurer; and David Linn, President of the School Board. The official response has been made a part of this report and may be found on page 47

MISSISSINEWA COMMUNITY SCHOOLS

ADMINISTRATION OFFICE

424 EAST SOUTH "A" STREET
GAS CITY, INDIANA 46933
PHONE: (765)674-8528
FAX: (765)674-8529

OFFICE OF
MICHAEL A. POWELL, SUPERINTENDENT
TAB H. MCKENZIE, ASSISTANT SUPERINTENDENT
JILL S. MORPHEW, DIRECTOR OF BUSINESS AFFAIRS

February 21, 2008

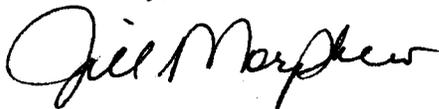
Marcia Holliger
SBOA Examiner
620 Browne St.
Winchester, IN 47394

Dear Marcia:

In response to your audit finding regarding a temporary loan of \$100,000 made in October 2003 from the General Fund to the Textbook Rental Fund, I have discussed this loan with our attorney, Marty Harker. Please be advised that the Mississinewa Community School Corporation will be making this transfer a permanent transfer through a Board resolution as it is not against Indiana Code to do so.

If you have questions, please do not hesitate to contact me. An official response from our attorney will be made in writing and placed in file for your review at our next audit.

Sincerely,



Jill S. Morpew
Director of Business Affairs

cc: Marty Harker, School Attorney