

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

AUDIT REPORT

OF

MERRILLVILLE COMMUNITY SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ronald L. Price	07-01-05 to 05-30-06
Assistant to the Superintendent, of Business Affairs (Treasurer)	Kimberly Fox	04-18-06 to 10-31-07
Acting Treasurer	Janice Stojakovich	11-01-07 to 12-09-07
Business Manager (Treasurer)	Hilda Damianick	12-10-07 to 06-30-08
Superintendent of Schools	Dr. Anthony Lux	07-01-05 to 06-30-08
President of the School Board	Mark S. Lucas	07-01-05 to 06-30-06
	Thomas G. Bainbridge	07-01-06 to 06-30-07
	Mark S. Lucas	07-01-07 to 06-30-08



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

TO: THE OFFICIALS OF THE MERRILLVILLE COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Merrillville 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 December 11, 2007, 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.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

December 11, 2007



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

TO: THE OFFICIALS OF THE MERRILLVILLE COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Merrillville 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 December 11, 2007. 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.

We noted certain matters that we reported to management in a separate letter dated December 11, 2007.

The School Corporation's response to the findings identified in our audit, are described in the accompanying section of the report entitled Corrective Action Plan. 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, 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

December 11, 2007

MERRILLVILLE 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 (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 15,937,452	\$ -	\$ 259,561	\$ (15,677,891)
Support services	34,914,132	1,727,585	981,535	(32,205,012)
Community services	506,487	-	-	(506,487)
Nonprogrammed charges	6,808,757	-	-	(6,808,757)
Debt service	49,867,493	-	-	(49,867,493)
	<u>\$ 108,034,321</u>	<u>\$ 1,727,585</u>	<u>\$ 1,241,096</u>	<u>(105,065,640)</u>
Total governmental activities				
General receipts:				
Property taxes				46,627,818
Other local sources				4,034,926
State aid				19,107,945
Bonds and loans				37,871,000
Grants and contributions not restricted to specific programs				710,718
Sale of property, adjustments, and refunds				279,864
Investment earnings				862,665
				<u>109,494,936</u>
				Change in net assets
				4,429,296
				Restated net assets - beginning (Note III.C.)
				<u>18,252,261</u>
				Net assets - ending
				<u>\$ 22,681,557</u>
<u>Assets</u>				
				Cash and investments
				\$ 18,151,514
				Restricted assets:
				Cash and investments
				<u>4,530,043</u>
				Total assets
				<u>\$ 22,681,557</u>
<u>Net Assets</u>				
				Restricted for:
				Debt service
				\$ 4,202,046
				Other purposes
				327,997
				Unrestricted
				<u>18,151,514</u>
				Total net assets
				<u>\$ 22,681,557</u>

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

MERRILLVILLE 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>	<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	\$ 13,728,968	\$ -	\$ 228,033	\$ (13,500,935)
Support services	34,994,066	1,654,491	1,434,838	(31,904,737)
Community services	512,795	-	-	(512,795)
Nonprogrammed charges	7,553,063	-	-	(7,553,063)
Debt service	<u>42,727,776</u>	<u>-</u>	<u>-</u>	<u>(42,727,776)</u>
Total governmental activities	<u>\$ 99,516,668</u>	<u>\$ 1,654,491</u>	<u>\$ 1,662,871</u>	<u>(96,199,306)</u>
General receipts:				
Property taxes				37,071,947
Other local sources				3,887,624
State aid				20,155,812
Bonds and loans				26,515,000
Grants and contributions not restricted to specific programs				1,056,651
Sale of property, adjustments, and refunds				1,011,939
Investment earnings				<u>1,164,562</u>
Total general receipts				<u>90,863,535</u>
Change in net assets				(5,335,771)
Net assets - beginning				<u>22,681,557</u>
Net assets - ending				<u>\$ 17,345,786</u>
<u>Assets</u>				
Cash and investments				\$ 16,607,277
Restricted assets:				
Cash and investments				<u>738,509</u>
Total assets				<u>\$ 17,345,786</u>
<u>Net Assets</u>				
Restricted for:				
Other purposes				\$ 738,509
Unrestricted				<u>16,607,277</u>
Total net assets				<u>\$ 17,345,786</u>

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

MERRILLVILLE 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	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 21,724,230	\$ 4,344,065	\$ 15,702,224	\$ 6,482,510	\$ 802,302	\$ 294,036	\$ 3,645,501	\$ 52,994,868
Intermediate sources	259,232	-	-	-	-	-	2,794	262,026
State sources	19,232,257	-	-	-	-	-	770,838	20,003,095
Federal sources	43,860	-	-	-	-	-	1,002,975	1,046,835
Bonds and loans	18,700,000	3,000,000	13,758,000	2,100,000	-	-	313,000	37,871,000
Sale of property, adjustments and refunds	244,694	23,480	-	970	-	-	10,720	279,864
Total receipts	60,204,273	7,367,545	29,460,224	8,583,480	802,302	294,036	5,745,828	112,457,688
Disbursements:								
Current:								
Instruction	18,146,460	-	-	-	-	-	1,318,344	19,464,804
Support services	15,134,880	3,756,844	-	6,031,210	649,045	6,240,310	3,101,843	34,914,132
Community services	505,922	-	-	-	-	-	565	506,487
Nonprogrammed charges	1,916,148	-	-	-	-	-	271,820	2,187,968
Debt services	18,700,000	3,000,000	27,373,031	-	-	-	794,462	49,867,493
Total disbursements	54,403,410	6,756,844	27,373,031	6,031,210	649,045	6,240,310	5,487,034	106,940,884
Excess (deficiency) of receipts over disbursements	5,800,863	610,701	2,087,193	2,552,270	153,257	(5,946,274)	258,794	5,516,804
Other financing sources (uses):								
Transfers in	899	73,832	-	-	-	-	112,191	186,922
Transfers out	(13,720)	-	(52,639)	(73,832)	-	-	(46,731)	(186,922)
Total other financing sources (uses)	(12,821)	73,832	(52,639)	(73,832)	-	-	65,460	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,788,042	684,533	2,034,554	2,478,438	153,257	(5,946,274)	324,254	5,516,804
Restated cash and investments - beginning (Note III.C.)	(287,920)	(365,733)	2,167,492	490,332	35,666	14,530,876	266,043	16,836,756
Cash and investments - ending	\$ 5,500,122	\$ 318,800	\$ 4,202,046	\$ 2,968,770	\$ 188,923	\$ 8,584,602	\$ 590,297	22,353,560
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								<u>327,997</u>
Net assets of governmental activities								<u>\$ 22,681,557</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 5,500,122	\$ 318,800	\$ -	\$ 2,968,770	\$ 188,923	\$ 8,584,602	\$ 590,297	\$ 18,151,514
Restricted assets:								
Cash and investments	-	-	4,202,046	-	-	-	-	4,202,046
Total cash and investment assets - ending	\$ 5,500,122	\$ 318,800	\$ 4,202,046	\$ 2,968,770	\$ 188,923	\$ 8,584,602	\$ 590,297	\$ 22,353,560
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 4,202,046	\$ -	\$ -	\$ -	\$ -	\$ 4,202,046
Unrestricted	5,500,122	318,800	-	2,968,770	188,923	8,584,602	590,297	18,151,514
Total cash and investment fund balance - ending	\$ 5,500,122	\$ 318,800	\$ 4,202,046	\$ 2,968,770	\$ 188,923	\$ 8,584,602	\$ 590,297	\$ 22,353,560

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

MERRILLVILLE 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	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 17,582,250	\$ 3,695,099	\$ 13,203,313	\$ 5,254,643	\$ 593,939	\$ 8,117	\$ 3,196,175	\$ 43,533,536
Intermediate sources	233,577	-	-	-	-	-	3,881	237,458
State sources	20,252,287	-	-	-	-	-	817,147	21,069,434
Federal sources	47,318	-	-	-	-	-	1,758,581	1,805,899
Bonds and loans	14,595,000	1,600,000	7,855,000	1,920,000	-	-	545,000	26,515,000
Sale of property, adjustments and refunds	210,704	25,934	-	772,386	-	-	2,915	1,011,939
Total receipts	52,921,136	5,321,033	21,058,313	7,947,029	593,939	8,117	6,323,699	94,173,266
Disbursements:								
Current:								
Instruction	17,861,948	-	-	-	-	-	1,214,364	19,076,312
Support services	17,043,906	3,716,217	-	4,816,441	597,163	5,178,468	3,641,870	34,994,065
Community services	510,215	-	-	-	-	-	2,580	512,795
Nonprogrammed charges	2,437,000	-	-	-	-	-	171,601	2,608,601
Debt services	11,800,000	2,000,000	25,403,008	2,100,000	-	-	1,424,768	42,727,776
Total disbursements	49,653,069	5,716,217	25,403,008	6,916,441	597,163	5,178,468	6,455,183	99,919,549
Excess (deficiency) of receipts over disbursements	3,268,067	(395,184)	(4,344,695)	1,030,588	(3,224)	(5,170,351)	(131,484)	(5,746,283)
Other financing sources (uses):								
Transfers in	21,216	73,832	-	-	-	-	109,824	204,872
Transfers out	(6,273)	-	(73,832)	-	-	-	(124,767)	(204,872)
Total other financing sources (uses)	14,943	73,832	(73,832)	-	-	-	(14,943)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,283,010	(321,352)	(4,418,527)	1,030,588	(3,224)	(5,170,351)	(146,427)	(5,746,283)
Cash and investments - beginning	5,500,122	318,800	4,202,046	2,968,770	188,923	8,584,602	590,297	22,353,560
Cash and investments - ending	\$ 8,783,132	\$ (2,552)	\$ (216,481)	\$ 3,999,358	\$ 185,699	\$ 3,414,251	\$ 443,870	16,607,277
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								738,509
Net assets of governmental activities								\$ 17,345,786
Cash and Investment Assets - Ending								
Cash and investments	\$ 8,783,132	\$ (2,552)	\$ (216,481)	\$ 3,999,358	\$ 185,699	\$ 3,414,251	\$ 443,870	\$ 16,607,277
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ 8,783,132	\$ (2,552)	\$ (216,481)	\$ 3,999,358	\$ 185,699	\$ 3,414,251	\$ 443,870	\$ 16,607,277

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2006

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 3,527,352
Miscellaneous	5,929
Total operating receipts	3,533,281
Operating disbursements:	
Insurance claims and expense	4,620,789
Deficiency of operating receipts over operating disbursements	(1,087,508)
Cash and investment fund balance - beginning	1,415,505
Cash and investment fund balance - ending	\$ 327,997
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 327,997
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 327,997

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

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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 5,347,345
Miscellaneous	<u>7,629</u>
Total operating receipts	<u>5,354,974</u>
Operating disbursements:	
Insurance claims and expense	<u>4,944,462</u>
Excess of operating receipts over operating disbursements	410,512
Cash and investment fund balance - beginning	<u>327,997</u>
Cash and investment fund balance - ending	<u>\$ 738,509</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 738,509</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 738,509</u>

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

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

	Pension Trust Fund	Private-Purpose Trust Fund	Agency Funds
Additions:			
Contributions:			
Employer	\$ 4,965,000	\$ -	
Other	-	3,000	
Total contributions	4,965,000	3,000	
Investment earnings:			
Interest	4,772	777	
Total additions	4,969,772	3,777	
Deductions:			
Benefits	578,321	-	
Administrative and general	-	4,096	
Total deductions	578,321	4,096	
Excess (deficiency) of total additions over total deductions	4,391,451	(319)	
Cash and investment fund balance - beginning (Note III.C.)	1,140,806	121,871	
Cash and investment fund balance - ending	\$ 5,532,257	\$ 121,552	
Net assets:			
Cash and investments held in trust	\$ 5,532,257	\$ 121,552	\$ 1,116,424
Total net assets - cash and investment basis held in trust	\$ 5,532,257	\$ 121,552	\$ 1,116,424

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

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

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 8,000	
Investment earnings:			
Interest	<u>4,678</u>	<u>309</u>	
Total additions	<u>4,678</u>	<u>8,309</u>	
Deductions:			
Benefits	468,351	-	
Administrative and general	<u>-</u>	<u>8,292</u>	
Total deductions	<u>468,351</u>	<u>8,292</u>	
Excess (deficiency) of total additions over total deductions	(463,673)	17	
Cash and investment fund balance - beginning	<u>5,532,257</u>	<u>121,552</u>	
Cash and investment fund balance - ending	<u>\$ 5,068,584</u>	<u>\$ 121,569</u>	
Net assets:			
Cash and investments	<u>\$ 5,068,584</u>	<u>\$ 121,569</u>	<u>\$ 1,300,613</u>
Total net assets - cash and investment basis held in trust	<u>\$ 5,068,584</u>	<u>\$ 121,569</u>	<u>\$ 1,300,613</u>

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

MERRILLVILLE 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.

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 nine other school corporations in a joint venture to operate the Northwest Indiana Special Education Cooperative (NWISEC) which was created to provide educational instruction for children with special needs. The School Corporation is obligated by contract to remit a funding percentage based upon assessed valuation at March 1 of the previous year and the Average Daily Membership as compared to the total of all member school corporations, as determined annually. The governing board of the NWISEC consists of a member selected by each participating school corporation. The board has full authority to manage NWISEC, including responsibility for fiscal matters. The NWISEC's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Northwest Indiana Special Education Cooperative can be obtained from NWISEC, 2150 West 97th Avenue, Crown Point, Indiana, 46307.

The School Corporation is a participant with other school corporations in a joint venture to operate the Northwest Indiana Public School Study Council (Study Council) which was created to improve education, and study the problems and issues involved in public education. The School Corporation is obligated by contract to remit \$1,000 annually to supplement the Study Council. Complete financial statements for the Northwest Indiana Public School Study Council can be obtained from Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

The School Corporation is a participant with other participating school corporations in a joint venture to operate the Northwest Indiana Educational Services Center (Service Center), which was created to promote cooperation and sharing of programs, such as curriculum development, instructional materials, needs assessments, computer utilization, and in-service education. The School Corporation provides funding based upon Average Daily Membership counts as determined annually. Complete financial statements for the Northwest Indiana Educational Services can be obtained from the Service Center Administration Offices, 2939 41st Avenue, Highland, Indiana, 46322.

The School Corporation is a participant with other participating school corporations in a joint venture to operate the Northwest Indiana Natural Gas Cooperative (Gas Cooperative), which was created to promote natural gas in more economical and efficient manner. The Gas Cooperative operates under the authority of Northwest Indiana Educational Service Center. The School Corporation provides funding for administrative costs based upon a percentage of the Average Daily

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership counts as determined annually, not to exceed \$10,000. Complete financial statements for the Northwest Indiana Educational Services can be obtained from the Service Center Administration Offices, 2939 41st Avenue, Highland, Indiana, 46322.

The School Corporation is a participant with ten other participating school corporations and four local universities in a joint venture to operate the Lakeshore Alliance for Student Success, Inc. (LASS), which was created to implement research-based strategies in order to improve student and organizational performance. The School Corporation is obligated by contract to remit \$500 per school building annually. The governing board of the LASS consists of two members, from the participating school corporation, the school superintendent, and the teacher union president. The board has full authority to manage LASS, including responsibility for fiscal matters. Complete financial statements for the Lakeshore Alliance for Student Success, Inc., can be obtained from Bapple and Bapple, Inc., Certified Public Accountants, 101 N. Main Street, Crown Point, Indiana, 46307.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the board members of the Merrillville Multi-School Building Corporation.

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The construction fund is used to account for receipts derived from the sale of general obligation bonds and disbursements for capital outlay.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for funds accumulated and used to pay health and dental insurance claims.

The pension trust fund accounts for the activities of 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 Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individuals who attend classes at the School Corporation.

Agency funds account for assets held by the School Corporation as an agent for federal, state, and private entities and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

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.

MERRILLVILLE 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 other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds. There is only one internal service fund for self-insurance. This fund is supported by an employer's health and dental premium rate charged to all funds that incur a salary expense from all transfers as considered necessary to pay health and dental insurance claims from the respective 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.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 10 days per year based on years of service. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to employees upon retirement through cash payments at various rates for each classification of employment.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave is converted to sick leave at the end of each year.

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

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, 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.

2. Operating Receipts and Disbursements

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets - Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, 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 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.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

B. Disbursements in Excess of Appropriations

For the years ended June 30, 2006 and 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2006	2007
General	\$ 2,686	\$ -
Debt Service	<u>364,296</u>	<u>333,199</u>
Totals	<u>\$ 366,982</u>	<u>\$ 333,199</u>

C. 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:

Fund	2006	2007
Transportation Operating	\$ -	\$ 2,552
Debt Service	-	216,481
Textbook Rental	1,089,121	1,205,280
Adult Education	171,838	331,764
Graphic Arts	206	9,078
Title I Delinquent FY 03/04	-	22,746
Title II, Part A, FY 04/05	110,166	-
Title II, Part A, FY 05/06	-	26,020
Title II Improvement	41,043	-
Debt Retirement Severance Bond	116,854	218,611

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

III. Detailed Notes on All Funds

A. Deposits

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	\$ 13,720	\$ 6,273
Capital Projects Fund	Transportation Operating Fund	73,832	-
	Other governmental funds	52,639	-
Debt Service Fund	Transportation Operating	-	73,832
Other governmental funds	General Fund	899	21,216
	Other governmental funds	45,832	103,551
Totals		<u>\$ 186,922</u>	<u>\$ 204,872</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2005	Fund Reclassification	Balance as Restated July 1, 2005
Governmental activities	\$ 18,230,575	\$ 21,686	\$ 18,252,261
Governmental funds	16,815,070	21,686	16,836,756
Private-purpose trust funds	143,557	(21,686)	121,871

D. Capital Assets

For the year ended June 30, 2007, capital asset records were not available. However, the School Corporation had American Appraisal Associates prepare capital asset records as of June 30, 2006. This schedule is presented in the supplementary information section of this report. Additions and deletions of capital assets for the year ended June 30, 2007, were not available for audit and assets added and deleted by the School Corporation during that year are not included in this schedule.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to June 30, 2007	Committed
Additions and renovations:			
Fieler Elementary	\$ 13,203,334	\$ 12,948,285	\$ 255,049
Salk Elementary	14,484,062	14,044,242	439,820
Wood Elementary	11,570,466	11,227,589	342,877
Totals	<u>\$ 39,257,862</u>	<u>\$ 38,220,116</u>	<u>\$ 1,037,746</u>

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

Job Related Illnesses and Injuries to Employees

The risk financing fund is accounted for in the General Fund where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$234,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are budgeted in the General Fund for payment of claims for job related illnesses and injuries.

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

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

the fund by all affected funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into a capital lease with Merrillville Multi-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 year ended June 30, 2007, totaled \$13,223,000.

C. Subsequent Events

1. Construction Projects

The School Corporation has approved construction projects for the freshman wing at the High School and classroom additions at Pierce Middle School for approximately \$59,000,000. The Merrillville Multi-School Building Corporation will issue lease rental bonds to fund these projects late in 2007.

2. 2006 Tax rates and Levies

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2007, as required by statute, due to the continued delay caused in the completion of the reassessment of Lake County. The 2006 payable 2007 property tax bills have not been billed as of November 20, 2007. Officials expect that billing will occur in December 2007, with a possible distribution early in 2008.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides post-employment medical and dental benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 50 with at least 10 years of service. Currently, 65 retirees meet these eligibility requirements. The School Corporation and retirees, provide 43% and 57%, respectively, of these postemployment benefits, except administrators, where the School Corporation provides all but \$1 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 \$1,507,432 were recognized for post-employment benefits.

E. 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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 476,120
Interest on net pension obligation	(37,411)
Adjustment to annual required contribution	42,633
Annual pension cost	481,342
Contributions made	465,169
Increase in net pension obligation	16,173
Net pension obligation, beginning of year	(516,011)
Net pension obligation, end of year	\$ (499,838)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	5.75%
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	\$ 345,096	133%	\$ (504,188)
	06-30-05	442,122	103%	(516,011)
	06-30-06	481,342	97%	(499,838)

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.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$776,561, \$738,080, and \$620,691, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

MERRILLVILLE 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)	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	\$ 7,303,124	\$ 7,901,979	\$ (598,855)	92%	\$ 7,663,882	(8%)
07-01-05	7,663,041	8,424,890	(761,849)	91%	7,746,668	(10%)
07-01-06	8,361,301	9,340,462	(979,161)	90%	8,230,440	(12%)

MERRILLVILLE 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	Food Service	Textbook Rental	Excess Levy	Education Plate	Alternative Education
Receipts:						
Local sources	\$ 61,477	\$ 1,324,859	\$ 389,203	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	2,794	-
State sources	98,476	26,633	127,151	-	-	26,555
Federal sources	-	690,422	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	2,015	6,265	-	-	-
Total receipts	159,953	2,043,929	522,619	-	2,794	26,555
Disbursements:						
Current:						
Instruction	-	-	-	-	1,781	37,050
Support services	-	1,910,526	769,693	-	-	6,484
Community services	-	-	-	-	-	-
Nonprogrammed charges	271,820	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	271,820	1,910,526	769,693	-	1,781	43,534
Excess (deficiency) of receipts over disbursements	(111,867)	133,403	(247,074)	-	1,013	(16,979)
Other financing sources (uses):						
Transfers in	-	-	52,639	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	52,639	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(111,867)	133,403	(194,435)	-	1,013	(16,979)
Cash and investments - beginning	111,867	330,823	(894,686)	15,564	15,388	28,881
Cash and investments - ending	\$ -	\$ 464,226	\$ (1,089,121)	\$ 15,564	\$ 16,401	\$ 11,902
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 464,226	\$ (1,089,121)	\$ 15,564	\$ 16,401	\$ 11,902
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 464,226	\$ (1,089,121)	\$ 15,564	\$ 16,401	\$ 11,902

MERRILLVILLE 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)

	MASH Program	Library Technology	Intelenet I	ISAIP I	ISAIP II	Gifted and Talented 03/04
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	10,761	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	10,761	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(10,761)	-	-	-	-	-
Other financing sources (uses):						
Transfers in	-	7,181	-	732	-	-
Transfers out	-	-	(105)	-	(171)	(373)
Total other financing sources (uses)	-	7,181	(105)	732	(171)	(373)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,761)	7,181	(105)	732	(171)	(373)
Cash and investments - beginning	10,761	(7,181)	105	(732)	171	373
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MERRILLVILLE 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 and Talented 05/06	Gifted and Talented Mini	Tech Prep I	Technology Advance	Adult Education	Teacher Quality
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 873,891	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	22,591	-	-	219,826	110,642	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	2,440	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,440</u>	<u>-</u>
Total receipts	<u>22,591</u>	<u>-</u>	<u>-</u>	<u>219,826</u>	<u>986,973</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	18,257	900	-	-	916,954	-
Support services	3,496	-	-	18	178,360	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>21,753</u>	<u>900</u>	<u>-</u>	<u>18</u>	<u>1,095,314</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>838</u>	<u>(900)</u>	<u>-</u>	<u>219,808</u>	<u>(108,341)</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	18	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>838</u>	<u>(900)</u>	<u>-</u>	<u>219,826</u>	<u>(108,341)</u>	<u>-</u>
Cash and investments - beginning	<u>5,405</u>	<u>900</u>	<u>539</u>	<u>(219,826)</u>	<u>(63,497)</u>	<u>500</u>
Cash and investments - ending	<u>\$ 6,243</u>	<u>\$ -</u>	<u>\$ 539</u>	<u>\$ -</u>	<u>\$ (171,838)</u>	<u>\$ 500</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 6,243</u>	<u>\$ -</u>	<u>\$ 539</u>	<u>\$ -</u>	<u>\$ (171,838)</u>	<u>\$ 500</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 6,243</u>	<u>\$ -</u>	<u>\$ 539</u>	<u>\$ -</u>	<u>\$ (171,838)</u>	<u>\$ 500</u>

MERRILLVILLE 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)

	Tech Prep II	Afternoon Rock	Drug Free Mini Grant	Indiana Student Achievement	Video Previews	Indiana SCIP Award
Receipts:						
Local sources	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	5,448	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	9,448	-	-	-
Disbursements:						
Current:						
Instruction	-	-	3,431	-	-	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	3,431	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	6,017	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(7)
Total other financing sources (uses)	-	-	-	-	-	(7)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,017	-	-	(7)
Cash and investments - beginning	772	1,614	-	696	200	7
Cash and investments - ending	<u>\$ 772</u>	<u>\$ 1,614</u>	<u>\$ 6,017</u>	<u>\$ 696</u>	<u>\$ 200</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 772</u>	<u>\$ 1,614</u>	<u>\$ 6,017</u>	<u>\$ 696</u>	<u>\$ 200</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 772</u>	<u>\$ 1,614</u>	<u>\$ 6,017</u>	<u>\$ 696</u>	<u>\$ 200</u>	<u>\$ -</u>

MERRILLVILLE 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)

	Non-English Speaking	Intelenet II	Indiana School Incentive	Indiana 2000	State Training	Cultural Competition
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,016	-	-	-	-	4,000
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	2,016	-	-	-	-	4,000
Disbursements:						
Current:						
Instruction	11,008	-	-	-	-	-
Support services	-	16,329	-	-	-	4,000
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	11,008	16,329	-	-	-	4,000
Excess (deficiency) of receipts over disbursements	(8,992)	(16,329)	-	-	-	-
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	(8,992)	(16,329)	-	-	-	-
Cash and investments - beginning	8,992	16,329	16,388	1,070	141	-
Cash and investments - ending	\$ -	\$ -	\$ 16,388	\$ 1,070	\$ 141	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 16,388	\$ 1,070	\$ 141	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 16,388	\$ 1,070	\$ 141	\$ -

MERRILLVILLE 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)

	Early Learners I	Early Learners II	Summer Teacher Training	DARE	Insurance Reserve	Graphic Arts
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 9,281	\$ 3,707
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	9,281	3,707
Disbursements:						
Current:						
Instruction	-	-	-	-	-	3,156
Support services	-	-	-	-	-	757
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	3,913
Excess (deficiency) of receipts over disbursements	-	-	-	-	9,281	(206)
Other financing sources (uses):						
Transfers in	1,656	-	-	-	-	-
Transfers out	-	(1,656)	-	-	-	-
Total other financing sources (uses)	1,656	(1,656)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,656	(1,656)	-	-	9,281	(206)
Cash and investments - beginning	(1,656)	5,061	500	313	1,062,203	-
Cash and investments - ending	\$ -	\$ 3,405	\$ 500	\$ 313	\$ 1,071,484	\$ (206)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 3,405	\$ 500	\$ 313	\$ 1,071,484	\$ (206)
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 3,405	\$ 500	\$ 313	\$ 1,071,484	\$ (206)

MERRILLVILLE 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 I Delinquent FY 05/06	Title I Delinquent FY 04/05	Title I FY 05/06	Title I Delinquent FY 06/07	Title I FY 04/05	Title I FY 06/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	61,105	-	146,323	-	11,600	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	61,105	-	146,323	-	11,600	-
Disbursements:						
Current:						
Instruction	51,780	-	132,288	-	24,346	-
Support services	4,858	-	8,567	-	295	-
Community services	-	-	565	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	56,638	-	141,420	-	24,641	-
Excess (deficiency) of receipts over disbursements	4,467	-	4,903	-	(13,041)	-
Other financing sources (uses):						
Transfers in	88	-	19,088	-	-	-
Transfers out	-	(243)	-	(88)	(19,011)	(77)
Total other financing sources (uses)	88	(243)	19,088	(88)	(19,011)	(77)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,555	(243)	23,991	(88)	(32,052)	(77)
Cash and investments - beginning	-	243	-	88	32,052	77
Cash and investments - ending	\$ 4,555	\$ -	\$ 23,991	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,555	\$ -	\$ 23,991	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 4,555	\$ -	\$ 23,991	\$ -	\$ -	\$ -

MERRILLVILLE 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 II 04-247	Title II 05-109	Title II 03-239	Peace Drug Free	Drug Free FY 04/05	Drug Free FY 03/04
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	33,000	-	-	-	17,872	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	33,000	-	-	-	17,872	-
Disbursements:						
Current:						
Instruction	-	-	-	-	888	-
Support services	2,559	-	56,124	-	3,175	1,173
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,559	-	56,124	-	4,063	1,173
Excess (deficiency) of receipts over disbursements	30,441	-	(56,124)	-	13,809	(1,173)
Other financing sources (uses):						
Transfers in	-	25,000	-	-	-	5,789
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	25,000	-	-	-	5,789
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,441	25,000	(56,124)	-	13,809	4,616
Cash and investments - beginning	24,531	-	58,780	335	-	(4,616)
Cash and investments - ending	<u>\$ 54,972</u>	<u>\$ 25,000</u>	<u>\$ 2,656</u>	<u>\$ 335</u>	<u>\$ 13,809</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 54,972</u>	<u>\$ 25,000</u>	<u>\$ 2,656</u>	<u>\$ 335</u>	<u>\$ 13,809</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 54,972</u>	<u>\$ 25,000</u>	<u>\$ 2,656</u>	<u>\$ 335</u>	<u>\$ 13,809</u>	<u>\$ -</u>

MERRILLVILLE 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 II Part A FY 03/04	Title II Part D FY 03/04	Title II Part A FY 04/05	Step Ahead	Title III Part A FY 05/06	Title II Improvement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	21,059	-	-	-	17,447	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	21,059	-	-	-	17,447	-
Disbursements:						
Current:						
Instruction	-	3,219	70,965	-	12,859	15,804
Support services	-	-	12,783	-	-	239
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	3,219	83,748	-	12,859	16,043
Excess (deficiency) of receipts over disbursements	21,059	(3,219)	(83,748)	-	4,588	(16,043)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(25,000)
Total other financing sources (uses)	-	-	-	-	-	(25,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,059	(3,219)	(83,748)	-	4,588	(41,043)
Cash and investments - beginning	(18,280)	3,219	(26,418)	1,435	-	-
Cash and investments - ending	\$ 2,779	\$ -	\$ (110,166)	\$ 1,435	\$ 4,588	\$ (41,043)
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,779	\$ -	\$ (110,166)	\$ 1,435	\$ 4,588	\$ (41,043)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 2,779	\$ -	\$ (110,166)	\$ 1,435	\$ 4,588	\$ (41,043)

MERRILLVILLE 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 II Part D FY 04/05	Title III Part A FY 06/07	Challenger Project	Expulsion Prevention	Computer Assisted Design	Northwest Indiana Coalition
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	2,668	1,479	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>2,668</u>	<u>1,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	3,154	10,504	-	-	-	-
Support services	407	-	-	-	-	310
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>3,561</u>	<u>10,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310</u>
Excess (deficiency) of receipts over disbursements	<u>(893)</u>	<u>(9,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>(893)</u>	<u>(9,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310)</u>
Cash and investments - beginning	<u>3,561</u>	<u>9,358</u>	<u>450</u>	<u>50</u>	<u>84</u>	<u>4,918</u>
Cash and investments - ending	<u>\$ 2,668</u>	<u>\$ 333</u>	<u>\$ 450</u>	<u>\$ 50</u>	<u>\$ 84</u>	<u>\$ 4,608</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 2,668</u>	<u>\$ 333</u>	<u>\$ 450</u>	<u>\$ 50</u>	<u>\$ 84</u>	<u>\$ 4,608</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 2,668</u>	<u>\$ 333</u>	<u>\$ 450</u>	<u>\$ 50</u>	<u>\$ 84</u>	<u>\$ 4,608</u>

MERRILLVILLE 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)

	Lakeshore Project	SCIP 1989/90	Pierce Planetarium	Special Project Donations	Wellness Fund
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 9,828	\$ 13,403
Intermediate sources	-	-	-	-	-
State sources	127,500	-	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	127,500	-	-	9,828	13,403
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	92,979	-	-	3,852	14,097
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	92,979	-	-	3,852	14,097
Excess (deficiency) of receipts over disbursements	34,521	-	-	5,976	(694)
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	34,521	-	-	5,976	(694)
Cash and investments - beginning	288,554	2,000	1,033	(5,976)	26,091
Cash and investments - ending	\$ 323,075	\$ 2,000	\$ 1,033	\$ -	\$ 25,397
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 323,075	\$ 2,000	\$ 1,033	\$ -	\$ 25,397
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ 323,075	\$ 2,000	\$ 1,033	\$ -	\$ 25,397

MERRILLVILLE 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)

	Pepsi Fund Central Office	Superintendent Meeting Donations	Debt Retirement Severance Bond	CISCO Academy	Totals
Receipts:					
Local sources	\$ 118	\$ -	\$ 955,734	\$ -	\$ 3,645,501
Intermediate sources	-	-	-	-	2,794
State sources	-	-	-	-	770,838
Federal sources	-	-	-	-	1,002,975
Bonds and loans	-	-	313,000	-	313,000
Sale of property, adjustments and refunds	-	-	-	-	10,720
Total receipts	118	-	1,268,734	-	5,745,828
Disbursements:					
Current:					
Instruction	-	-	-	-	1,318,344
Support services	-	-	-	-	3,101,843
Community services	-	-	-	-	565
Nonprogrammed charges	-	-	-	-	271,820
Debt services	-	-	794,462	-	794,462
Total disbursements	-	-	794,462	-	5,487,034
Excess (deficiency) of receipts over disbursements	118	-	474,272	-	258,794
Other financing sources (uses):					
Transfers in	-	-	-	-	112,191
Transfers out	-	-	-	-	(46,731)
Total other financing sources (uses)	-	-	-	-	65,460
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	118	-	474,272	-	324,254
Cash and investments - beginning	495	120	(591,126)	7,000	266,043
Cash and investments - ending	\$ 613	\$ 120	\$ (116,854)	\$ 7,000	\$ 590,297
Cash and Investment Assets - Ending					
Cash and investments	\$ 613	\$ 120	\$ (116,854)	\$ 7,000	\$ 590,297
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ 613	\$ 120	\$ (116,854)	\$ 7,000	\$ 590,297

MERRILLVILLE 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	Food Service	Textbook Rental	Excess Levy	Education Plate	Alternative Education	MASH Program
Receipts:							
Local sources	\$ 46,632	\$ 1,393,275	\$ 233,311	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	3,881	-	-
State sources	124,969	24,228	131,168	-	-	28,947	2,585
Federal sources	-	1,135,978	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	2,215	496	-	-	-	-
Total receipts	171,601	2,555,696	364,975	-	3,881	28,947	2,585
Disbursements:							
Current:							
Instruction	-	-	-	-	-	27,242	-
Support services	-	2,321,497	481,134	-	-	4,583	2,629
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	171,601	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	171,601	2,321,497	481,134	-	-	31,825	2,629
Excess (deficiency) of receipts over disbursements	-	234,199	(116,159)	-	3,881	(2,878)	(44)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	44
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	44
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	234,199	(116,159)	-	3,881	(2,878)	-
Cash and investments - beginning	-	464,226	(1,089,121)	15,564	16,401	11,902	-
Cash and investments - ending	\$ -	\$ 698,425	\$ (1,205,280)	\$ 15,564	\$ 20,282	\$ 9,024	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 698,425	\$ (1,205,280)	\$ 15,564	\$ 20,282	\$ 9,024	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 698,425	\$ (1,205,280)	\$ 15,564	\$ 20,282	\$ 9,024	\$ -

MERRILLVILLE 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 and Talented 05/06	Gifted and Talented Mini	Gifted and Talented 06/07	Tech Prep I	Technology Advance	Adult Education
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 708,309
Intermediate sources	-	-	-	-	-	-
State sources	-	-	22,591	-	175,076	108,966
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	22,591	-	175,076	817,275
Disbursements:						
Current:						
Instruction	560	-	19,307	-	-	776,707
Support services	-	-	3,100	-	175,076	200,494
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	560	-	22,407	-	175,076	977,201
Excess (deficiency) of receipts over disbursements	(560)	-	184	-	-	(159,926)
Other financing sources (uses):						
Transfers in	-	539	-	-	-	-
Transfers out	-	-	-	(539)	-	-
Total other financing sources (uses)	-	539	-	(539)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(560)	539	184	(539)	-	(159,926)
Cash and investments - beginning	6,243	-	-	539	-	(171,838)
Cash and investments - ending	\$ 5,683	\$ 539	\$ 184	\$ -	\$ -	\$ (331,764)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 5,683	\$ 539	\$ 184	\$ -	\$ -	\$ (331,764)
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 5,683	\$ 539	\$ 184	\$ -	\$ -	\$ (331,764)

MERRILLVILLE 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)

	Teacher Quality	Tech Prep II	Afternoon Rock	Drug Free Mini Grant	Indiana Student Achievement	Video Previews
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	5,273	-	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	5,273	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(5,273)	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(772)	(1,614)	-	(696)	(200)
Total other financing sources (uses)	-	(772)	(1,614)	-	(696)	(200)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(772)	(1,614)	(5,273)	(696)	(200)
Cash and investments - beginning	500	772	1,614	6,017	696	200
Cash and investments - ending	\$ 500	\$ -	\$ -	\$ 744	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 500	\$ -	\$ -	\$ 744	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 500	\$ -	\$ -	\$ 744	\$ -	\$ -

MERRILLVILLE 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)

	Non-English Speaking	Intelnet II	Indiana School Incentive	Indiana 2000	State Training	Cultural Competition
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	6,617	-	-	-	2,000
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	6,617	-	-	-	2,000
Disbursements:						
Current:						
Instruction	1,854	-	-	-	-	-
Support services	250	4,092	-	-	-	2,000
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,104	4,092	-	-	-	2,000
Excess (deficiency) of receipts over disbursements	(2,104)	2,525	-	-	-	-
Other financing sources (uses):						
Transfers in	2,104	4,092	-	-	-	-
Transfers out	-	-	(16,388)	(1,070)	(141)	-
Total other financing sources (uses)	2,104	4,092	(16,388)	(1,070)	(141)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,617	(16,388)	(1,070)	(141)	-
Cash and investments - beginning	-	-	16,388	1,070	141	-
Cash and investments - ending	\$ -	\$ 6,617	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 6,617	\$ -	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 6,617	\$ -	\$ -	\$ -	\$ -

MERRILLVILLE 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)

	Early Learners II	Summer Teacher Training	DARE	Insurance Reserve	Graphic Arts	Title I School Improvement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	8,731	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	13,846
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,731</u>	<u>-</u>
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,731</u>	<u>13,846</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	17,518	-
Support services	-	-	-	-	85	4,326
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,603</u>	<u>4,326</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,872)</u>	<u>9,520</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,872)</u>	<u>9,520</u>
Cash and investments - beginning	<u>3,405</u>	<u>500</u>	<u>313</u>	<u>1,071,484</u>	<u>(206)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,405</u>	<u>\$ 500</u>	<u>\$ 313</u>	<u>\$ 1,071,484</u>	<u>\$ (9,078)</u>	<u>\$ 9,520</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 3,405</u>	<u>\$ 500</u>	<u>\$ 313</u>	<u>\$ 1,071,484</u>	<u>\$ (9,078)</u>	<u>\$ 9,520</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 3,405</u>	<u>\$ 500</u>	<u>\$ 313</u>	<u>\$ 1,071,484</u>	<u>\$ (9,078)</u>	<u>\$ 9,520</u>

MERRILLVILLE 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)

	Title I Delinquent FY 05/06	Title I Delinquent FY 03/04	Title I FY 05/06	Title I Delinquent FY 06/07	Title I FY 06/07	Title II 06-4600
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	23,922	-	43,190	156,656	10,773
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	23,922	-	43,190	156,656	10,773
Disbursements:						
Current:						
Instruction	-	49,432	5,393	29,998	120,911	-
Support services	222	12,512	1,274	2,249	42,147	35,773
Community services	-	-	1,124	-	1,456	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	222	61,944	7,791	32,247	164,514	35,773
Excess (deficiency) of receipts over disbursements	(222)	(38,022)	(7,791)	10,943	(7,858)	(25,000)
Other financing sources (uses):						
Transfers in	-	15,276	-	-	16,200	25,000
Transfers out	(4,333)	-	(16,200)	(10,943)	-	-
Total other financing sources (uses)	(4,333)	15,276	(16,200)	(10,943)	16,200	25,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,555)	(22,746)	(23,991)	-	8,342	-
Cash and investments - beginning	4,555	-	23,991	-	-	-
Cash and investments - ending	\$ -	\$ (22,746)	\$ -	\$ -	\$ 8,342	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (22,746)	\$ -	\$ -	\$ 8,342	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ (22,746)	\$ -	\$ -	\$ 8,342	\$ -

MERRILLVILLE 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)

	Title II 04-247	Title II 05-109	Title II 03-239	Peace Drug Free	Drug Free FY 04/05	Drug Free FY 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	19,825	-	-	-	25,586
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	204	-
Total receipts	-	19,825	-	-	204	25,586
Disbursements:						
Current:						
Instruction	-	-	-	-	3,834	838
Support services	54,972	44,825	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	54,972	44,825	-	-	3,834	838
Excess (deficiency) of receipts over disbursements	(54,972)	(25,000)	-	-	(3,630)	24,748
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(335)	-	-
Total other financing sources (uses)	-	-	-	(335)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(54,972)	(25,000)	-	(335)	(3,630)	24,748
Cash and investments - beginning	54,972	25,000	2,656	335	13,809	-
Cash and investments - ending	\$ -	\$ -	\$ 2,656	\$ -	\$ 10,179	\$ 24,748
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 2,656	\$ -	\$ 10,179	\$ 24,748
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 2,656	\$ -	\$ 10,179	\$ 24,748

MERRILLVILLE 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)

	Drug Free FY 03/04	Drug Free FY 06/07	Title II Part A FY 03/04	Title II Part A FY 04/05	Title II Part A FY 05/06	Title II Part A FY 06/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	5,559	-	110,166	41,190	38,675
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	5,559	-	110,166	41,190	38,675
Disbursements:						
Current:						
Instruction	-	-	2,581	-	14,218	13,675
Support services	33	-	198	-	6,456	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	33	-	2,779	-	20,674	13,675
Excess (deficiency) of receipts over disbursements	(33)	5,559	(2,779)	110,166	20,516	25,000
Other financing sources (uses):						
Transfers in	33	-	-	-	-	-
Transfers out	-	-	-	-	(46,536)	(25,000)
Total other financing sources (uses)	33	-	-	-	(46,536)	(25,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,559	(2,779)	110,166	(26,020)	-
Cash and investments - beginning	-	-	2,779	(110,166)	-	-
Cash and investments - ending	\$ -	\$ 5,559	\$ -	\$ -	\$ (26,020)	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 5,559	\$ -	\$ -	\$ (26,020)	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 5,559	\$ -	\$ -	\$ (26,020)	\$ -

MERRILLVILLE 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)

	Step Ahead	Emergency Impact	Title III Part A FY 05/06	Title II Improvement	Title II Part D FY 04/05	Title III Part A FY 06/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	54,000	-	41,190	-	28,025
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	54,000	-	41,190	-	28,025
Disbursements:						
Current:						
Instruction	-	54,000	1,769	41,230	-	28,024
Support services	-	-	2,819	5,453	-	334
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	54,000	4,588	46,683	-	28,358
Excess (deficiency) of receipts over disbursements	-	-	(4,588)	(5,493)	-	(333)
Other financing sources (uses):						
Transfers in	-	-	-	46,536	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	46,536	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(4,588)	41,043	-	(333)
Cash and investments - beginning	1,435	-	4,588	(41,043)	2,668	333
Cash and investments - ending	\$ 1,435	\$ -	\$ -	\$ -	\$ 2,668	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,435	\$ -	\$ -	\$ -	\$ 2,668	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 1,435	\$ -	\$ -	\$ -	\$ 2,668	\$ -

MERRILLVILLE 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)

	Math Science Partnership FY 07/08	Challenger Project	Expulsion Prevention	Computer Assisted Design	Northwest Indiana Coalition	Lakeshore Project
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	190,000
Federal sources	10,000	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	10,000	-	-	-	-	190,000
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	50	84	2,153	212,985
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	50	84	2,153	212,985
Excess (deficiency) of receipts over disbursements	10,000	-	(50)	(84)	(2,153)	(22,985)
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	10,000	-	(50)	(84)	(2,153)	(22,985)
Cash and investments - beginning	-	450	50	84	4,608	323,075
Cash and investments - ending	\$ 10,000	\$ 450	\$ -	\$ -	\$ 2,455	\$ 300,090
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 10,000	\$ 450	\$ -	\$ -	\$ 2,455	\$ 300,090
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 10,000	\$ 450	\$ -	\$ -	\$ 2,455	\$ 300,090

MERRILLVILLE 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)

	Merrillville Education Foundation Grant	Miscellaneous Contributions	SCIP 1989/90	Pierce Planetarium	Wellness Fund	Platinum Recycling Program
Receipts:						
Local sources	\$ 14,338	\$ 384	\$ -	\$ -	\$ 11,829	\$ 423
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	14,338	384	-	-	11,829	423
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	3,176	267	2,000	-	11,964	374
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	3,176	267	2,000	-	11,964	374
Excess (deficiency) of receipts over disbursements	11,162	117	(2,000)	-	(135)	49
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	11,162	117	(2,000)	-	(135)	49
Cash and investments - beginning	-	-	2,000	1,033	25,397	-
Cash and investments - ending	<u>\$ 11,162</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 1,033</u>	<u>\$ 25,262</u>	<u>\$ 49</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 11,162</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 1,033</u>	<u>\$ 25,262</u>	<u>\$ 49</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 11,162</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 1,033</u>	<u>\$ 25,262</u>	<u>\$ 49</u>

MERRILLVILLE 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)

	Pepsi Fund Central Office	Vending Transportation Center	Superintendent Meeting Donations	Debt Retirement Severance Bond	CISCO Academy	Totals
Receipts:						
Local sources	\$ 140	\$ 792	\$ -	\$ 778,011	\$ -	\$ 3,196,175
Intermediate sources	-	-	-	-	-	3,881
State sources	-	-	-	-	-	817,147
Federal sources	-	-	-	-	-	1,758,581
Bonds and loans	-	-	-	545,000	-	545,000
Sale of property, adjustments and refunds	-	-	-	-	-	2,915
Total receipts	140	792	-	1,323,011	-	6,323,699
Disbursements:						
Current:						
Instruction	-	-	-	-	-	1,214,364
Support services	-	284	-	-	-	3,641,870
Community services	-	-	-	-	-	2,580
Nonprogrammed charges	-	-	-	-	-	171,601
Debt services	-	-	-	1,424,768	-	1,424,768
Total disbursements	-	284	-	1,424,768	-	6,455,183
Excess (deficiency) of receipts over disbursements	140	508	-	(101,757)	-	(131,484)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	109,824
Transfers out	-	-	-	-	-	(124,767)
Total other financing sources (uses)	-	-	-	-	-	(14,943)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	140	508	-	(101,757)	-	(146,427)
Cash and investments - beginning	613	-	120	(116,854)	7,000	590,297
Cash and investments - ending	\$ 753	\$ 508	\$ 120	\$ (218,611)	\$ 7,000	\$ 443,870
Cash and Investment Assets - Ending						
Cash and investments	\$ 753	\$ 508	\$ 120	\$ (218,611)	\$ 7,000	\$ 443,870
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 753	\$ 508	\$ 120	\$ (218,611)	\$ 7,000	\$ 443,870

MERRILLVILLE 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

	Skinner Scholarship	Schrenker Scholarship	Pepsi Scholarship	VESA Scholarship	Foster Ride Scholarship	Raczka- Stochel Scholarship	Djurich Scholarship	Totals
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Investment earnings:								
Interest	777	-	-	-	-	-	-	777
Total additions	<u>777</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,777</u>
Deductions:								
Administrative and general	500	500	2,250	250	96	500	-	4,096
Excess (deficiency) of total additions over total deductions	277	(500)	750	(250)	(96)	(500)	-	(319)
Cash and investment fund balance - beginning	81,028	776	6,500	3,415	3,563	26,513	76	121,871
Cash and Investments - June 30	<u>\$ 81,305</u>	<u>\$ 276</u>	<u>\$ 7,250</u>	<u>\$ 3,165</u>	<u>\$ 3,467</u>	<u>\$ 26,013</u>	<u>\$ 76</u>	<u>\$ 121,552</u>
Net assets:								
Cash and investments	\$ 81,305	\$ 276	\$ 7,250	\$ 3,165	\$ 3,467	\$ 26,013	\$ 76	\$ 121,552
Total net assets - cash and investment basis held in trust	<u>\$ 81,305</u>	<u>\$ 276</u>	<u>\$ 7,250</u>	<u>\$ 3,165</u>	<u>\$ 3,467</u>	<u>\$ 26,013</u>	<u>\$ 76</u>	<u>\$ 121,552</u>

MERRILLVILLE 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

	Skinner Scholarship	Schrenker Scholarship	Pepsi Scholarship	VESA Scholarship	Foster Ride Scholarship	Raczka- Stochel Scholarship	Djurich Scholarship	Totals
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ 5,000	\$ 8,000
Investment earnings:								
Interest	309	-	-	-	-	-	-	309
Total additions	<u>309</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>8,309</u>
Deductions:								
Administrative and general	250	-	2,750	500	3,466	1,250	76	8,292
Excess (deficiency) of total additions over total deductions	59	-	250	(500)	(3,466)	(1,250)	4,924	17
Cash and investment fund balance - beginning	81,305	276	7,250	3,165	3,467	26,013	76	121,552
Cash and Investments - June 30	<u>\$ 81,364</u>	<u>\$ 276</u>	<u>\$ 7,500</u>	<u>\$ 2,665</u>	<u>\$ 1</u>	<u>\$ 24,763</u>	<u>\$ 5,000</u>	<u>\$ 121,569</u>
Net assets:								
Cash and investments	\$ 81,364	\$ 276	\$ 7,500	\$ 2,665	\$ 1	\$ 24,763	\$ 5,000	\$ 121,569
Total net assets - cash and investment basis held in trust	<u>\$ 81,364</u>	<u>\$ 276</u>	<u>\$ 7,500</u>	<u>\$ 2,665</u>	<u>\$ 1</u>	<u>\$ 24,763</u>	<u>\$ 5,000</u>	<u>\$ 121,569</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	<u>Clearing</u>	<u>Food Service Clearing</u>	<u>Northwest Indiana Study Council</u>	<u>Totals</u>
Net assets:				
Cash and investments	\$ 1,059,731	\$ 19,754	\$ 36,939	\$ 1,116,424
Total net assets - cash and investment basis held in trust	<u>\$ 1,059,731</u>	<u>\$ 19,754</u>	<u>\$ 36,939</u>	<u>\$ 1,116,424</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	<u>Clearing</u>	<u>Food Service Clearing</u>	<u>Northwest Indiana Study Council</u>	<u>Totals</u>
Net assets:				
Cash and investments	\$ 1,266,385	\$ 21,398	\$ 12,830	\$ 1,300,613
Total net assets - cash and investment basis held in trust	<u>\$ 1,266,385</u>	<u>\$ 21,398</u>	<u>\$ 12,830</u>	<u>\$ 1,300,613</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2006

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	\$ 767,900
Land Improvements	1,785,434
Buildings	144,764,087
Machinery and equipment	<u>12,079,199</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 159,396,620</u>

MERRILLVILLE 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 long term debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Merrillville High School Building	\$ 15,516,685	\$ 2,653,986
Pierce Middle School Building	22,935,000	1,265,000
Intermediate and three elementary school buildings	64,305,000	760,000
Tax Anticipation Warrants	26,515,000	26,515,000
Common School Fund loans payable	1,029,809	369,974
Bonds payable:		
General obligation bonds:		
Pension Bonds of 2002	5,870,000	485,000
Pension Bonds of 2006	4,965,000	70,000
Total governmental activities long-term debt	<u>\$ 141,136,494</u>	<u>\$ 32,118,960</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
OTHER REPORT

The audit report presented herein was prepared in addition to the official report prepared for the individual School Corporation office listed below:

Merrillville High School

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

BANK RECONCILIATIONS

The bank reconciliations included numerous adjustments for items not posted in a timely manner. The following items were adjustments identified, but not corrected as of June 30, 2007:

1. \$163,412 in various reconciling adjustments had not been posted to the ledgers for over one year.
2. \$20,754 in interest on an investment account held by a fiscal agent has not been posted.
3. State distributions totaling \$72,546 had not been posted.
4. \$66,604 in High School deposits were incorrectly deposited into the Corporation bank account in January 2007 and had not been corrected.
5. Checks with issuance dates from 1999 through 2004, which total \$33,524 included in the outstanding check list, had not been receipted back into the records.

A similar comment appeared in the prior two audit reports.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All warrants or checks, outstanding and unpaid for a period of two or more years as of December 31 of each year, shall be declared void, Indiana Code 5-11-10.5-2. Not later than March 1 each year, the treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding, Indiana Code 5-11-10.5-3. The original is to be filed with the board of finance of the school corporation and the duplicate shall remain with the school corporation treasurer. Contents of the list shall be as required by Indiana Code 5-11-10.5-4.

The treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the General Fund, IC 5-11-10.5-5. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

RECEIPT ISSUANCE - RENTAL OF SCHOOL PROPERTY

Receipts were not issued and recorded at the time of the transaction for rental of school property. Two facility rental contract checks totaling \$4,910 were dated June 30, 2007. One check for \$3,700 was deposited October 20, 2007, and the other check for \$1,210 was deposited November 9, 2007. Neither of these checks had official receipts written nor were the checks posted as of November 19, 2007.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

Contracts for the rental of school property are not prenumbered; therefore, we could not verify the accountability for all rental revenue.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS - CLEARING FUND (Payroll)

The Clearing Fund has not been reconciled and the composition of the fund balance is unknown. As of June 30, 2007, \$930,868 of the \$1,266,385 cash balance in the Clearing Fund could not be traced and identified to a subsequent payment the following month. We noted that withholdings for employee health insurance were not transferred timely.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at June 30, 2006 and 2007:

Fund	2006	2007
Transportation Operating	\$ -	\$ 2,552
Debt Service	-	216,481
Textbook Rental	1,089,121	1,205,280
Adult Education	171,838	331,764
Graphic Arts	206	9,078
Title I Delinquent FY 03/04	-	22,746
Title II, Part A, FY 04/05	110,166	-
Title II, Part A, FY 05/06	-	26,020
Title II Improvement	41,043	-
Debt Retirement Severance Bond	116,854	218,611

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

OVERDRAWN APPROPRIATIONS

Records presented for audit indicated the following expenditures in excess of budgeted appropriations. Additional appropriations, approved by the Department of Local Government Finance, were not found to support the excess.

Fund	2005	2006
General	\$ 2,686	\$ -
Debt Service	364,296	333,199
Totals	\$ 366,982	\$ 333,199

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

While estimates of expenditures (Budget Form No. 1) are detailed by expenditure accounts within each program, appropriations (Budget Form No. 4) are made in total by programs and by funds. Disbursements from any program during the budget year are limited to the total amount appropriated for that program area unless additional appropriations are requested and approved. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CAPITAL ASSET RECORDS

Capital asset records were updated by an independent consultant as of June 30, 2006. The additions of capital assets for school year 2005-2006, as noted in the board minutes, including nine buses, a field public address system, a fork lift truck and TV monitors, totaling \$679,748 were not included in the report. Additions and deletions for school year 2006-2007 have not been updated in the capital asset records. The supplementary schedule of capital assets included in the supplementary information reflects the cost of assets as of June 30, 2006.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECEIPTS NOT DEPOSITED TIMELY (Applies to Fieler, Iddings, Miller, Salk, and Wood Elementary, Wellness Center, and Happy Moments Day Care)

Official receipts and textbook rental receipts were not always deposited within a reasonable time. Collections reviewed were held from fourteen days up to 101 days before depositing. A similar comment was noted in the prior two audit reports.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPTS NOT WRITTEN (Applies to Iddings and Salk Elementary,
Adult Education, Wellness Center, and School Lunch)

Money deposited in several instances was in excess of the total of the corresponding receipts. Therefore, receipts were not written for all money received. Deposits in excess of receipts ranged from \$63 to \$196. Additionally, 23 checks totaling \$1,341 at the Wellness Center were deposited without receipts being issued.

Receipts at the elementary schools were not issued for school lunch payments made by check or at the time the student remitted their payments to the teacher who then forwards the payments to the cafeteria. The receipt is written in the cafeteria and sent back to the student at a later time.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7) (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BOOKSTORE RECEIPTS NOT DEPOSITED (Applies to Pierce Middle School)

There were no deposits or receipts for the school years 2005-2006 and 2006-2007 for the operation of the Bookstore presented for audit. Purchases were made from cash collections. We were unable to verify the validity of the purchases because invoices or other documentation was not maintained.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

EDUCATIONAL EXPENSES (Applies to Fieler and Salk Elementary)

Musical instruments at Fieler Elementary School were paid for from the extra-curricular account.

Items such as workbooks, musical instruments, science, and office supplies at Salk Elementary School were paid for from the extra-curricular account.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

CONDITION OF RECORDS (Applies to Merrillville Intermediate School)

The extra-curricular ledger did not accurately reflect cash balances of the individual accounts because mathematical errors were made calculating receipts and disbursements.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

EXTRA-CURRICULAR EDUCATIONAL FEES (Applies to Pierce Middle School)

Fees for band, choir, and orchestra were not remitted to the School Corporation but were retained in the extra-curricular account.

All monies received for educational purposes, including those related to educational programs or facilities must be receipted to school corporation funds. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

INTERNAL CONTROLS OVER SCHOOL LUNCH PAYMENT SYSTEM (Applies to School Lunch Fund)

The School Corporation has not addressed accumulated unclaimed student school lunch balances. The unclaimed balances have been accumulating in the school lunch payment system since the system was put in place. The Food Service Clearing Fund had a cash balance of \$21,398 as of June 30, 2007.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Persons, companies or governmental units that have overpaid amounts to a governmental unit are entitled to a repayment or refund by check or warrant. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COLLECTION OF AMOUNTS DUE (Applies to Happy Moments Day Care)

A total of \$129,785.70 in day care fees as of June 1, 2007, was owed to the School Corporation. A review of the ledger shows many parents with balances that are continuously accumulating. There is currently no written policy regarding the process of collecting on the outstanding balances.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CREDIT CARD PROCESSING (Applies to Happy Moments Day Care and Adult Education)

The Adult Education Office processes batches of credit card payments. Adult Education in the current system is capable of selecting and running the day care credit card payments along with the adult education credit card payments. The Day Care credit card payments occasionally are included with the adult education credit card payments that are remitted to the School Corporate Office for posting. The Corporation does not post each individual credit card payment. Consequently, Day Care credit card payments being posted by the School Corporation Office as adult education credit card payments, rather than Day Care credit card payments.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

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

TO: THE OFFICIALS OF THE MERRILLVILLE COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Merrillville 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 non-compliance 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2007-1.

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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit, are described in the accompanying Corrective Action Plan 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, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 11, 2007

MERRILLVILLE 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		\$ 9,520	\$ 180,188
National School Lunch Program	10.555		827,917	1,019,462
Child and Adult Care Food Program	10.558		1,794	1,128
Total for cluster			839,231	1,200,778
Total for federal grantor agency			839,231	1,200,778
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
Allocation	84.010	05-4600	26,641	-
		06-4600	141,420	7,790
		07-4600	-	164,514
Delinquent		06-4600	56,638	223
		07-4600	-	94,190
School Improvement		07-4600	-	4,326
Total for program			224,699	271,043
Safe and Drug Free Schools and Communities - State Grants	84.186	03-161	1,173	-
		04-247	4,062	33
		05-071	-	3,834
		4600-06	-	837
Total for program			5,235	4,704
State Grants for Innovative Programs	84.298	03-239	56,124	-
		04-247	2,559	54,972
		05-109	-	44,825
		06-4600	-	35,773
Total for program			58,683	135,570
Education Technology State Grants	84.318	SY03-05	3,219	-
		SY04-06	3,561	-
Total for program			6,780	-
English Language Acquisition Grants	84.365	SY04-05	10,504	-
		SY05-06	12,859	4,588
		SY06-07	-	28,025
Total for program			23,363	32,613
Mathematics and Science Partnerships	84.366	MARK	-	54,000
Improving Teacher Quality State Grants	84.367	03-222	-	2,779
		04-200	83,749	-
		05-147	41,043	20,821
		06-4600	-	38,675
Total for program			124,792	62,275
Hurricane Education Recovery Displaced Students	84.938		27,750	26,250
Total for federal grantor agency			471,302	586,455
Total federal awards expended			\$ 1,310,533	\$ 1,787,233

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

MERRILLVILLE 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 the Merrillville 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. 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.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>FY 2005-2006</u>	<u>FY 2006-2007</u>
National School Lunch	10.555	<u>\$ 88,890</u>	<u>\$ 139,010</u>

MERRILLVILLE 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
Reportable conditions 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
Reportable conditions identified that are not considered to be material weaknesses?	yes

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-1, TITLE I - CASH MANAGEMENT

Federal Agency: Department of Education
Federal Programs: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Pass-through Entity: Indiana Department of Education

The School Corporation maintained excess cash balances, where the fund balance at month end exceeded the subsequent month's expenditures, for eleven months for the Title I Basic Grants, 16 months for the Title I Delinquent Grants, and six months for the Title I Improvement Grant for the period of July 1, 2005 to June 30, 2007.

The School Corporation certified on the Title I Cash Requests that "the amount of the estimated cash request will not result in a cash surplus greater than the estimated expenditures."

EDGAR 80.20(b)(7) states in part: "Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency."

Failure to comply with the requirement could cause the School Corporation to be deemed ineligible to receive federal awards in the future.

We recommended that the School Corporation design and properly monitor procedures that would ensure that federal funds are requested as needed and that they are disbursed in a timely manner.



**MERRILLVILLE COMMUNITY
SCHOOL CORPORATION**

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Ass't Superintendent

KIMBERLY J. FOX
Ass't To The Superintendent
Business Affairs

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Director Personnel

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Director Food Services

CAROL BENNETT
Public Information Officer

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Member

LINDA C. JONAITIS
Member

Summary Schedule of Prior Audit Findings

Finding Number: 2005-2

Finding Title: Late Filing of Report - Title I Grants to Local Educational Agencies

Contact Person: Janice Stojakovich

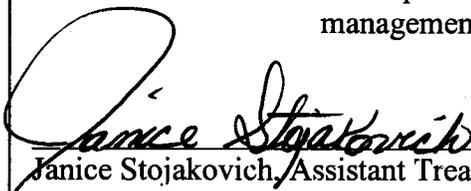
Corrective Action: We expect to continue to make progress with the filing of the quarterly Title I reports.

Finding Number: 2005-3

Finding Title: Cash Management

Contact Person: Janice Stojakovich

Corrective Action: We expect to continue to make progress with the cash management of Title I Grant.


Janice Stojakovich, Assistant Treasurer

November 19, 2007
Date



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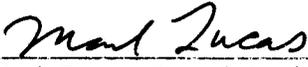
LINDA C. JONAITIS
Member

Finding Number: 2007-1

Finding Title: Cash Management, Title I

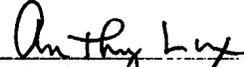
Contact Person: Janice Stojakovich

Correction Action: We have been paying teacher contracts out of the General Fund and making adjustments quarterly to charge Title I for salaries and benefits. We will now pay contracts out of Title I fund first and make adjustments as needed.



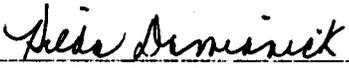
Mark Lucas, Board President

December 11, 2007
Date



Dr. Anthony Lux, Superintendent

December 11, 2007
Date



Hilda Darnianick, Treasurer

December 11, 2007
Date

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2007, with Mark S. Lucas, President of the School Board; Kimberly Fox, Assistant to the Superintendent of Business Affairs (Treasurer); Hilda Damianick, Business Manager (Treasurer); Janice Stojakovick, Acting Treasurer; and Dr. Anthony Lux, Superintendent of Schools. The official response has been made a part of this report and may be found on pages 77 through 87.



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Member

LINDA JONAITIS
Member

March 20, 2008

Indiana State Board of Accounts
302 W. Washington
4th Floor, Room E418
Indianapolis, IN 46204

Re: 2005-06 and 2006-07 Audit for Merrillville Community School
Corporation

Attached you will find our response to the findings of the 2005-06 and 2006-07 Audit for the Merrillville Community School Corporation. In addition to my response for the corporation, you will find the responses from either the treasurer/bookkeeper and/or principal from each of our schools. Thank you.

Sincerely,

Hilda Damianick *act*
Assistant to the Superintendent
for Business Affairs

att.

cc: State Board of Accounts
Porter County Government Center
155 Indiana Avenue
Valparaiso, IN 46383

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Finding Title: Bank Reconciliations

Comments: Corrections were made in accordance with the identified adjustments.

Outstanding checks for a period of two or more years as of December 31, 2007, have been declared void; amounts were deposited in appropriate fund.

Finding Title: Receipt Issuance – Rental of School Property

Comments: We will review our receipting procedures as well as review our tracking procedures for better accountability of rental revenue.

Finding Title: Condition of Records – Clearing Fund

Comments: We will be reconciling the clearing fund. The timeliness of insurance premium transfers will be reviewed.

Finding Title: Overdrawn Cash Balances

Comments: Tax rated funds have been overdrawn due to the lack of timely tax collections. Adjustments were made to the Title II, Part A, FY 04/05 and 05/06 and errors were corrected. We are addressing current procedures to try to prevent overdrawn funds on the non-tax rated funds and/or grants.

Finding Title: Capital Asset Records

Comments: Capital asset records will be updated by an independent consultant. We are also looking at implementing procedures which would result in more accurate inventory records.

Finding Title: Receipts Not Deposited Timely, Receipts Not Written, Bookstore Receipts Not Deposited, Educational Expenses, Condition of Records, ECA Fees, Collection of Amounts Due, Credit Card Processing

Comments: See attached comments.

Finding Title: Internal Controls Over School Lunch Payment System

Comments: Food Service Director is reviewing procedures so that pre-paid lunch balance is not as large of an amount.

H. Damianick

act

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Finding No: 2007-1, Title I – Cash Management

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Corrective Action: Salaries were being deducted on a quarterly basis.

However, that has been corrected and the amount for salaries is deducted every payroll from the Grant. Deducting salary amounts on a bi-weekly basis should prevent excess cash balances.

act *H. Damianick*

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-79-



Henry Fieler Elementary School

Lisa Patrick, Principal

Fieler School

Textbook rental will be deposited every Friday.

Target donations will be deposited into Student Activities to be spent on children.

Parents had sent in money for recorders for 4th grade students. That is why they were paid for out of special accounts, this will no longer happen as student recorders are now part of book rental fees.

Susan Wikman

HOMER IDDINGS SCHOOL

7249 Van Buren Street
MERRILLVILLE, IN 46410
650-5302

Mrs. Chris Foltz, Principal

In response to my exit interview –

It was reported that in two instances money deposited was greater than the total of the corresponding receipts indicating that receipts were not written for all money taken in. During the interview, I asked if all I had to do was compare receipt against deposit and was told that that is what I needed to do. Upon returning to my school I did just that with both years that were audited. I went through everything twice. In all cases, I do have a receipt to match every deposit made. I called Jan last Wednesday and left a message on her phone telling her what I did and asking if she could find out from the auditor anything more specific to help me resolve this. I have not heard from her yet.

This was my first audit. Since two (2) years were audited, it would have been very helpful if the auditor would have been more specific and told me what date or dates this deposit was made.

Denise Plys
Iddings



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EDGAR L. MILLER ELEMENTARY SCHOOL

5901 WAITE STREET
MERRILLVILLE, INDIANA 46410
PHONE (219) 650-5303
FAX (219) 650-5431

KATHLEEN MARTIN, PRINCIPAL

December 17, 2007

To whom it may concern:

I, Hannelore McDonald, Secretary and Treasurer of Edgar Miller Elementary School, will concur with the findings of the State Board of Accounts. (Making bank deposits in a timely manner.)

Hannelore McDonald

JONAS E. SALK ELEMENTARY SCHOOL



3001 West 77th Avenue
Merrillville, Indiana 46410
Phone (219) 650-5304
Fax (219) 650-5442

Kara Bonin, Principal

1. Educational Expenses – The workbooks that were paid out of the extracurricular account were paid for by the parents to be used during the summer months when there was no school, as Summer School had been cancelled. We just collected the payments and sent a check for that amount to Sharp School, and then distributed to the students when they came in.
2. We will not use the extracurricular for anything that should be accounted for in the Corporation records in the future.

Deposits- All deposits will be made in a timely fashion.

Sincerely

A handwritten signature in cursive script that reads 'Billie Watson'.

Billie Watson
Secretary to Principal
Jonas E. Salk Elementary School



Merrillville Intermediate School

1400 West 61st Avenue
Merrillville, IN 46410
Telephone (219) 650-5306
Fax (219) 650-5463

Shirley Renner, Principal
Sandra Collins, Ass't. Principal
Randall Horka, Ass't. Principal

December 14, 2007

RE: State Board of Accounts Audit

To Whom It May Concern:

Renee Greene and I are both fairly new at working school budget issues. After the New Year, Renee will be finishing up on some additional training so that we can keep running balances in the computer for my reference.

She will also do some follow-up for disbursements/possible overpayments identified in exiting interview report, striving for increased supporting documentation of payments in the future.

Sincerely,

Shirley Renner
Principal, MIS

CLIFFORD PIERCE MIDDLE SCHOOL

"We Strive for Excellence"

Jeffrey Wood
Assistant Principal

Paul McKinney
Principal

Marnita Taylor
Assistant to Principal

Response to State Board of Accounts

12-17-07

ECA Educational Fees

I have spoken to Jan Stojakovich, Assistant Head Treasurer, and we will devise a way to deposit monies to the School Corporation and then distribute to the individual funds.

Personal Expenses

The office vending machine proceeds will continue to be receipted to the General Office Fund. However, the hallway vending machine proceeds will go to the Student Activity Fund.

Bookstore Receipts Not Deposited

The teacher responsible for the lack of receipts is no longer at Pierce. The new sponsor of the bookstore has been extensively trained in the proper money handling procedures. I have gone over these procedures with additional teachers in the building to prevent this from happening again. We have also started using SA-8 and SA-9 forms for a more accountable system for receipting of all monies.

Investment in Certificates of Deposits

I will be using the General Form Number 350 for a record of investment activity.

Paul McKinney, Principal

Kim Kolbert, Treasurer



MERRILLVILLE COMMUNITY SCHOOL CORPORATION

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Member

December 17, 2007

To Whom It May Concern:

RE: STATE BOARD OF ACCOUNTS AUDIT

RECEIPT ISSUANCE -ADULT EDUCATION

For the September 1, 2006, deposit, \$196 more was deposited than receipts written.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Receipts will be issued and recorded at the time of transaction when payments are made in person. The community education program also receives a large number of payments by check through the mail. These checks will be deposited and received within two days of receiving payment.

DEPOSITS -DAY CARE

Deposits were made up to 14 days after the collections were received.

IC 5-13-6-1(c) states in part: "...all local officers. ...who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the. ...local boards of finance. ..."

Deposits will be made not later than the business day following the receipt of funds, and the deposit will be made on the same date as the deposit slip is written.

COLLECTION OF AMOUNTS DUE -DAY CARE

We noted as of June 1, 2007 a total of \$129,785.70 was uncollected. A review of the ledger shows many parents with balances that are growing. There is currently no written policy regarding what point they beginning collecting on the outstanding balances.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra- Curricular Accounts, Chapter 7)

Written policies are in place regarding collecting on outstanding balances, as well as turning delinquent accounts over to the corporation's attorney for collections. The

Suspension notice is sent to the parent/guardian after two missed payments. If payment is not received within seven days, the child is suspended from the program. In addition, if payment is still not received within (30) days, the account is turned over to the collection attorney. (See attached Suspension Notice and Final Demand Letters).

It should also be noted that the uncollected balance of \$129,785.70 reflects the \$23,568 of receipts not deposited during 2005-2006 due to misappropriations by a former daycare employee as documented in the State Board of Accounts Examination Report filed 08/16/07.

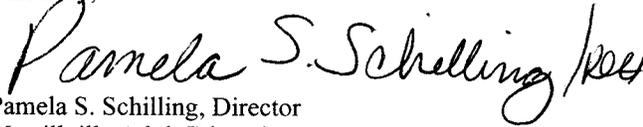
CONDITION OF RECORDS –Day Care

The Adult Education office runs batches on the credit card payments that they take in. In the current system they have they are capable of selecting and running day care credit payments along with their own payments. It is not their policy to run day care credit cards with their report but on occasion they are accidentally selected. When selected the day care credit card payments are included in with the adult education total credit card payments that are turned into the corporate office. The corporation does not post each individual credit card payment just the batch. This means that anytime adult education batches out day care credit card payments they are posted by the corporate office for adult education.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The current procedure for entering credit card payments for both the adult education and daycare programs require the processors to access the virtual terminal under the same merchant ID number. In order to ensure that payments are not inadvertently posted for the wrong program. The steps needed to obtain separate merchant ID numbers will be implemented ASAP.

Sincerely,

Handwritten signature of Pamela S. Schilling in cursive script, followed by a date '1/24'.

Pamela S. Schilling, Director
Merrillville Adult Education
and Community Relations

PSS/rlh