

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

EXAMINATION REPORT  
OF  
SIGNATURE SCHOOL, INC.  
VANDERBURGH COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**  
05/02/2008



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OFFICIALS

Office

Official

Term

Treasurer

Susan Parsons

07-01-05 to 06-30-08

President of the  
Governance Board

Robert Koch II

07-01-05 to 06-30-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SIGNATURE SCHOOL, INC., VANDERBURGH COUNTY, INDIANA

We have examined the financial information presented herein of the Signature School, Inc. (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

February 11, 2008

SIGNATURE SCHOOL, INC.  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 944,464	\$ -	\$ 5,995	\$ (938,469)
Support services	830,460	35,585	683	(794,192)
Debt service	635,000	-	-	(635,000)
Total governmental activities	<u>\$ 2,409,924</u>	<u>\$ 35,585</u>	<u>\$ 6,678</u>	<u>(2,367,661)</u>
General receipts:				
Property taxes				532,964
Other local sources				32,705
State aid				1,234,793
Bonds and loans				560,000
Grants and contributions not restricted to specific programs				14,855
Sale of property, adjustments, and refunds				964
Investment earnings				644
Total general receipts				<u>2,376,925</u>
Change in net assets				9,264
Net assets - beginning				<u>41,930</u>
Net assets - ending				<u>\$ 51,194</u>
<u>Assets</u>				
Cash and investments				<u>\$ 51,194</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 51,194</u>

The accompanying notes are an integral part of the financial information.

SIGNATURE SCHOOL, INC.  
SCHEDULE 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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 936,429	\$ -	\$ 5,925	\$ (930,504)
Support services	884,339	29,302	570	(854,467)
Nonprogrammed charges	1,500	-	-	(1,500)
Debt service	<u>170,476</u>	<u>-</u>	<u>-</u>	<u>(170,476)</u>
Total governmental activities	<u>\$ 1,992,744</u>	<u>\$ 29,302</u>	<u>\$ 6,495</u>	<u>(1,956,947)</u>
General receipts:				
Property taxes				552,482
Other local sources				58,988
State aid				1,215,071
Bonds and loans				160,000
Grants and contributions not restricted to specific programs				14,193
Sale of property, adjustments, and refunds				4,468
Investment earnings				<u>2,585</u>
Total general receipts				<u>2,007,787</u>
Change in net assets				50,840
Net assets - beginning				<u>51,194</u>
Net assets - ending				<u>\$ 102,034</u>
<u>Assets</u>				
Cash and investments				<u>\$ 102,034</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 102,034</u>

The accompanying notes are an integral part of the financial information.

SIGNATURE SCHOOL, INC.  
SCHEDULE 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	Textbook Rental	Title II, Part A	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 563,794	\$ 35,584	\$ -	\$ 2,520	\$ 601,898
State sources	1,241,133	683	-	-	1,241,816
Federal sources	-	-	13,785	725	14,510
Bonds and loans	560,000	-	-	-	560,000
Sale of property, adjustments and refunds	964	-	-	-	964
<b>Total receipts</b>	<b>2,365,891</b>	<b>36,267</b>	<b>13,785</b>	<b>3,245</b>	<b>2,419,188</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	898,110	46,160	97	97	944,464
Support services	801,662	-	18,047	10,751	830,460
Debt services	635,000	-	-	-	635,000
<b>Total disbursements</b>	<b>2,334,772</b>	<b>46,160</b>	<b>18,144</b>	<b>10,848</b>	<b>2,409,924</b>
Excess (deficiency) of receipts over disbursements	31,119	(9,893)	(4,359)	(7,603)	9,264
Cash and investments - beginning	(9,745)	24,094	15,970	11,611	41,930
Cash and investments - ending	<u>\$ 21,374</u>	<u>\$ 14,201</u>	<u>\$ 11,611</u>	<u>\$ 4,008</u>	<u>\$ 51,194</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 21,374</u>	<u>\$ 14,201</u>	<u>\$ 11,611</u>	<u>\$ 4,008</u>	<u>\$ 51,194</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 21,374</u>	<u>\$ 14,201</u>	<u>\$ 11,611</u>	<u>\$ 4,008</u>	<u>\$ 51,194</u>

The accompanying notes are an integral part of the financial information.

SIGNATURE SCHOOL, INC.  
SCHEDULE 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	Textbook Rental	Title II, Part A	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 614,006	\$ 29,302	\$ -	\$ 49	\$ 643,357
State sources	1,220,996	570	-	-	1,221,566
Federal sources	-	-	12,844	1,349	14,193
Bonds and loans	160,000	-	-	-	160,000
Sale of property, adjustments and refunds	4,468	-	-	-	4,468
<b>Total receipts</b>	<b>1,999,470</b>	<b>29,872</b>	<b>12,844</b>	<b>1,398</b>	<b>2,043,584</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	916,199	20,230	-	-	936,429
Support services	861,286	-	22,203	850	884,339
Nonprogrammed charges	-	-	-	1,500	1,500
Debt services	170,476	-	-	-	170,476
<b>Total disbursements</b>	<b>1,947,961</b>	<b>20,230</b>	<b>22,203</b>	<b>2,350</b>	<b>1,992,744</b>
Excess (deficiency) of receipts over disbursements	51,509	9,642	(9,359)	(952)	50,840
Cash and investments - beginning	21,374	14,201	11,611	4,008	51,194
Cash and investments - ending	<u>\$ 72,883</u>	<u>\$ 23,843</u>	<u>\$ 2,252</u>	<u>\$ 3,056</u>	<u>\$ 102,034</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 72,883</u>	<u>\$ 23,843</u>	<u>\$ 2,252</u>	<u>\$ 3,056</u>	<u>\$ 102,034</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 72,883</u>	<u>\$ 23,843</u>	<u>\$ 2,252</u>	<u>\$ 3,056</u>	<u>\$ 102,034</u>

The accompanying notes are an integral part of the financial information.

SIGNATURE SCHOOL, INC.  
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND  
CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ 3,000
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 3,000
Net assets:	
Cash and investments	\$ 3,000
Total net assets - cash and investment basis held in trust	\$ 3,000

The accompanying notes are an integral part of the financial information.

SIGNATURE SCHOOL, INC.  
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND  
CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>1,100</u>
Deductions:	
Administrative and general	<u>789</u>
Excess of total additions over total deductions	311
Cash and investment fund balance - beginning	<u>3,000</u>
Cash and investment fund balance - ending	<u>\$ <u>3,311</u></u>
Net assets:	
Cash and investments	<u>\$ <u>3,311</u></u>
Total net assets - cash and investment basis held in trust	<u>\$ <u>3,311</u></u>

The accompanying notes are an integral part of the financial information.

SIGNATURE SCHOOL, INC.  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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 under Indiana Code 20-5-5. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules 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 Schedules

Fund financial schedules 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 schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules. 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 textbook rental fund accounts for all receipts of fees collected for rent of textbooks and workbooks furnished to students; also, to record all disbursements for purchase of textbooks.

The title II, part a fund accounts for all receipts and disbursements for title II grant funds for improving teaching quality, no child left behind.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust funds report a trust arrangement under which principal and income benefit the charter school.

SIGNATURE SCHOOL, INC.  
NOTES TO FINANCIAL INFORMATION  
(Continued)

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial schedules 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 schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules 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 schedules. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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

SIGNATURE SCHOOL, INC.  
NOTES TO FINANCIAL INFORMATION  
(Continued)

(determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

SIGNATURE SCHOOL, INC.  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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.

SIGNATURE SCHOOL, INC.  
 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

	Scholarship	Non-English Speaking Program	P.L. 107-110 Title V, Part A	Drug Free Schools	Other Federal Programs	Totals
<b>Receipts:</b>						
Local sources	\$ 2,520	\$ -	\$ -	\$ -	\$ -	\$ 2,520
Federal sources	-	-	725	-	-	725
<b>Total receipts</b>	<b>2,520</b>	<b>-</b>	<b>725</b>	<b>-</b>	<b>-</b>	<b>3,245</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	97	-	-	97
Support services	-	-	200	74	10,477	10,751
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>297</b>	<b>74</b>	<b>10,477</b>	<b>10,848</b>
Excess (deficiency) of receipts over disbursements	2,520	-	428	(74)	(10,477)	(7,603)
Cash and investments - beginning	-	24	1,036	74	10,477	11,611
Cash and investments - ending	<u>\$ 2,520</u>	<u>\$ 24</u>	<u>\$ 1,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,008</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 2,520</u>	<u>\$ 24</u>	<u>\$ 1,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,008</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 2,520</u>	<u>\$ 24</u>	<u>\$ 1,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,008</u>

SIGNATURE SCHOOL, INC.  
 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

	Scholarship	Non-English Speaking Program	P.L. 107-110 Title V, Part A	Drug Free Schools	Totals
<b>Receipts:</b>					
Local sources	\$ 49	\$ -	\$ -	\$ -	\$ 49
Federal sources	-	-	355	994	1,349
<b>Total receipts</b>	<b>49</b>	<b>-</b>	<b>355</b>	<b>994</b>	<b>1,398</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Support services	-	-	808	42	850
Nonprogrammed charges	1,500	-	-	-	1,500
<b>Total disbursements</b>	<b>1,500</b>	<b>-</b>	<b>808</b>	<b>42</b>	<b>2,350</b>
Excess (deficiency) of receipts over disbursements	(1,451)	-	(453)	952	(952)
Cash and investments - beginning	2,520	24	1,464	-	4,008
Cash and investments - ending	<u>\$ 1,069</u>	<u>\$ 24</u>	<u>\$ 1,011</u>	<u>\$ 952</u>	<u>\$ 3,056</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	<u>\$ 1,069</u>	<u>\$ 24</u>	<u>\$ 1,011</u>	<u>\$ 952</u>	<u>\$ 3,056</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Unrestricted	<u>\$ 1,069</u>	<u>\$ 24</u>	<u>\$ 1,011</u>	<u>\$ 952</u>	<u>\$ 3,056</u>

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

	Instructional Support	Scholarship and Awards	Passport	Totals
Additions:				
Contributions:				
Other	\$ 1,000	\$ 100	\$ -	\$ 1,100
Deductions:				
Administrative and general	643	-	146	789
Excess (deficiency) of total additions over total deductions	357	100	(146)	311
Cash and investment fund balance - beginning	-	-	3,000	3,000
Cash and Investments - June 30	<u>\$ 357</u>	<u>\$ 100</u>	<u>\$ 2,854</u>	<u>\$ 3,311</u>
Net assets:				
Cash and investments	\$ 357	\$ 100	\$ 2,854	\$ 3,311
Total net assets - cash and investment basis held in trust	<u>\$ 357</u>	<u>\$ 100</u>	<u>\$ 2,854</u>	<u>\$ 3,311</u>

SIGNATURE SCHOOL, INC.  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 209,398</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 209,398</u></u>

SIGNATURE SCHOOL, INC.  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable:		
Common School Loan	\$ 97,691	\$ 9,323
Total governmental activities debt	<u>\$ 97,691</u>	<u>\$ 9,323</u>

SIGNATURE SCHOOL, INC.  
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2008, with Susan Parsons, Treasurer. Our examination disclosed no material items that warrant comment at this time.