

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

AUDIT REPORT
OF
MITCHELL COMMUNITY SCHOOLS
LAWRENCE COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
02/15/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathy J. Kirk	07-01-07 to 06-30-10
Superintendent of Schools	John W. Lantis	07-01-05 to 06-30-13
President of the School Board	Christopher S. Shaw	07-01-06 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE MITCHELL COMMUNITY SCHOOLS, LAWRENCE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mitchell Community Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 January 18, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 18, 2010



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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 MITCHELL COMMUNITY SCHOOLS, LAWRENCE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mitchell Community Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the School Corporation's management, the Board of School Trustees, 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

January 18, 2010

MITCHELL COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 9,113,751	\$ -	\$ 189,756	\$ (8,923,995)
Support services	5,297,312	272,355	386,133	(4,638,824)
Noninstructional services	656,210	-	-	(656,210)
Facilities acquisition and construction	48,971	-	-	(48,971)
Debt service	3,013,994	-	-	(3,013,994)
Nonprogrammed charges	426,863	-	-	(426,863)
Total governmental activities	<u>\$ 18,557,101</u>	<u>\$ 272,355</u>	<u>\$ 575,889</u>	<u>(17,708,857)</u>
General receipts:				
Property taxes				5,168,636
Other local sources				1,572,743
State aid				9,175,333
Grants and contributions not restricted to specific programs				487,865
Sale of property				742
Investment earnings				63,294
Other				300
Total general receipts				<u>16,468,913</u>
Change in net assets				(1,239,944)
Net assets - beginning				<u>5,338,989</u>
Net assets - ending				<u>\$ 4,099,045</u>
<u>Assets</u>				
Cash and investments				\$ 4,070,132
Restricted assets:				
Cash and investments				<u>28,913</u>
Total assets				<u>\$ 4,099,045</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 28,913
Unrestricted				<u>4,070,132</u>
Total net assets				<u>\$ 4,099,045</u>

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

MITCHELL COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 8,893,614	\$ -	\$ 251,461	\$ (8,642,153)
Support services	6,010,783	265,325	380,930	(5,364,528)
Noninstructional services	640,303	-	-	(640,303)
Facilities acquisition and construction	163,148	-	-	(163,148)
Debt service	3,166,174	-	-	(3,166,174)
Nonprogrammed charges	714,831	-	-	(714,831)
Total governmental activities	<u>\$ 19,588,853</u>	<u>\$ 265,325</u>	<u>\$ 632,391</u>	<u>(18,691,137)</u>
General receipts:				
Property taxes				5,977,999
Other local sources				1,549,377
State aid				9,918,140
Grants and contributions not restricted to specific programs				1,524,793
Sale of property				141,001
Investment earnings				32,200
Other				950
Total general receipts				<u>19,144,460</u>
Change in net assets				453,323
Net assets - beginning				<u>4,099,045</u>
Net assets - ending				<u>\$ 4,552,368</u>
<u>Assets</u>				
Cash and investments				\$ 4,551,381
Restricted assets:				
Cash and investments				<u>987</u>
Total assets				<u>\$ 4,552,368</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 987
Unrestricted				<u>4,551,381</u>
Total net assets				<u>\$ 4,552,368</u>

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

MITCHELL COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Debt Service	Other	Totals
Receipts:				
Local sources	\$ 2,372,544	\$ 2,983,981	\$ 1,720,023	\$ 7,076,548
Intermediate sources	482	-	-	482
State sources	9,330,585	-	211,957	9,542,542
Federal sources	8,350	-	688,193	696,543
Interfund loans	227,244	101,752	-	328,996
Other	-	-	300	300
	<u>11,939,205</u>	<u>3,085,733</u>	<u>2,620,473</u>	<u>17,645,411</u>
Disbursements:				
Current:				
Instruction	8,590,895	-	522,856	9,113,751
Support services	3,646,405	-	1,650,907	5,297,312
Noninstructional services	76,940	-	579,270	656,210
Facilities acquisition and construction	-	-	48,971	48,971
Debt services	-	2,765,750	248,244	3,013,994
Nonprogrammed charges	426,170	-	693	426,863
Interfund loans	101,752	227,244	-	328,996
	<u>12,842,162</u>	<u>2,992,994</u>	<u>3,050,941</u>	<u>18,886,097</u>
Excess (deficiency) of receipts over disbursements	<u>(902,957)</u>	<u>92,739</u>	<u>(430,468)</u>	<u>(1,240,686)</u>
Other financing sources (uses):				
Sale of capital assets	742	-	-	742
Transfers in	4,000	-	227,237	231,237
Transfers out	(117,687)	(92,739)	(20,811)	(231,237)
	<u>(112,945)</u>	<u>(92,739)</u>	<u>206,426</u>	<u>742</u>
Deficiency of receipts and other financing sources over disbursements and other financing uses	<u>(1,015,902)</u>	<u>-</u>	<u>(224,042)</u>	<u>(1,239,944)</u>
Cash and investments - beginning	<u>3,962,251</u>	<u>-</u>	<u>1,376,738</u>	<u>5,338,989</u>
Cash and investments - ending	<u>\$ 2,946,349</u>	<u>\$ -</u>	<u>\$ 1,152,696</u>	<u>\$ 4,099,045</u>
Cash and Investment Assets - Ending				
Cash and investments	\$ 2,946,349	\$ -	\$ 1,123,783	\$ 4,070,132
Restricted assets:				
Cash and investments	-	-	28,913	28,913
Total cash and investment assets - ending	<u>\$ 2,946,349</u>	<u>\$ -</u>	<u>\$ 1,152,696</u>	<u>\$ 4,099,045</u>
Cash and Investment Fund Balance - Ending				
Restricted for:				
Debt service	\$ -	\$ -	\$ 28,913	\$ 28,913
Unrestricted	<u>2,946,349</u>	<u>-</u>	<u>1,123,783</u>	<u>4,070,132</u>
Total cash and investment fund balance - ending	<u>\$ 2,946,349</u>	<u>\$ -</u>	<u>\$ 1,152,696</u>	<u>\$ 4,099,045</u>

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

MITCHELL COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Fiscal Stabilization- Education Stimulus	Debt Service	Other	Totals
Receipts:					
Local sources	\$ 2,837,347	\$ -	\$ 2,390,026	\$ 2,597,528	\$ 7,824,901
State sources	10,135,099	-	-	196,853	10,331,952
Federal sources	(9,813)	1,027,141	-	726,044	1,743,372
Interfund loans	101,752	-	570,000	53,000	724,752
Other	-	-	-	950	950
Total receipts	13,064,385	1,027,141	2,960,026	3,574,375	20,625,927
Disbursements:					
Current:					
Instruction	8,175,625	321,890	-	396,099	8,893,614
Support services	3,288,801	94,754	-	2,627,228	6,010,783
Noninstructional services	16,927	3,011	-	620,365	640,303
Facilities acquisition and construction	-	-	-	163,148	163,148
Debt services	-	-	2,858,125	308,049	3,166,174
Nonprogrammed charges	714,831	-	-	-	714,831
Interfund loans	623,000	-	101,752	-	724,752
Total disbursements	12,819,184	419,655	2,959,877	4,114,889	20,313,605
Excess (deficiency) of receipts over disbursements	245,201	607,486	149	(540,514)	312,322
Other financing sources (uses):					
Sale of capital assets	141,001	-	-	-	141,001
Transfers in	-	-	-	216,556	216,556
Transfers out	(166,473)	-	-	(50,083)	(216,556)
Total other financing sources (uses)	(25,472)	-	-	166,473	141,001
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	219,729	607,486	149	(374,041)	453,323
Cash and investments - beginning	2,946,349	-	-	1,152,696	4,099,045
Cash and investments - ending	<u>\$ 3,166,078</u>	<u>\$ 607,486</u>	<u>\$ 149</u>	<u>\$ 778,655</u>	<u>\$ 4,552,368</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 3,166,078	\$ 607,486	\$ -	\$ 777,817	\$ 4,551,381
Restricted assets:					
Cash and investments	-	-	149	838	987
Total cash and investment assets - ending	<u>\$ 3,166,078</u>	<u>\$ 607,486</u>	<u>\$ 149</u>	<u>\$ 778,655</u>	<u>\$ 4,552,368</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ 149	\$ 838	\$ 987
Unrestricted	3,166,078	607,486	-	777,817	4,551,381
Total cash and investment fund balance - ending	<u>\$ 3,166,078</u>	<u>\$ 607,486</u>	<u>\$ 149</u>	<u>\$ 778,655</u>	<u>\$ 4,552,368</u>

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

MITCHELL COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund	Private-Purpose Trust Funds
Cash and investment fund balance - beginning	\$ 59,451	\$ 707
Cash and investment fund balance - ending	\$ 59,451	\$ 707
Net assets:		
Cash and investments	\$ 59,451	\$ 707
Total net assets - cash and investment basis held in trust	\$ 59,451	\$ 707

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

MITCHELL COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Fund	Private-Purpose Trust Funds
Cash and investment fund balance - beginning	\$ 59,451	\$ 707
Cash and investment fund balance - ending	\$ 59,451	\$ 707
Net assets:		
Cash and investments	\$ 59,451	\$ 707
Total net assets - cash and investment basis held in trust	\$ 59,451	\$ 707

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

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Mitchell Community Schools

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

Joint Ventures

The School Corporation is a participant with six other school corporations in a joint venture to operate the Orange, Lawrence, Jackson, Martin, and Greene Counties Co-op which was created to provide instruction for exceptional children. The School Corporation is obligated by contract to annually remit funds sufficient to cover its proportionate share of expenses to supplement the Co-op. Complete financial statements for the Co-op can be obtained from the joint venture's administrative office at 460 "W" Street, P.O. Box 729, Bedford, IN 47421-0729.

The School Corporation is a participant with several other school corporations in a joint venture to operate Southern Indiana Education Interlocal which was created to provide services and supplies. The Southern Indiana Education Interlocal's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Southern Indiana Education Interlocal can be obtained from the joint venture's administrative office at 1102 Tree Lane Road, Jasper, IN 47546.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. 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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the Retirement/Severance Bond Fund which accumulates resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit 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.

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.

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Not all property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Program Receipts

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

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 reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
2. 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.

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.

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Disbursements in Excess of Appropriations

For the years ended June 30, 2008 and 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2008	2009
Special Education Preschool	\$ 47,959	\$ -
Retirement/Severance Bond	-	59,451
Totals	\$ 47,959	\$ 59,451

These disbursements were funded by available fund balances.

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$6,049,782.

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

B. Interfund Transfers

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

Transfer From	Transfer To	2008	2009
General Fund	Other governmental funds	\$ 117,667	\$ 166,473
Debt Service	Other governmental funds	92,739	-
Other governmental funds	General Fund	4,000	-
	Other governmental funds	16,811	50,083
Totals		\$ 231,217	\$ 216,556

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

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

B. Holding Corporations

The School Corporation has entered into capital leases with the Mitchell Multi School Building Corporation, the Mitchell Elementary School Building Corporation and the Mitchell School Building Corporation. The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the two years ending June 30, 2006 and 2007 totaled \$3,520,000.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The Mitchell Community Schools healthcare plan is a single-employer defined benefit healthcare plan administered by the School Board. The plan provides medical benefits to eligible retirees and their spouses. IC 5-10-08 assigns the authority to establish and amend benefit provisions to the School Corporation. The financial activity of this plan is included in these financial statements.

Funding Policy

The contribution requirements of plan members for the Mitchell Community Schools healthcare plan are established by the Mitchell Community Schools Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the School Corporation contributed \$66,324 to the plan for current premiums. Plan members receiving benefits contributed \$25,277 through their required contribution of \$104 per month for retiree-only coverage and \$409 for retiree and spouse coverage.

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 84,384
Interest on net pension obligation	(1,239)
Adjustment to annual required contribution	1,412
Annual pension cost	84,557
Contributions made	26,397
Increase in net pension obligation	58,160
Net pension obligation, beginning of year	(17,089)
Net pension obligation, end of year	\$ 41,071

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-09
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-07	\$ 17,723	232%	\$ (67,211)
	06-30-08	81,377	38%	(17,089)
	06-30-09	84,577	31%	47,071

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

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

MITCHELL COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2006, were \$233,414, \$212,413, and \$178,045, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

MITCHELL COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 117,382	\$ 803,857	\$ (686,475)	15%	\$ 481,276	(143%)
07-01-07	155,857	868,437	(712,580)	18%	477,896	(149%)
07-01-08	196,908	953,872	(756,964)	21%	464,259	(163%)

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Transportation Operating	Special Education Pre-School	School Lunch	Textbook Rental	Education License Plates	Early Intervention Grant
Receipts:						
Local sources	\$ 697,721	\$ 7,319	\$ 268,182	\$ 252,534	\$ 75	\$ -
State sources	-	81,253	8,350	56,006	-	30,000
Federal sources	-	-	321,777	-	-	-
Other	-	-	300	-	-	-
Total receipts	697,721	88,572	598,609	308,540	75	30,000
Disbursements:						
Current:						
Instruction	-	160,093	-	-	-	-
Support services	890,923	-	591	223,322	-	15,000
Noninstructional services	-	-	579,186	-	-	-
Facilities acquisition and construction	-	-	3,690	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	806	(113)	-
Total disbursements	890,923	160,093	583,467	224,128	(113)	15,000
Excess (deficiency) of receipts over disbursements	(193,202)	(71,521)	15,142	84,412	188	15,000
Other financing sources (uses):						
Transfers in	92,739	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	92,739	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(100,463)	(71,521)	15,142	84,412	188	15,000
Cash and investments - beginning	318,439	87,758	178,431	81,162	506	-
Cash and investments - ending	<u>\$ 217,976</u>	<u>\$ 16,237</u>	<u>\$ 193,573</u>	<u>\$ 165,574</u>	<u>\$ 694</u>	<u>\$ 15,000</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 217,976	\$ 16,237	\$ 193,573	\$ 165,574	\$ 694	\$ 15,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 217,976	\$ 16,237	\$ 193,573	\$ 165,574	\$ 694	\$ 15,000
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>217,976</u>	<u>16,237</u>	<u>193,573</u>	<u>165,574</u>	<u>694</u>	<u>15,000</u>
Total cash and investment fund balance - ending	\$ 217,976	\$ 16,237	\$ 193,573	\$ 165,574	\$ 694	\$ 15,000

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Gifted/ Talented 2006-2007	Gifted/ Talented 2007-2008	Non-English Speaking Program	School Technology Fund	Technology Grant Equipment	Incentive Award
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	34,502	-	-	1,846	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	34,502	-	-	1,846	-
Disbursements:						
Current:						
Instruction	2,314	34,502	-	-	-	-
Support services	-	-	34	117,663	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,314	34,502	34	117,663	-	-
Excess (deficiency) of receipts over disbursements	(2,314)	-	(34)	(117,663)	1,846	-
Other financing sources (uses):						
Transfers in	-	-	-	117,663	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	117,663	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,314)	-	(34)	-	1,846	-
Cash and investments - beginning	2,314	-	34	-	-	4,994
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ 4,994</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 1,846	\$ 4,994
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ 4,994</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	1,846	4,994
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ 4,994</u>

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Cape Grant MJHS	Cape Grant Burris	Cape Grant Hatfield	Cape Grant MHS	Title I 2006-2007	Title I 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	33,000	266,419
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	33,000	266,419
Disbursements:						
Current:						
Instruction	61	-	3,417	-	68,059	199,089
Support services	941	2	6,067	676	21,000	19,583
Noninstructional services	-	-	-	-	-	84
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	1,002	2	9,484	676	89,059	218,756
Excess (deficiency) of receipts over disbursements	(1,002)	(2)	(9,484)	(676)	(56,059)	47,663
Other financing sources (uses):						
Transfers in	-	-	-	-	-	16,835
Transfers out	-	-	-	-	(16,811)	(4,000)
Total other financing sources (uses)	-	-	-	-	(16,811)	12,835
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,002)	(2)	(9,484)	(676)	(72,870)	60,498
Cash and investments - beginning	2,677	2	24,049	676	76,894	-
Cash and investments - ending	\$ 1,675	\$ -	\$ 14,565	\$ -	\$ 4,024	\$ 60,498
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,675	\$ -	\$ 14,565	\$ -	\$ 4,024	\$ 60,498
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,675	\$ -	\$ 14,565	\$ -	\$ 4,024	\$ 60,498
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,675	-	14,565	-	4,024	60,498
Total cash and investment fund balance - ending	\$ 1,675	\$ -	\$ 14,565	\$ -	\$ 4,024	\$ 60,498

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title V, Part A 2005-2006	Title V Part A 2006-2007	Title IV	Drug Free School 2006-2007	Drug Free School 2007-2008	School To Career
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	530	2,800	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>530</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	322	-
Support services	-	-	5	9,111	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>5</u>	<u>9,111</u>	<u>322</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>530</u>	<u>2,800</u>	<u>(5)</u>	<u>(9,111)</u>	<u>(322)</u>	<u>-</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>530</u>	<u>2,800</u>	<u>(5)</u>	<u>(9,111)</u>	<u>(322)</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>203</u>	<u>5</u>	<u>9,111</u>	<u>7,230</u>	<u>67</u>
Cash and investments - ending	<u>\$ 530</u>	<u>\$ 3,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,908</u>	<u>\$ 67</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 530	\$ 3,003	\$ -	\$ -	\$ 6,908	\$ 67
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 530</u>	<u>\$ 3,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,908</u>	<u>\$ 67</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>530</u>	<u>3,003</u>	<u>-</u>	<u>-</u>	<u>6,908</u>	<u>67</u>
Total cash and investment fund balance - ending	<u>\$ 530</u>	<u>\$ 3,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,908</u>	<u>\$ 67</u>

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Class Size Reduction	Retirement/ Severance Bond	Capital Projects	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ 197,100	\$ 172,426	\$ 124,666	\$ 1,720,023
State sources	-	-	-	-	211,957
Federal sources	63,667	-	-	-	688,193
Other	-	-	-	-	300
Total receipts	63,667	197,100	172,426	124,666	2,620,473
Disbursements:					
Current:					
Instruction	54,999	-	-	-	522,856
Support services	-	-	345,989	-	1,650,907
Noninstructional services	-	-	-	-	579,270
Facilities acquisition and construction	-	-	45,281	-	48,971
Debt services	-	248,244	-	-	248,244
Nonprogrammed charges	-	-	-	-	693
Total disbursements	54,999	248,244	391,270	-	3,050,941
Excess (deficiency) of receipts over disbursements	8,668	(51,144)	(218,844)	124,666	(430,468)
Other financing sources (uses):					
Transfers in	-	-	-	-	227,237
Transfers out	-	-	-	-	(20,811)
Total other financing sources (uses)	-	-	-	-	206,426
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,668	(51,144)	(218,844)	124,666	(224,042)
Cash and investments - beginning	1,020	80,057	448,764	52,345	1,376,738
Cash and investments - ending	<u>\$ 9,688</u>	<u>\$ 28,913</u>	<u>\$ 229,920</u>	<u>\$ 177,011</u>	<u>\$ 1,152,696</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 9,688	\$ -	\$ 229,920	\$ 177,011	\$ 1,123,783
Restricted assets:					
Cash and investments	-	28,913	-	-	28,913
Total cash and investment assets - ending	<u>\$ 9,688</u>	<u>\$ 28,913</u>	<u>\$ 229,920</u>	<u>\$ 177,011</u>	<u>\$ 1,152,696</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ 28,913	\$ -	\$ -	\$ 28,913
Unrestricted	9,688	-	229,920	177,011	1,123,783
Total cash and investment fund balance - ending	<u>\$ 9,688</u>	<u>\$ 28,913</u>	<u>\$ 229,920</u>	<u>\$ 177,011</u>	<u>\$ 1,152,696</u>

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Pre-School	School Lunch	Textbook Rental	Education License Plates	Early Intervention Grant	Gifted and Talented
Receipts:							
Local sources	\$ 827,684	\$ 8,055	\$ 267,015	\$ 223,155	\$ -	\$ -	\$ -
State sources	-	82,803	7,663	55,885	-	16,000	34,502
Federal sources	-	-	327,195	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	350	600	-	-	-
Total receipts	827,684	90,858	602,223	279,640	-	16,000	34,502
Disbursements:							
Current:							
Instruction	-	9,862	-	-	-	-	15,891
Support services	901,107	-	9,122	340,562	-	31,000	-
Noninstructional services	-	-	620,365	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	901,107	9,862	629,487	340,562	-	31,000	15,891
Excess (deficiency) of receipts over disbursements	(73,423)	80,996	(27,264)	(60,922)	-	(15,000)	18,611
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	(73,423)	80,996	(27,264)	(60,922)	-	(15,000)	18,611
Cash and investments - beginning	217,976	16,237	193,573	165,574	694	15,000	-
Cash and investments - ending	\$ 144,553	\$ 97,233	\$ 166,309	\$ 104,652	\$ 694	\$ -	\$ 18,611
Cash and Investment Assets - Ending							
Cash and investments	\$ 144,553	\$ 97,233	\$ 166,309	\$ 104,652	\$ 694	\$ -	\$ 18,611
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 144,553	\$ 97,233	\$ 166,309	\$ 104,652	\$ 694	\$ -	\$ 18,611
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	144,553	97,233	166,309	104,652	694	-	18,611
Total cash and investment fund balance - ending	\$ 144,553	\$ 97,233	\$ 166,309	\$ 104,652	\$ 694	\$ -	\$ 18,611

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

	School Technology Fund	Technology Grant Equipment	Incentive Award	Cape Grant MJHS	Cape Grant Hatfield	Title I 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	110	-	2,122	-
Support services	165,380	-	-	-	3,649	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	165,380	-	110	-	5,771	-
Excess (deficiency) of receipts over disbursements	(165,380)	-	(110)	-	(5,771)	-
Other financing sources (uses):						
Transfers in	166,473	-	-	-	-	-
Transfers out	-	-	-	-	-	(4,024)
Total other financing sources (uses)	166,473	-	-	-	-	(4,024)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,093	-	(110)	-	(5,771)	(4,024)
Cash and investments - beginning	-	1,846	4,994	1,675	14,565	4,024
Cash and investments - ending	\$ 1,093	\$ 1,846	\$ 4,884	\$ 1,675	\$ 8,794	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,093	\$ 1,846	\$ 4,884	\$ 1,675	\$ 8,794	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,093	\$ 1,846	\$ 4,884	\$ 1,675	\$ 8,794	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,093	1,846	4,884	1,675	8,794	-
Total cash and investment fund balance - ending	\$ 1,093	\$ 1,846	\$ 4,884	\$ 1,675	\$ 8,794	\$ -

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

	Title I 2007-2008	Title I 2008-2009	Title V, Part A 2005-2006	Title V Part A 2006-2007	Drug Free School 2007-2008	Drug Free School 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	26,850	286,209	-	3,315	1,800	5,475
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>26,850</u>	<u>286,209</u>	<u>-</u>	<u>3,315</u>	<u>1,800</u>	<u>5,475</u>
Disbursements:						
Current:						
Instruction	31,061	252,165	-	-	-	-
Support services	14,252	23,619	-	3,083	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>45,313</u>	<u>275,784</u>	<u>-</u>	<u>3,083</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(18,463)</u>	<u>10,425</u>	<u>-</u>	<u>232</u>	<u>1,800</u>	<u>5,475</u>
Other financing sources (uses):						
Transfers in	4,024	46,059	-	-	-	-
Transfers out	(46,059)	-	-	-	-	-
Total other financing sources (uses)	<u>(42,035)</u>	<u>46,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(60,498)</u>	<u>56,484</u>	<u>-</u>	<u>232</u>	<u>1,800</u>	<u>5,475</u>
Cash and investments - beginning	<u>60,498</u>	<u>-</u>	<u>530</u>	<u>3,003</u>	<u>6,908</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 56,484</u>	<u>\$ 530</u>	<u>\$ 3,235</u>	<u>\$ 8,708</u>	<u>\$ 5,475</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 56,484	\$ 530	\$ 3,235	\$ 8,708	\$ 5,475
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 56,484</u>	<u>\$ 530</u>	<u>\$ 3,235</u>	<u>\$ 8,708</u>	<u>\$ 5,475</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	56,484	530	3,235	8,708	5,475
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 56,484</u>	<u>\$ 530</u>	<u>\$ 3,235</u>	<u>\$ 8,708</u>	<u>\$ 5,475</u>

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

	School To Career	Class Size Reduction	Retirement/ Severance Bond	Capital Projects	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 226,974	\$ 958,257	\$ 86,388	\$ 2,597,528
State sources	-	-	-	-	-	196,853
Federal sources	-	75,200	-	-	-	726,044
Interfund loans	-	-	53,000	-	-	53,000
Other	-	-	-	-	-	950
Total receipts	-	75,200	279,974	958,257	86,388	3,574,375
Disbursements:						
Current:						
Instruction	-	84,888	-	-	-	396,099
Support services	-	-	-	1,019,234	116,220	2,627,228
Noninstructional services	-	-	-	-	-	620,365
Facilities acquisition and construction	-	-	-	163,148	-	163,148
Debt services	-	-	308,049	-	-	308,049
Total disbursements	-	84,888	308,049	1,182,382	116,220	4,114,889
Excess (deficiency) of receipts over disbursements	-	(9,688)	(28,075)	(224,125)	(29,832)	(540,514)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	216,556
Transfers out	-	-	-	-	-	(50,083)
Total other financing sources (uses)	-	-	-	-	-	166,473
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,688)	(28,075)	(224,125)	(29,832)	(374,041)
Cash and investments - beginning	67	9,688	28,913	229,920	177,011	1,152,696
Cash and investments - ending	\$ 67	\$ -	\$ 838	\$ 5,795	\$ 147,179	\$ 778,655
Cash and Investment Assets - Ending						
Cash and investments	\$ 67	\$ -	\$ -	\$ 5,795	\$ 147,179	\$ 777,817
Restricted assets:						
Cash and investments	-	-	838	-	-	838
Total cash and investment assets - ending	\$ 67	\$ -	\$ 838	\$ 5,795	\$ 147,179	\$ 778,655
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 838	\$ -	\$ -	\$ 838
Unrestricted	67	-	-	5,795	147,179	777,817
Total cash and investment fund balance - ending	\$ 67	\$ -	\$ 838	\$ 5,795	\$ 147,179	\$ 778,655

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	School Administration Professional Development	National Rural Educational Grant	Totals
Cash and investment fund balance - beginning	\$ 207	\$ 500	\$ 707
Cash and investments - June 30	<u>\$ 207</u>	<u>\$ 500</u>	<u>\$ 707</u>
Net assets:			
Cash and investments	\$ 207	\$ 500	\$ 707
Total net assets - cash and investment basis held in trust	<u>\$ 207</u>	<u>\$ 500</u>	<u>\$ 707</u>

MITCHELL COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	<u>School Administration Professional Development</u>	<u>National Rural Educational Grant</u>	<u>Totals</u>
Cash and investment fund balance - beginning	\$ 207	\$ 500	\$ 707
Cash and investments - June 30	<u>\$ 207</u>	<u>\$ 500</u>	<u>\$ 707</u>
Net assets:			
Cash and investments	\$ 207	\$ 500	\$ 707
Total net assets - cash and investment basis held in trust	<u>\$ 207</u>	<u>\$ 500</u>	<u>\$ 707</u>

MITCHELL COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2009

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 30,218,657
Improvements other than buildings	1,989,811
Machinery and equipment	<u>237,278</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 32,445,746</u>

MITCHELL COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Buildings	\$ 27,665,000	\$ 2,633,000
Notes and loans payable	300,000	89,063
Bonds payable:		
General obligation bonds:		
2002 Pension Bonds	120,000	123,036
Total governmental activities debt	<u>\$ 28,085,000</u>	<u>\$ 2,845,099</u>

MITCHELL COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates honors diploma figures on Form DOE - GR, Graduate Report, were incorrect for the school year ending June 30, 2009.

The amount reported on Form DOE - GR 30A on June 30, 2009, was 29. The amount verified was 26.

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

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MITCHELL COMMUNITY SCHOOLS, LAWRENCE COUNTY, INDIANA

Compliance

We have audited the compliance of the Mitchell Community Schools (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, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

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

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management, the Board of School Trustees, 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

January 18, 2010

MITCHELL COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 66,961	\$ 79,671
National School Lunch Program	10.555		<u>284,920</u>	<u>299,804</u>
Total for federal grantor agency			<u>351,881</u>	<u>379,475</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
SY 2006-2007		07-5085	89,059	-
SY 2007-2008		08-5085	222,755	45,313
SY 2008-2009		09-4415	<u>-</u>	<u>275,784</u>
Total for cluster			<u>311,814</u>	<u>321,097</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394		<u>-</u>	<u>419,655</u>
Safe and Drug Free Schools and Communities - State Grants				
SY 2005-2006	84.186	5085-06	9,111	-
SY 2006-2007		5085-06	<u>322</u>	<u>-</u>
Total for program			<u>9,433</u>	<u>-</u>
State Grants for Innovative Programs				
	84.298	02-170	5	-
		07-5085	<u>-</u>	<u>3,083</u>
Total for program			<u>5</u>	<u>3,083</u>
Improving Teacher Quality State Grants				
	84.367	05-142	<u>54,999</u>	<u>84,888</u>
Total for federal grantor agency			<u>321,247</u>	<u>740,752</u>
Total federal awards expended			<u>\$ 728,132</u>	<u>\$ 1,208,198</u>

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

MITCHELL COMMUNITY SCHOOLS
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 Mitchell Community Schools (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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
Child Nutrition Cluster:			
Food Commodities			
School Breakfast Program	10.553	\$ 6,367	\$ 8,922
National School Lunch Program	10.555	27,138	33,954

MITCHELL COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Name of Federal Program or Cluster

Title I, Part A Cluster
State Fiscal Stabilization Fund Cluster

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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MITCHELL COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MITCHELL COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2010, with Christopher S. Shaw, President of the School Board; John W. Lantis, Superintendent of Schools; and Phil Storm, Curriculum Director. The officials concurred with our audit finding.

The contents of this report were discussed on January 18, 2010, with Kathy J. Kirk, Treasurer.