

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

AUDIT REPORT

OF

MICHIGAN CITY AREA SCHOOLS

LAPORTE COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED
02/28/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Notes to Financial Statements	11-21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22-47
Schedule of Capital Assets.....	48
Schedule of Long-Term Debt	49
Audit Results and Comments:	
Timely Deposits	50
Deposit Compositions.....	50
Textbook Rental Receipt Compositions	50
Overdrawn Cash Balances.....	51
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	54-55
Schedule of Expenditures of Federal Awards	56-59
Notes to Schedule of Expenditures of Federal Awards.....	60
Schedule of Findings and Questioned Costs	61-65
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	66
Corrective Action Plan.....	67-71
Exit Conference.....	72

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Theophilus Boone, Jr.	01-01-08 to 12-31-11
Superintendent of Schools	Michael Harding Dr. Carla M. Iacona (Interim) Dr. Barbara Eason-Watkins	07-01-08 to 08-27-09 08-28-09 to 06-30-10 07-01-10 to 06-30-11
President of the School Board	Clyde H. Zeek James L. Kintzele, Sr.	01-01-08 to 12-31-08 01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Michigan City Area Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 9, 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 integral part of 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

December 9, 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 MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Michigan City Area Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 9, 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 School Board of 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

December 9, 2010

MICHIGAN CITY AREA 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 (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	\$ 36,639,995	\$ -	\$ 833,896	\$ (35,806,099)
Support services	26,981,511	999,103	2,531,099	(23,451,309)
Noninstructional services	4,726,287	-	-	(4,726,287)
Facilities acquisition and construction	15,712,482	-	-	(15,712,482)
Debt service	24,569,909	-	-	(24,569,909)
Nonprogrammed charges	121,506	-	-	(121,506)
Total governmental activities	<u>\$ 108,751,690</u>	<u>\$ 999,103</u>	<u>\$ 3,364,995</u>	<u>(104,387,592)</u>
General receipts:				
Property taxes				20,963,073
Other local sources				10,884,274
State aid				29,780,187
Bonds and loans				22,355,000
Grants and contributions not restricted to specific programs				11,199,850
Investment earnings				157,364
Other				399,736
Total general receipts				<u>95,739,484</u>
Change in net assets				(8,648,108)
Net assets - beginning				<u>18,471,625</u>
Net assets - ending				<u>\$ 9,823,517</u>
Assets				
Cash and investments				\$ 7,777,930
Restricted assets:				
Cash and investments				<u>2,045,587</u>
Total assets				<u>\$ 9,823,517</u>
Net Assets				
Restricted for:				
Debt service				\$ 2,045,587
Unrestricted				<u>7,777,930</u>
Total net assets				<u>\$ 9,823,517</u>

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

MICHIGAN CITY AREA SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<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	\$ 39,848,978	\$ -	\$ 700,075	\$ (39,148,903)
Support services	27,350,393	898,080	2,675,127	(23,777,186)
Noninstructional services	5,013,965	-	-	(5,013,965)
Facilities acquisition and construction	7,048,245	-	-	(7,048,245)
Debt service	25,450,480	-	-	(25,450,480)
Nonprogrammed charges	<u>123,707</u>	<u>-</u>	<u>-</u>	<u>(123,707)</u>
Total governmental activities	<u>\$ 104,835,768</u>	<u>\$ 898,080</u>	<u>\$ 3,375,202</u>	<u>(100,562,486)</u>
General receipts:				
Property taxes				16,184,349
Other local sources				7,207,031
State aid				47,558,046
Bonds and loans				15,329,023
Grants and contributions not restricted to specific programs				11,098,741
Sale of property				7,827
Investment earnings				28,963
Other				<u>260,509</u>
Total general receipts				<u>97,674,489</u>
Change in net assets				(2,887,997)
Net assets - beginning				<u>9,823,517</u>
Net assets - ending				<u>\$ 6,935,520</u>
<u>Assets</u>				
Cash and investments				\$ 1,101,970
Restricted assets:				
Cash and investments				<u>5,833,550</u>
Total assets				<u>\$ 6,935,520</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 5,833,550
Unrestricted				<u>1,101,970</u>
Total net assets				<u>\$ 6,935,520</u>

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

MICHIGAN CITY AREA 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	Transportation Operating	Early Learning	Fiscal Stabilization	Debt Service	Capital Projects	Construction	Other	Totals
Receipts:									
Local sources	\$ 15,539,843	\$ 3,886,778	\$ 700,000	\$ -	\$ 4,692,941	\$ 4,593,023	\$ 99,356	\$ 3,278,685	\$ 32,790,626
Intermediate sources	198,163	-	-	-	-	-	-	15,025	213,188
State sources	30,535,255	-	-	-	-	-	-	422,121	30,957,376
Federal sources	-	-	-	3,684,619	-	-	-	9,703,037	13,387,656
Temporary loans	6,000,000	1,000,000	-	-	8,400,000	6,000,000	-	-	21,400,000
Other	317,545	52,515	-	-	-	-	-	29,676	399,736
Total receipts	52,590,806	4,939,293	700,000	3,684,619	13,092,941	10,593,023	99,356	13,448,544	99,148,582
Disbursements:									
Current:									
Instruction	31,553,084	-	226,720	-	-	-	-	4,860,191	36,639,995
Support services	16,888,353	3,394,402	-	-	105,976	3,670,764	-	2,922,016	26,981,511
Noninstructional services	580,003	-	-	-	-	-	-	4,146,284	4,726,287
Facilities acquisition and construction	40,531	-	-	-	-	4,043,639	11,598,895	29,417	15,712,482
Debt services	13,860,525	-	-	-	9,693,851	-	-	1,015,533	24,569,909
Nonprogrammed charges	1,997	-	-	-	-	-	-	119,509	121,506
Total disbursements	62,924,493	3,394,402	226,720	-	9,799,827	7,714,403	11,598,895	13,092,950	108,751,690
Excess (deficiency) of receipts over disbursements	(10,333,687)	1,544,891	473,280	3,684,619	3,293,114	2,878,620	(11,499,539)	355,594	(9,603,108)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	955,000	-	955,000
Transfers in	8,835	66,347	-	-	-	-	-	468,324	543,506
Transfers out	(3,510)	-	-	-	-	-	-	(539,996)	(543,506)
Total other financing sources (uses)	5,325	66,347	-	-	-	-	955,000	(71,672)	955,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,328,362)	1,611,238	473,280	3,684,619	3,293,114	2,878,620	(10,544,539)	283,922	(8,648,108)
Cash and investments - beginning	5,012,340	(409,288)	-	-	(1,247,527)	(38,463)	13,910,432	1,244,131	18,471,625
Cash and investments - ending	\$ (5,316,022)	\$ 1,201,950	\$ 473,280	\$ 3,684,619	\$ 2,045,587	\$ 2,840,157	\$ 3,365,893	\$ 1,528,053	\$ 9,823,517
Cash and Investment Assets - Ending									
Cash and investments	\$ (5,316,022)	\$ 1,201,950	\$ 473,280	\$ 3,684,619	\$ -	\$ 2,840,157	\$ 3,365,893	\$ 1,528,053	\$ 7,777,930
Restricted assets:									
Cash and investments	-	-	-	-	2,045,587	-	-	-	2,045,587
Total cash and investment assets - ending	\$ (5,316,022)	\$ 1,201,950	\$ 473,280	\$ 3,684,619	\$ 2,045,587	\$ 2,840,157	\$ 3,365,893	\$ 1,528,053	\$ 9,823,517
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 2,045,587	\$ -	\$ -	\$ -	\$ 2,045,587
Unrestricted	(5,316,022)	1,201,950	473,280	3,684,619	-	2,840,157	3,365,893	1,528,053	7,777,930
Total cash and investment fund balance - ending	\$ (5,316,022)	\$ 1,201,950	\$ 473,280	\$ 3,684,619	\$ 2,045,587	\$ 2,840,157	\$ 3,365,893	\$ 1,528,053	\$ 9,823,517

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

MICHIGAN CITY AREA 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, 2010

	General	Transportation Operating	Early Learning	Fiscal Stabilization	Debt Service	Capital Projects	Construction	Other	Totals
Receipts:									
Local sources	\$ 3,720,750	\$ 3,575,049	\$ 700,000	\$ -	\$ 7,380,758	\$ 5,631,154	\$ -	\$ 3,098,617	\$ 24,106,328
Intermediate sources	199,871	-	-	-	-	-	-	12,225	212,096
State sources	48,182,512	-	-	-	-	-	-	359,881	48,542,393
Federal sources	-	-	-	1,288,550	-	-	-	12,201,045	13,489,595
Temporary loans	-	3,667,712	-	-	5,680,000	5,733,126	-	-	15,080,838
Other	232,306	8,793	-	-	-	-	-	19,410	260,509
Total receipts	52,335,439	7,251,554	700,000	1,288,550	13,060,758	11,364,280	-	15,691,178	101,691,759
Disbursements:									
Current:									
Instruction	28,525,228	-	243,135	4,458,514	-	-	-	6,622,101	39,848,978
Support services	16,302,960	3,466,550	27,668	514,655	-	3,215,663	-	3,822,897	27,350,393
Noninstructional services	660,279	-	-	-	-	-	-	4,353,686	5,013,965
Facilities acquisition and construction	1,592	-	-	-	-	3,702,126	3,306,840	37,687	7,048,245
Debt services	6,160,000	3,000,270	-	-	9,273,065	6,000,000	-	1,017,145	25,450,480
Nonprogrammed charges	620	-	-	-	-	-	-	123,087	123,707
Total disbursements	51,650,679	6,466,820	270,803	4,973,169	9,273,065	12,917,789	3,306,840	15,976,603	104,835,768
Excess (deficiency) of receipts over disbursements	684,760	784,734	429,197	(3,684,619)	3,787,693	(1,553,509)	(3,306,840)	(285,425)	(3,144,009)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	270	-	247,915	-	248,185
Sale of capital assets	7,827	-	-	-	-	-	-	-	7,827
Transfers in	172,092	928	-	-	-	-	-	343,288	516,308
Transfers out	(5,122)	-	-	-	-	-	-	(511,186)	(516,308)
Total other financing sources (uses)	174,797	928	-	-	270	-	247,915	(167,898)	256,012
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	859,557	785,662	429,197	(3,684,619)	3,787,963	(1,553,509)	(3,058,925)	(453,323)	(2,887,997)
Cash and investments - beginning	(5,316,022)	1,201,950	473,280	3,684,619	2,045,587	2,840,157	3,365,893	1,528,053	9,823,517
Cash and investments - ending	<u>\$ (4,456,465)</u>	<u>\$ 1,987,612</u>	<u>\$ 902,477</u>	<u>\$ -</u>	<u>\$ 5,833,550</u>	<u>\$ 1,286,648</u>	<u>\$ 306,968</u>	<u>\$ 1,074,730</u>	<u>\$ 6,935,520</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ (4,456,465)	\$ 1,987,612	\$ 902,477	\$ -	\$ -	\$ 1,286,648	\$ 306,968	\$ 1,074,730	\$ 1,101,970
Restricted assets:									
Cash and investments	-	-	-	-	5,833,550	-	-	-	5,833,550
Total cash and investment assets - ending	<u>\$ (4,456,465)</u>	<u>\$ 1,987,612</u>	<u>\$ 902,477</u>	<u>\$ -</u>	<u>\$ 5,833,550</u>	<u>\$ 1,286,648</u>	<u>\$ 306,968</u>	<u>\$ 1,074,730</u>	<u>\$ 6,935,520</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 5,833,550	\$ -	\$ -	\$ -	\$ 5,833,550
Unrestricted	(4,456,465)	1,987,612	902,477	-	-	1,286,648	306,968	1,074,730	1,101,970
Total cash and investment fund balance - ending	<u>\$ (4,456,465)</u>	<u>\$ 1,987,612</u>	<u>\$ 902,477</u>	<u>\$ -</u>	<u>\$ 5,833,550</u>	<u>\$ 1,286,648</u>	<u>\$ 306,968</u>	<u>\$ 1,074,730</u>	<u>\$ 6,935,520</u>

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

MICHIGAN CITY AREA 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: Michigan City Area Schools

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

Joint Venture

The School Corporation is a participant in a joint venture to operate Northern Indiana Educational Service Center (NIESC) which was created to allow participating schools to cooperate and share certain programs and services, which collectively they may implement. The NIESC's continued existence depends on continued funding by the School Corporation. Complete financial statements for the NIESC can be obtained from the administrative offices of Plymouth Community Schools at 611 Berkley Street, Plymouth, IN 46563.

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.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School Corporation reports the following major governmental funds:

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

The Transportation Operating Fund accounts for financial resources for the transportation of school children to and from school.

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Early Learning Fund accounts for donations from the City of Michigan City for early childhood education.

The Fiscal Stabilization Fund accounts for the financial resources received from the American Recovery and Reinvestment Act of 2009.

The Debt Service Fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The Capital Projects Fund accounts for planned construction, repair, replacement, or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The Construction Fund accounts for planned construction, repair, replacement, or remodeling of building projects.

C. Measurement Focus and Basis of Accounting

The government-wide and governmental 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.

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

2. Cash and Investments

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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 may become delinquent if not paid by May 10 and November 10, respectively.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Activities

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
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, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009	2010
General	\$ 5,316,022	\$ 4,456,465
Retirement/Severance Bond	400,291	446,472
School Bus Replacement	9,749	-
School Recycling Learning	500	-
Tobacco Cessation 2009-2010	-	1,205
Title I 2009-2010	-	10,573
Special Education 2009-2010	-	241,826
Drug Free Title IV 2009-2011	-	229
Carl Perkins 2008-2009	28,369	-
Tech Prep 2009-2010	-	1,507
21st Century Cohort III 2009-2010	26,428	-
21st Century Cohort IV 2010-2011	-	3,568
INSIG 2008-2009	3,366	-
Title II Part A 2009-2011	-	29,376
English Language Acquisition 2009-2010	-	502
Title I Stimulus	-	41,708
Special Education Stimulus	-	60,652

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements and disbursements of grant funds in anticipation of subsequent reimbursements of costs; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The unit's deposit policy for custodial credit risk is that all funds will be deposited at an approved depository. At June 30, 2010, the School Corporation had deposit balances in the amount of \$6,935,520.

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.

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Other Governmental Funds	\$ 3,510	\$ 5,122
Other Governmental Funds	General Fund	8,835	172,092
Other Governmental Funds	Other Governmental Funds	464,814	338,166
Other Governmental Funds	Transportation Operating Fund	66,347	928
Totals		<u>\$ 543,506</u>	<u>\$ 516,308</u>

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

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Tax anticipation warrants outstanding at June 30, 2009 and 2010 are detailed in the following schedule:

Fund	2009	2010
General	\$ 6,000,000	\$ -
Transportation Operating	1,000,000	1,667,442
Capital Projects	6,000,000	11,733,126
Debt Service	8,400,000	8,080,000
Totals	<u>\$ 21,400,000</u>	<u>\$ 21,480,568</u>

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees (excluding administrators), retirees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits for Administrators

During 2002, the School Corporation joined with other governmental entities to form the Porter County School Employees Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. This risk pool was formed in 1995. The purpose of the risk pool is to provide a medium for the funding and administration of claims for medical expenses for employees and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$100,000 limit up to a maximum stop loss of \$5,000,000.

B. Holding Corporations

The School Corporation has entered into a capital lease with Michigan City School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2009 and 2010, totaled \$7,459,530 and \$5,431,376, respectively.

The School Corporation has entered into a capital lease with Michigan City Area-Wide School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2009 and 2010, totaled \$2,025,728 and \$2,635,903, respectively.

C. Subsequent Events

Reassessment and Property Taxes

On May 23, 2008, the Indiana Department of Local Government finance (DLGF) issued an order for a complete reassessment of LaPorte County residential, commercial, and industrial property. The order was issued based upon a review by the DLGF that determined that there was a manipulation of data that led to inaccuracies.

LaPorte County has not completed and settled an approved property tax cycle since the 2006 payable 2007 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the School Corporation. It is undeterminable how much property tax collections the School Corporation will receive once all the reconciliation bills have been distributed and the collections received.

D. Termination Benefits

Severance Benefits

Effective July 1, 2003, the School Corporation made contributions into 401(a) plan accounts on behalf of eligible employees for the purpose of funding severance benefits the School Corporation was liable for as of that date. Severance pension bonds were sold to fund most of this liability.

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Some retirees will continue to receive severance pay until January 2011 to completely relieve the School Corporation of this liability. These contributions are made from the General Fund. The total contributions made on behalf of eligible retirees by the School Corporation during the audit period were \$876,704.

The School Board contributes 2% of each certified employees (teacher) base salary each pay period into a 403(b) plan administered by Metropolitan Life. Teachers vest in this account at 20% increments over the first five years of employment. This benefit is in lieu of the previous retirement severance benefit that was based on a calculation of accumulated sick days and years of service. For the years ended June 30, 2009 and 2010, 492 and 475 employees, respectively, received this benefit. The contributions made on behalf of eligible employees by the School Corporation were \$952,668 during the audit period.

The School Board contributes 2% of each administrators regularly scheduled salary annually into a 401(a) plan. This benefit is in lieu of the previous retirement severance benefit that was based on a calculation of accumulated sick days and years of service. For the years ended June 30, 2009 and 2010, seventy-four and seventy-three employees, respectively, received this benefit. The contributions made on behalf of eligible employees by the School Corporation were \$190,957 during the audit period.

Custodians, maintenance personnel, mechanics, bus drivers, and food service personnel that have been employed by the School Corporation for 15 years and are age 55, or that have been employed for 20 years, are eligible for the following severance pay: \$250 per year of service with the School Corporation up to a maximum of \$5,000 plus \$20 to \$50 per accumulated sick leave day depending on the number of days accumulated. For the years ended June 30, 2009 and 2010, two and four employees, respectively, retired. The cost to the School Corporation was of \$39,243 during the audit period. The School Corporation does not prefund this benefit; it is paid on a pay-as-you-go basis. Additionally, the School Corporation will match employees' contributions into a 403(b) plan above \$200 up to \$300 by contributing the amount per year into a 401(a) plan for the employee. For the years ended June 30, 2009 and 2010, the ninety and one hundred eight employees, respectively, received this benefit. The contributions made on behalf of eligible employees by the School Corporation were \$57,871 during the audit period.

Union secretaries and aides that have been employed by the School Corporation for 15 years and are age 55, or that have been employed for 20 years, are eligible for the following severance pay: \$175 per year of service with the School Corporation up to a maximum of \$4,500, plus \$20 to \$25 per accumulated sick leave day depending on the number of days accumulated up to a maximum of \$4,000. For the year ended June 30, 2010, two employees retired at a cost to the School Corporation of \$6,590. The School Corporation does not prefund this benefit; it is paid on a pay-as-you-go basis.

Computer technicians, lab assistants, and nonunion secretaries also are provided severance packages. One employee from these groups was paid \$4,500 in severance benefits during the audit period.

Retirement Incentive Plan

Michigan City Area Schools offered a retirement incentive plan with the intention of reducing staff expenditures by inducing teachers, administrators and support staff considering retirement, whose salaries were greater than average, to retire by June 30, 2010. In addition to severance benefits included in the collective bargaining agreements and board policies, employees who

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

elected to retire under this plan will be entitled to receive 401(a) contributions by the School Corporation. Teachers and administrators who retired by June 30, 2010, will receive four payments of \$5,000 each beginning July 30, 2010 and ending February 1, 2011. Twenty-eight teachers and five administrators retired by June 30, 2010. Support staff who retired by June 30, 2010, received \$7,500 on August 1, 2010. Thirteen support staff employees retired by June 30, 2010.

E. Other Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits, as authorized by Indiana Code 5-10-8, to employees other than administrators who retire from the School Corporation on or after attaining age 55 with at least 20 years of service. Currently, seventy-four retirees meet these eligibility requirements. Disbursements for these postemployment benefits are recognized on a pay-as-you-go basis. For the year ended June 30, 2009, the School Corporation contributed \$572,500 to the plan for current premiums (approximately 85% of total premiums). Plan members receiving benefits contributed \$101,035, or approximately 15% of the total premiums. For the year ended June 30, 2010, the School Corporation contributed \$557,500 to the plan for current premiums (approximately 85% of total premiums). Plan members receiving benefits contributed \$98,387, or approximately 15% of the total premiums.

Agent Multiple-Employer Defined Benefit Healthcare Plan

Plan Description

The School Corporation's defined benefit postemployment healthcare plan provides medical benefits to eligible retired administrators and their beneficiaries. The plan is an agent multiple-employer postemployment healthcare plan administered by Porter County School Employees Insurance Trust. Indiana Code 5-10-8 assigns the authority to establish and amend the benefit provisions of the plans to the respective employer entities that participate in the plan; for the plan that authority rests with the School Corporation. The Porter County School Employees Insurance Trust does not issue a publicly available financial report that includes financial statements and required supplementary information for the plan.

Funding Policy

The contribution requirements of plan members and the School Corporation are established and may be amended by the plans board of trustees. The School Corporation contributes 100% of the cost for retiree and spouse coverage to age 65. The total contributions made to PERF by the School Corporation during the period were \$109,618.

F. 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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$1,710,623.

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

MICHIGAN CITY AREA SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

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

The School Corporation's contributions to the plan during the audit period were \$3,795,615.

MICHIGAN CITY AREA 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

	Special Ed Preschool	School Lunch	Textbook Rental	Education License Plates	Early Intervention 2007-2008	Early Intervention 2008-2009	Map Program
Receipts:							
Local sources	\$ 39,530	\$ 949,088	\$ 766,833	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	5,025	-	-	-
State sources	269,292	20,968	-	-	-	30,030	-
Federal sources	-	2,469,378	-	-	-	-	-
Other	-	27,428	2,248	-	-	-	-
Total receipts	308,822	3,466,862	769,081	5,025	-	30,030	-
Disbursements:							
Current:							
Instruction	269,364	-	-	-	4,314	30,030	-
Support services	-	26,415	572,923	3,029	-	-	35,411
Noninstructional services	-	3,173,423	-	1,711	-	-	-
Facilities acquisition and construction	-	29,417	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,423	-	-
Total disbursements	269,364	3,229,255	572,923	4,740	5,737	30,030	35,411
Excess (deficiency) of receipts over disbursements	39,458	237,607	196,158	285	(5,737)	-	(35,411)
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	39,458	237,607	196,158	285	(5,737)	-	(35,411)
Cash and investments - beginning	75,235	313,066	198,498	3,593	5,737	-	35,411
Cash and investments - ending	<u>\$ 114,693</u>	<u>\$ 550,673</u>	<u>\$ 394,656</u>	<u>\$ 3,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 114,693</u>	<u>\$ 550,673</u>	<u>\$ 394,656</u>	<u>\$ 3,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 114,693</u>	<u>\$ 550,673</u>	<u>\$ 394,656</u>	<u>\$ 3,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MICHIGAN CITY AREA 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)

	Hours for Ours 2007-2008	Hours for Ours 2008-2009	Impact Pro Don	Discovery Alliance	Early Childhood	United Way 2006-2007	United Way 2007-2008
Receipts:							
Local sources	\$ -	\$ 1,184	\$ 24,666	\$ -	\$ -	\$ -	\$ 17,086
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	1,184	24,666	-	-	-	17,086
Disbursements:							
Current:							
Instruction	-	-	8,520	-	1,760	-	-
Support services	-	-	9,816	706	-	-	-
Noninstructional services	161	649	-	-	1,632	10,064	28,149
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	379	-	228	85
Total disbursements	161	649	18,336	1,085	3,392	10,292	28,234
Excess (deficiency) of receipts over disbursements	(161)	535	6,330	(1,085)	(3,392)	(10,292)	(11,148)
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	(161)	535	6,330	(1,085)	(3,392)	(10,292)	(11,148)
Cash and investments - beginning	3,631	12,638	8,575	1,085	6,760	10,292	15,470
Cash and investments - ending	<u>\$ 3,470</u>	<u>\$ 13,173</u>	<u>\$ 14,905</u>	<u>\$ -</u>	<u>\$ 3,368</u>	<u>\$ -</u>	<u>\$ 4,322</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 3,470</u>	<u>\$ 13,173</u>	<u>\$ 14,905</u>	<u>\$ -</u>	<u>\$ 3,368</u>	<u>\$ -</u>	<u>\$ 4,322</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 3,470</u>	<u>\$ 13,173</u>	<u>\$ 14,905</u>	<u>\$ -</u>	<u>\$ 3,368</u>	<u>\$ -</u>	<u>\$ 4,322</u>

MICHIGAN CITY AREA 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)

	United Way 2008-2009	Adult Education	Unity Even Start	Wellness Grant 2008-2009	After School 2007-2008	After School 2008-2009	Safe Harbor 2008-2009
Receipts:							
Local sources	\$ 27,488	\$ -	\$ -	\$ -	\$ -	\$ 63,290	\$ 200,000
Intermediate sources	-	-	-	10,000	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	27,488	-	-	10,000	-	63,290	200,000
Disbursements:							
Current:							
Instruction	-	2,299	1,778	-	-	-	-
Support services	-	614	-	1,492	-	2,400	5,000
Noninstructional services	6,860	-	-	-	21,945	44,234	40,193
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	47	-	-	-	-
Total disbursements	6,860	2,913	1,825	1,492	21,945	46,634	45,193
Excess (deficiency) of receipts over disbursements	20,628	(2,913)	(1,825)	8,508	(21,945)	16,656	154,807
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	20,628	(2,913)	(1,825)	8,508	(21,945)	16,656	154,807
Cash and investments - beginning	-	8,307	1,825	-	21,945	41,618	-
Cash and investments - ending	<u>\$ 20,628</u>	<u>\$ 5,394</u>	<u>\$ -</u>	<u>\$ 8,508</u>	<u>\$ -</u>	<u>\$ 58,274</u>	<u>\$ 154,807</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 20,628</u>	<u>\$ 5,394</u>	<u>\$ -</u>	<u>\$ 8,508</u>	<u>\$ -</u>	<u>\$ 58,274</u>	<u>\$ 154,807</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 20,628</u>	<u>\$ 5,394</u>	<u>\$ -</u>	<u>\$ 8,508</u>	<u>\$ -</u>	<u>\$ 58,274</u>	<u>\$ 154,807</u>

MICHIGAN CITY AREA 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)

	Duneland Health	Enrichment	MC Enrichment 2008-2009	Unity 2007-2008	Unity 2008-2009	Technical Assistance	Gifted and Talented 2007-2008
Receipts:							
Local sources	\$ 6,163	\$ -	\$ 14,336	\$ -	\$ 4,718	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	6,163	-	14,336	-	4,718	-	-
Disbursements:							
Current:							
Instruction	-	4,780	-	-	-	-	42,751
Support services	-	9,705	-	412	687	4,116	-
Noninstructional services	-	18,725	-	-	635	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	241	-	33	-	-	-
Total disbursements	-	33,451	-	445	1,322	4,116	42,751
Excess (deficiency) of receipts over disbursements	6,163	(33,451)	14,336	(445)	3,396	(4,116)	(42,751)
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	6,163	(33,451)	14,336	(445)	3,396	(4,116)	(42,751)
Cash and investments - beginning	-	33,451	-	445	-	4,259	42,751
Cash and investments - ending	\$ 6,163	\$ -	\$ 14,336	\$ -	\$ 3,396	\$ 143	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,163	\$ -	\$ 14,336	\$ -	\$ 3,396	\$ 143	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 6,163	\$ -	\$ 14,336	\$ -	\$ 3,396	\$ 143	\$ -

MICHIGAN CITY AREA 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)

	Gifted and Talented 2008-2009	Medicaid Reimbursement State - 2008	Medicaid Reimbursement State - 2009	Language Assistance	Non-English Speaking 2008-2009	IN Access Linux	School Recycling Learning
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	56,792	7,608	5,935	-	22,036	2,500	500
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	56,792	7,608	5,935	-	22,036	2,500	500
Disbursements:							
Current:							
Instruction	1,063	-	-	2,541	19,042	-	-
Support services	-	-	-	-	-	-	1,000
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,063	-	-	2,541	19,042	-	1,000
Excess (deficiency) of receipts over disbursements	55,729	7,608	5,935	(2,541)	2,994	2,500	(500)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(7,608)	(1,227)	-	-	-	-
Total other financing sources (uses)	-	(7,608)	(1,227)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,729	-	4,708	(2,541)	2,994	2,500	(500)
Cash and investments - beginning	-	-	-	2,541	-	-	-
Cash and investments - ending	\$ 55,729	\$ -	\$ 4,708	\$ -	\$ 2,994	\$ 2,500	\$ (500)
Cash and Investment Assets - Ending							
Cash and investments	\$ 55,729	\$ -	\$ 4,708	\$ -	\$ 2,994	\$ 2,500	\$ (500)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 55,729	\$ -	\$ 4,708	\$ -	\$ 2,994	\$ 2,500	\$ (500)

MICHIGAN CITY AREA 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)

	Tobacco Cessation 2008-2009	Title I 2007-2008	Title I 2008-2009	School Improvement Title I	School Improvement Niemann 2008-2009	Title I School Improvement Knapp 2008-2009	Even Start 2007-2008
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	6,460	-	-	-	-	-	-
Federal sources	-	435,959	1,735,661	-	215,200	50,000	-
Other	-	-	-	-	-	-	-
Total receipts	6,460	435,959	1,735,661	-	215,200	50,000	-
Disbursements:							
Current:							
Instruction	-	223,785	1,274,430	4,007	35,765	6,829	-
Support services	-	48,823	609,818	46,379	53,460	1,921	135
Noninstructional services	7,314	15,537	33,277	12,890	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	52,150	-	-	-	-	-
Total disbursements	7,314	340,295	1,917,525	63,276	89,225	8,750	135
Excess (deficiency) of receipts over disbursements	(854)	95,664	(181,864)	(63,276)	125,975	41,250	(135)
Other financing sources (uses):							
Transfers in	-	-	275,068	-	-	-	-
Transfers out	-	(271,558)	(65,446)	-	-	-	-
Total other financing sources (uses)	-	(271,558)	209,622	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(854)	(175,894)	27,758	(63,276)	125,975	41,250	(135)
Cash and investments - beginning	1,736	175,894	-	63,276	-	-	135
Cash and investments - ending	\$ 882	\$ -	\$ 27,758	\$ -	\$ 125,975	\$ 41,250	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 882	\$ -	\$ 27,758	\$ -	\$ 125,975	\$ 41,250	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 882	\$ -	\$ 27,758	\$ -	\$ 125,975	\$ 41,250	\$ -

MICHIGAN CITY AREA 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)

	Even Start 2008-2009	Title V 2006-2008	Title V 2007-2009	Special Education 2007-2008	Special Education Carryover 2008-2009	IDEA Special Education	Special Education 2008-2009
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	88,355	4,050	13,984	-	-	102,746	1,761,530
Other	-	-	-	-	-	-	-
Total receipts	88,355	4,050	13,984	-	-	102,746	1,761,530
Disbursements:							
Current:							
Instruction	37,225	-	-	4,292	73,704	22,159	1,670,016
Support services	51,130	6,749	10,807	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	390	-	566	-	-	-
Total disbursements	88,355	7,139	10,807	4,858	73,704	22,159	1,670,016
Excess (deficiency) of receipts over disbursements	-	(3,089)	3,177	(4,858)	(73,704)	80,587	91,514
Other financing sources (uses):							
Transfers in	-	-	-	-	73,940	-	-
Transfers out	-	-	-	-	-	(73,940)	-
Total other financing sources (uses)	-	-	-	-	73,940	(73,940)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,089)	3,177	(4,858)	236	6,647	91,514
Cash and investments - beginning	-	3,089	-	4,858	-	(6,647)	-
Cash and investments - ending	\$ -	\$ -	\$ 3,177	\$ -	\$ 236	\$ -	\$ 91,514
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 3,177	\$ -	\$ 236	\$ -	\$ 91,514
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ 3,177	\$ -	\$ 236	\$ -	\$ 91,514

MICHIGAN CITY AREA 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)

	Preschool Community	Preschool 2008-2009	ABE Night School 2007-2008	ABE Night School 2008-2009	Drug Free Title IV 2006-2008	Drug Free Title IV 2007-2009	Drug Free Title IV 2008-2010
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	73,498	-	130,130	-	20,390	8,375
Other	-	-	-	-	-	-	-
Total receipts	-	73,498	-	130,130	-	20,390	8,375
Disbursements:							
Current:							
Instruction	2,429	71,774	6,097	56,012	-	2,000	-
Support services	-	-	1,880	74,118	18,316	16,274	8,333
Noninstructional services	-	-	-	-	-	212	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	1,931	1,724	-	-	996	-	-
Total disbursements	4,360	73,498	7,977	130,130	19,312	18,486	8,333
Excess (deficiency) of receipts over disbursements	(4,360)	-	(7,977)	-	(19,312)	1,904	42
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,360)	-	(7,977)	-	(19,312)	1,904	42
Cash and investments - beginning	4,360	-	7,977	-	19,312	4,852	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,756	\$ 42
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,756	\$ 42
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,756	\$ 42

MICHIGAN CITY AREA 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)

	Carl Perkins 2007-2008	Carl Perkins 2008-2009	ARRA WIA Adult Program 2007	ARRA WIA Adult Program 2008	ARRA WIA Adult Program 2009	Medicaid Reimbursement 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	58,418	208,765	-	-	12,350	12,071
Other	-	-	-	-	-	-
Total receipts	58,418	208,765	-	-	12,350	12,071
Disbursements:						
Current:						
Instruction	44,295	237,134	223	2,997	12,350	63,997
Support services	11	-	-	-	-	5,294
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	744
Total disbursements	44,306	237,134	223	2,997	12,350	70,035
Excess (deficiency) of receipts over disbursements	14,112	(28,369)	(223)	(2,997)	-	(57,964)
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	14,112	(28,369)	(223)	(2,997)	-	(57,964)
Cash and investments - beginning	(14,112)	-	223	2,997	-	62,205
Cash and investments - ending	\$ -	\$ (28,369)	\$ -	\$ -	\$ -	\$ 4,241
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (28,369)	\$ -	\$ -	\$ -	\$ 4,241
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ (28,369)	\$ -	\$ -	\$ -	\$ 4,241

MICHIGAN CITY AREA 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)

	Medicaid Reimbursement 2009-2010	Elementary Secondary Counselors 2008-2009	Elementary Secondary Counselors 2009-2010	Afternoon Rocks 2008-2010	Targeted Special Education 2008-2009	Discretionary Special Education 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	15,139	424,026	116,130	26,250	10,000	11,618
Other	-	-	-	-	-	-
Total receipts	15,139	424,026	116,130	26,250	10,000	11,618
Disbursements:						
Current:						
Instruction	-	-	-	-	10,000	11,618
Support services	657	349,724	116,130	-	-	-
Noninstructional services	-	-	-	11,885	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	10,180	-	-	-	-
Total disbursements	657	359,904	116,130	11,885	10,000	11,618
Excess (deficiency) of receipts over disbursements	14,482	64,122	-	14,365	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,482	64,122	-	14,365	-	-
Cash and investments - beginning	-	(64,122)	-	11,898	-	-
Cash and investments - ending	<u>\$ 14,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,263</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 14,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,263</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 14,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,263</u>	<u>\$ -</u>	<u>\$ -</u>

MICHIGAN CITY AREA 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)

	Targeted Special Education 2007-2008	Discretionary Special Education 2007-2008	21st Century Cohort II 2007-2008	21st Century Cohort III 2007-2008	21st Century Cohort III 2008-2009	21st Century Cohort IV 2009-2010
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	70,000	25,467	-	-	564,105	124,756
Other	-	-	-	-	-	-
Total receipts	70,000	25,467	-	-	564,105	124,756
Disbursements:						
Current:						
Instruction	68,103	25,299	-	-	-	-
Support services	-	168	-	-	-	2,629
Noninstructional services	-	-	20,777	18,779	551,975	98,829
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	1,897	-	3,077	13,814	14,398	-
Total disbursements	70,000	25,467	23,854	32,593	566,373	101,458
Excess (deficiency) of receipts over disbursements	-	-	(23,854)	(32,593)	(2,268)	23,298
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(901)	-
Total other financing sources (uses)	-	-	-	-	(901)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(23,854)	(32,593)	(3,169)	23,298
Cash and investments - beginning	-	-	23,854	32,593	3,169	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,298
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,298
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,298

MICHIGAN CITY AREA 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)

	21st Century Cohort III 2009-2010	INSIG 2007-2008	INSIG 2008-2009	Title II Part A 2006-2008	Title II Part A 2007-2009	Title II Part A 2008-2010
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	32,845	11,631	12,035	231,188	228,000
Other	-	-	-	-	-	-
Total receipts	-	32,845	11,631	12,035	231,188	228,000
Disbursements:						
Current:						
Instruction	-	27,525	14,997	-	241,296	183,300
Support services	-	-	-	21,035	65,824	24,022
Noninstructional services	26,428	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	12,036	-	-
Total disbursements	26,428	27,525	14,997	33,071	307,120	207,322
Excess (deficiency) of receipts over disbursements	(26,428)	5,320	(3,366)	(21,036)	(75,932)	20,678
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	(26,428)	5,320	(3,366)	(21,036)	(75,932)	20,678
Cash and investments - beginning	-	(5,320)	-	21,036	92,771	-
Cash and investments - ending	<u>\$ (26,428)</u>	<u>\$ -</u>	<u>\$ (3,366)</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 20,678</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (26,428)</u>	<u>\$ -</u>	<u>\$ (3,366)</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 20,678</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (26,428)</u>	<u>\$ -</u>	<u>\$ (3,366)</u>	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 20,678</u>

MICHIGAN CITY AREA 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 II Part D 2007-2008	Title II Part D 2008-2009	English Language Acquisition 2007-2008	English Language Acquisition 2008-2009	Math and Science 2007-2008	Math and Science 2008-2009, Yr 2
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	8,000	1,000	-	24,000	-	134,000
Other	-	-	-	-	-	-
Total receipts	8,000	1,000	-	24,000	-	134,000
Disbursements:						
Current:						
Instruction	-	-	15,939	22,352	-	-
Support services	5,984	1,000	-	-	-	125,269
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	3,170
Total disbursements	5,984	1,000	15,939	22,352	-	128,439
Excess (deficiency) of receipts over disbursements	2,016	-	(15,939)	1,648	-	5,561
Other financing sources (uses):						
Transfers in	-	-	-	-	-	31,301
Transfers out	-	-	-	-	(31,301)	(36,862)
Total other financing sources (uses)	-	-	-	-	(31,301)	(5,561)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,016	-	(15,939)	1,648	(31,301)	-
Cash and investments - beginning	(2,016)	-	15,939	-	31,301	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,648	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 1,648	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ -	\$ 1,648	\$ -	\$ -

MICHIGAN CITY AREA 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)

	Math and Science 2009-2010, Yr 3	Math and Science 2008-2009, Yr 1	Math and Science 2009-2010, Yr 2	Retirement/ Severance Bonds	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 774,263	\$ 390,040	\$ 3,278,685
Intermediate sources	-	-	-	-	-	15,025
State sources	-	-	-	-	-	422,121
Federal sources	65,000	156,987	10,000	-	-	9,703,037
Other	-	-	-	-	-	29,676
Total receipts	65,000	156,987	10,000	774,263	390,040	13,448,544
Disbursements:						
Current:						
Instruction	-	-	-	-	-	4,860,191
Support services	5,806	109,334	6,210	-	461,050	2,922,016
Noninstructional services	-	-	-	-	-	4,146,284
Facilities acquisition and construction	-	-	-	-	-	29,417
Debt services	-	-	-	1,015,533	-	1,015,533
Nonprogrammed charges	-	-	-	-	-	119,509
Total disbursements	5,806	109,334	6,210	1,015,533	461,050	13,092,950
Excess (deficiency) of receipts over disbursements	59,194	47,653	3,790	(241,270)	(71,010)	355,594
Other financing sources (uses):						
Transfers in	36,862	-	51,153	-	-	468,324
Transfers out	-	(51,153)	-	-	-	(539,996)
Total other financing sources (uses)	36,862	(51,153)	51,153	-	-	(71,672)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	96,056	(3,500)	54,943	(241,270)	(71,010)	283,922
Cash and investments - beginning	-	3,500	-	(159,021)	61,261	1,244,131
Cash and investments - ending	\$ 96,056	\$ -	\$ 54,943	\$ (400,291)	\$ (9,749)	\$ 1,528,053
Cash and Investment Assets - Ending						
Cash and investments	\$ 96,056	\$ -	\$ 54,943	\$ (400,291)	\$ (9,749)	\$ 1,528,053
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 96,056	\$ -	\$ 54,943	\$ (400,291)	\$ (9,749)	\$ 1,528,053

MICHIGAN CITY AREA 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, 2010

	Special Ed Preschool	School Lunch	Textbook Rental	Education License Plates	Early Intervention 2009-2010	Hours for Ours 2007-2008	Hours for Ours 2008-2009
Receipts:							
Local sources	\$ 6,617	\$ 813,727	\$ 550,373	\$ -	\$ -	\$ -	\$ 1,213
Intermediate sources	-	-	-	2,325	-	-	-
State sources	147,125	20,256	-	-	93,144	-	-
Federal sources	-	2,591,544	-	-	-	-	-
Other	-	17,912	1,498	-	-	-	-
Total receipts	153,742	3,443,439	551,871	2,325	93,144	-	1,213
Disbursements:							
Current:							
Instruction	111,204	-	-	-	82,872	-	-
Support services	-	32,406	449,411	2,789	-	-	-
Noninstructional services	-	3,261,132	-	1,190	-	931	128
Facilities acquisition and construction	-	21,687	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	111,204	3,315,225	449,411	3,979	82,872	931	128
Excess (deficiency) of receipts over disbursements	42,538	128,214	102,460	(1,654)	10,272	(931)	1,085
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(157,231)	-	-	-	-	-	-
Total other financing sources (uses)	(157,231)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(114,693)	128,214	102,460	(1,654)	10,272	(931)	1,085
Cash and investments - beginning	114,693	550,673	394,656	3,878	-	3,470	13,173
Cash and investments - ending	\$ -	\$ 678,887	\$ 497,116	\$ 2,224	\$ 10,272	\$ 2,539	\$ 14,258
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 678,887	\$ 497,116	\$ 2,224	\$ 10,272	\$ 2,539	\$ 14,258
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 678,887	\$ 497,116	\$ 2,224	\$ 10,272	\$ 2,539	\$ 14,258

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Impact Pro Don	Early Childhood	United Way 2007-2008	United Way 2008-2009	United Way 2009-2010	Adult Education	Wellness Grant 2008-2009
Receipts:							
Local sources	\$ 10,000	\$ -	\$ -	\$ 25,484	\$ 25,920	\$ 695	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	10,000	-	-	25,484	25,920	695	-
Disbursements:							
Current:							
Instruction	12,615	3,368	-	22,378	12,876	6,089	-
Support services	9,708	-	1,905	6,632	1,952	-	8,508
Noninstructional services	-	-	2,064	15,328	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	353	599	48	-	-
Total disbursements	22,323	3,368	4,322	44,937	14,876	6,089	8,508
Excess (deficiency) of receipts over disbursements	(12,323)	(3,368)	(4,322)	(19,453)	11,044	(5,394)	(8,508)
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	(12,323)	(3,368)	(4,322)	(19,453)	11,044	(5,394)	(8,508)
Cash and investments - beginning	14,905	3,368	4,322	20,628	-	5,394	8,508
Cash and investments - ending	\$ 2,582	\$ -	\$ -	\$ 1,175	\$ 11,044	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,582	\$ -	\$ -	\$ 1,175	\$ 11,044	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,582	\$ -	\$ -	\$ 1,175	\$ 11,044	\$ -	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Wellness Grant 2009-2010	After School 2008-2009	Safe Harbor 2008-2009	Duneland Health	MC Enrichment 2008-2009	MC Enrichment 2009-2010	Unity 2008-2009
Receipts:							
Local sources	\$ -	\$ 56,586	\$ -	\$ 7,163	\$ -	\$ 34,000	\$ -
Intermediate sources	9,900	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	9,900	56,586	-	7,163	-	34,000	-
Disbursements:							
Current:							
Instruction	-	-	-	13,012	10,497	9,759	2,927
Support services	2,824	-	-	-	3,521	2,936	288
Noninstructional services	-	89,394	100,522	-	-	2,328	85
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	314	318	305	96
Total disbursements	2,824	89,394	100,522	13,326	14,336	15,328	3,396
Excess (deficiency) of receipts over disbursements	7,076	(32,808)	(100,522)	(6,163)	(14,336)	18,672	(3,396)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,076	(32,808)	(100,522)	(6,163)	(14,336)	18,672	(3,396)
Cash and investments - beginning	-	58,274	154,807	6,163	14,336	-	3,396
Cash and investments - ending	\$ 7,076	\$ 25,466	\$ 54,285	\$ -	\$ -	\$ 18,672	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 7,076	\$ 25,466	\$ 54,285	\$ -	\$ -	\$ 18,672	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 7,076	\$ 25,466	\$ 54,285	\$ -	\$ -	\$ 18,672	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Unity 2009-2010	Technical Assistance	Gifted and Talented 2009-2010	Gifted and Talented 2008-2009	Medicaid Reimbursement State - 2009	Non-English Speaking 2009-2010	Non-English Speaking 2008-2009
Receipts:							
Local sources	\$ 10,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	55,067	-	17,080	20,541	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	10,785	-	55,067	-	17,080	20,541	-
Disbursements:							
Current:							
Instruction	1,952	-	53,666	55,729	-	20,541	2,994
Support services	1,763	143	-	-	-	-	-
Noninstructional services	5,630	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	90	-	-	-	-	-	-
Total disbursements	9,435	143	53,666	55,729	-	20,541	2,994
Excess (deficiency) of receipts over disbursements	1,350	(143)	1,401	(55,729)	17,080	-	(2,994)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(14,861)	-	-
Total other financing sources (uses)	-	-	-	-	(14,861)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,350	(143)	1,401	(55,729)	2,219	-	(2,994)
Cash and investments - beginning	-	143	-	55,729	4,708	-	2,994
Cash and investments - ending	\$ 1,350	\$ -	\$ 1,401	\$ -	\$ 6,927	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,350	\$ -	\$ 1,401	\$ -	\$ 6,927	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 1,350	\$ -	\$ 1,401	\$ -	\$ 6,927	\$ -	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	IN Access Linux	School Recycling Learning	Tobacco Cessation 2008-2009	Tobacco Cessation 2009-2010	Title I 2009-2010	Title I 2008-2009	School Improvement Niemann 2008-2009
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502
Intermediate sources	-	-	-	-	-	-	-
State sources	-	500	-	6,168	-	-	-
Federal sources	-	-	-	-	1,723,052	422,880	20,000
Other	-	-	-	-	-	-	-
Total receipts	-	500	-	6,168	1,723,052	422,880	20,502
Disbursements:							
Current:							
Instruction	-	-	-	-	1,249,537	78,837	6,263
Support services	2,500	-	-	-	645,344	137,178	28,667
Noninstructional services	-	-	882	7,373	11,333	14,374	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	47,660	-
Total disbursements	2,500	-	882	7,373	1,906,214	278,049	34,930
Excess (deficiency) of receipts over disbursements	(2,500)	500	(882)	(1,205)	(183,162)	144,831	(14,428)
Other financing sources (uses):							
Transfers in	-	-	-	-	172,589	-	-
Transfers out	-	-	-	-	-	(172,589)	(111,547)
Total other financing sources (uses)	-	-	-	-	172,589	(172,589)	(111,547)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,500)	500	(882)	(1,205)	(10,573)	(27,758)	(125,975)
Cash and investments - beginning	2,500	(500)	882	-	-	27,758	125,975
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,205)	\$ (10,573)	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ (1,205)	\$ (10,573)	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ -	\$ (1,205)	\$ (10,573)	\$ -	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Title I School Improvement Knapp 2008-2009	Title I School Improvement Niemann 2009-2010	Title I School Improvement Marsh 2009-2010	Title V 2007-2009	Special Education Carryover 2008-2009	Special Education Carryover 2009-2010	Special Education 2008-2009
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	80,600	5,455	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	80,600	5,455	-	-	-
Disbursements:							
Current:							
Instruction	1,485	58,830	286	-	236	4,796	44,313
Support services	39,765	33,679	66,661	8,253	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	379	-	-	46,269
Total disbursements	41,250	92,509	66,947	8,632	236	4,796	90,582
Excess (deficiency) of receipts over disbursements	(41,250)	(92,509)	13,653	(3,177)	(236)	(4,796)	(90,582)
Other financing sources (uses):							
Transfers in	-	111,547	-	-	-	6,054	-
Transfers out	-	-	-	-	-	-	(932)
Total other financing sources (uses)	-	111,547	-	-	-	6,054	(932)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,250)	19,038	13,653	(3,177)	(236)	1,258	(91,514)
Cash and investments - beginning	41,250	-	-	3,177	236	-	91,514
Cash and investments - ending	\$ -	\$ 19,038	\$ 13,653	\$ -	\$ -	\$ 1,258	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 19,038	\$ 13,653	\$ -	\$ -	\$ 1,258	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ 19,038	\$ 13,653	\$ -	\$ -	\$ 1,258	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Special Education 2009-2010	Preschool 2009-2010	ABE Night School 2009-2010	Drug Free Title IV 2007-2009	Drug Free Title IV 2008-2010	Drug Free Title IV 2009-2011	Carl Perkins 2008-2009
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	1,543,515	71,088	138,335	-	24,668	-	61,135
Other	-	-	-	-	-	-	-
Total receipts	1,543,515	71,088	138,335	-	24,668	-	61,135
Disbursements:							
Current:							
Instruction	1,785,341	69,416	75,028	755	7	-	32,766
Support services	-	-	52,034	4,966	17,532	229	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,672	-	1,035	-	-	-
Total disbursements	1,785,341	71,088	127,062	6,756	17,539	229	32,766
Excess (deficiency) of receipts over disbursements	(241,826)	-	11,273	(6,756)	7,129	(229)	28,369
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	(241,826)	-	11,273	(6,756)	7,129	(229)	28,369
Cash and investments - beginning	-	-	-	6,756	42	-	(28,369)
Cash and investments - ending	<u>\$ (241,826)</u>	<u>\$ -</u>	<u>\$ 11,273</u>	<u>\$ -</u>	<u>\$ 7,171</u>	<u>\$ (229)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (241,826)</u>	<u>\$ -</u>	<u>\$ 11,273</u>	<u>\$ -</u>	<u>\$ 7,171</u>	<u>\$ (229)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ (241,826)</u>	<u>\$ -</u>	<u>\$ 11,273</u>	<u>\$ -</u>	<u>\$ 7,171</u>	<u>\$ (229)</u>	<u>\$ -</u>

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Carl Perkins 2009-2010	Tech Prep 2009-2010	Medicaid Reimbursement 2008-2009	Medicaid Reimbursement 2009-2010	Elementary Secondary Counselors 2009-2010	Afternoon Rocks 2008-2010
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	185,871	3,413	-	46,247	412,406	10,180
Other	-	-	-	-	-	-
Total receipts	185,871	3,413	-	46,247	412,406	10,180
Disbursements:						
Current:						
Instruction	163,986	4,920	573	3,670	-	-
Support services	-	-	3,668	11,021	412,406	-
Noninstructional services	-	-	-	-	-	27,502
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	163,986	4,920	4,241	14,691	412,406	27,502
Excess (deficiency) of receipts over disbursements	21,885	(1,507)	(4,241)	31,556	-	(17,322)
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	21,885	(1,507)	(4,241)	31,556	-	(17,322)
Cash and investments - beginning	-	-	4,241	14,482	-	26,263
Cash and investments - ending	<u>\$ 21,885</u>	<u>\$ (1,507)</u>	<u>\$ -</u>	<u>\$ 46,038</u>	<u>\$ -</u>	<u>\$ 8,941</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 21,885</u>	<u>\$ (1,507)</u>	<u>\$ -</u>	<u>\$ 46,038</u>	<u>\$ -</u>	<u>\$ 8,941</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 21,885</u>	<u>\$ (1,507)</u>	<u>\$ -</u>	<u>\$ 46,038</u>	<u>\$ -</u>	<u>\$ 8,941</u>

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Targeted Special Education 2008-2009	21st Century Cohort V 2010-2011	21st Century Cohort IV 2009-2010	21st Century Cohort III 2009-2010	21st Century Cohort IV 2010-2011	INSIG 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	80,000	41,500	225,243	587,331	9,500	11,581
Other	-	-	-	-	-	-
Total receipts	80,000	41,500	225,243	587,331	9,500	11,581
Disbursements:						
Current:						
Instruction	80,000	-	-	-	-	8,215
Support services	-	-	15,187	-	-	-
Noninstructional services	-	30,791	225,131	544,500	13,068	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	8,223	-	-	-
Total disbursements	80,000	30,791	248,541	544,500	13,068	8,215
Excess (deficiency) of receipts over disbursements	-	10,709	(23,298)	42,831	(3,568)	3,366
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(928)	-	-
Total other financing sources (uses)	-	-	-	(928)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	10,709	(23,298)	41,903	(3,568)	3,366
Cash and investments - beginning	-	-	23,298	(26,428)	-	(3,366)
Cash and investments - ending	\$ -	\$ 10,709	\$ -	\$ 15,475	\$ (3,568)	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 10,709	\$ -	\$ 15,475	\$ (3,568)	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 10,709	\$ -	\$ 15,475	\$ (3,568)	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Title II Part A 2007-2009	Title II Part A 2008-2010	Title II Part A 2009-2011	Title II Part D Cadre 1 2009-2010	Title II Part D Cadre 2 2009-2010	English Language Acquisition 2008-2009
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	12,941	228,693	300,000	117,641	184,995	-
Other	-	-	-	-	-	-
Total receipts	12,941	228,693	300,000	117,641	184,995	-
Disbursements:						
Current:						
Instruction	-	181,700	329,376	-	-	1,648
Support services	16,839	49,817	-	107,122	174,389	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	12,941	-	-	-	-	-
Total disbursements	29,780	231,517	329,376	107,122	174,389	1,648
Excess (deficiency) of receipts over disbursements	(16,839)	(2,824)	(29,376)	10,519	10,606	(1,648)
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	(16,839)	(2,824)	(29,376)	10,519	10,606	(1,648)
Cash and investments - beginning	16,839	20,678	-	-	-	1,648
Cash and investments - ending	\$ -	\$ 17,854	\$ (29,376)	\$ 10,519	\$ 10,606	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 17,854	\$ (29,376)	\$ 10,519	\$ 10,606	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 17,854	\$ (29,376)	\$ 10,519	\$ 10,606	\$ -

MICHIGAN CITY AREA 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, 2010
 (Continued)

	English Language Acquisition 2009-2010	Math and Science 2009-2010, Yr 3	Math and Science 2009-2010, Yr 2	Math and Science 2009-2010, Yr 1	Math and Science 2010-2011, Yr 2	Title I Stimulus
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	18,608	114,577	151,987	171,429	100,000	974,221
Other	-	-	-	-	-	-
Total receipts	18,608	114,577	151,987	171,429	100,000	974,421
Disbursements:						
Current:						
Instruction	19,110	-	-	-	-	491,287
Support services	-	136,049	163,069	115,546	1,137	524,842
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,785	-	-
Total disbursements	19,110	136,049	163,069	118,331	1,137	1,016,129
Excess (deficiency) of receipts over disbursements	(502)	(21,472)	(11,082)	53,098	98,863	(41,708)
Other financing sources (uses):						
Transfers in	-	-	-	-	53,098	-
Transfers out	-	-	-	(53,098)	-	-
Total other financing sources (uses)	-	-	-	(53,098)	53,098	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(502)	(21,472)	(11,082)	-	151,961	(41,708)
Cash and investments - beginning	-	96,056	54,943	-	-	-
Cash and investments - ending	<u>\$ (502)</u>	<u>\$ 74,584</u>	<u>\$ 43,861</u>	<u>\$ -</u>	<u>\$ 151,961</u>	<u>\$ (41,708)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ (502)</u>	<u>\$ 74,584</u>	<u>\$ 43,861</u>	<u>\$ -</u>	<u>\$ 151,961</u>	<u>\$ (41,708)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ (502)</u>	<u>\$ 74,584</u>	<u>\$ 43,861</u>	<u>\$ -</u>	<u>\$ 151,961</u>	<u>\$ (41,708)</u>

MICHIGAN CITY AREA 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, 2010
 (Continued)

	Special Education Stimulus	Special Ed Preschool Stimulus	School Lunch Stimulus	Retirement/ Severance Bonds	School Bus Replacement	Totals
Receipts:						
Local sources	\$ 204	\$ -	\$ -	\$ 970,964	\$ 584,184	\$ 3,098,617
Intermediate sources	-	-	-	-	-	12,225
State sources	-	-	-	-	-	359,881
Federal sources	1,485,144	29,265	16,000	-	-	12,201,045
Other	-	-	-	-	-	19,410
Total receipts	1,485,348	29,265	16,000	970,964	584,184	15,691,178
Disbursements:						
Current:						
Instruction	1,481,358	25,883	-	-	-	6,622,101
Support services	64,642	-	-	-	465,569	3,822,897
Noninstructional services	-	-	-	-	-	4,353,686
Facilities acquisition and construction	-	-	16,000	-	-	37,687
Debt services	-	-	-	1,017,145	-	1,017,145
Nonprogrammed charges	-	-	-	-	-	123,087
Total disbursements	1,546,000	25,883	16,000	1,017,145	465,569	15,976,603
Excess (deficiency) of receipts over disbursements	(60,652)	3,382	-	(46,181)	118,615	(285,425)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	343,288
Transfers out	-	-	-	-	-	(511,186)
Total other financing sources (uses)	-	-	-	-	-	(167,898)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60,652)	3,382	-	(46,181)	118,615	(453,323)
Cash and investments - beginning	-	-	-	(400,291)	(9,749)	1,528,053
Cash and investments - ending	<u>\$ (60,652)</u>	<u>\$ 3,382</u>	<u>\$ -</u>	<u>\$ (446,472)</u>	<u>\$ 108,866</u>	<u>\$ 1,074,730</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ (60,652)</u>	<u>\$ 3,382</u>	<u>\$ -</u>	<u>\$ (446,472)</u>	<u>\$ 108,866</u>	<u>\$ 1,074,730</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ (60,652)</u>	<u>\$ 3,382</u>	<u>\$ -</u>	<u>\$ (446,472)</u>	<u>\$ 108,866</u>	<u>\$ 1,074,730</u>

MICHIGAN CITY AREA SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,832,835
Buildings	128,696,536
Improvements other than buildings	5,888,800
Machinery and equipment	<u>17,469,755</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 154,887,926</u>

MICHIGAN CITY AREA SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Edgewood ES & High School Lease (A)	\$ 9,185,000	\$ 4,263,201
Elston, Barker & Krueger MS Lease (B)	31,632,388	3,417,000
New Pine, Lake Hills ES & Marsh Lease (E)	41,625,000	2,594,000
Notes payable for textbooks	370,612	145,814
Bonds payable:		
General obligation bonds:		
School Improvement Bond (D)	660,000	455,600
School Severance Bond (S)	<u>9,745,000</u>	<u>1,016,619</u>
Total governmental activities debt	<u>\$ 93,218,000</u>	<u>\$ 11,892,234</u>

MICHIGAN CITY AREA SCHOOLS
AUDIT RESULTS AND COMMENTS

TIMLEY DEPOSITS – (Applies to Edgewood, Joy and Marsh Elementary Schools)

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for up to 11, 13, and 42 days, respectively, at Edgewood, Joy and Marsh Elementary Schools before being deposited. A similar comment appeared in the prior report.

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

DEPOSIT COMPOSITIONS – (Applies to Joy and Niemann Elementary Schools)

The payment type of some receipts was not designated as cash, check, or money order; therefore, we were unable to verify that the collections were deposited in the same form in which they were received for the 2009-2010 school year. A similar comment appeared in the prior report.

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

TEXTBOOK RENTAL RECEIPT COMPOSITIONS – (Applies to Coolspring Elementary School)

The composition, of 25% of receipts, whether the payment received was cash, check, or money order, of the textbook receipt series did not match the composition of the extra-curricular receipt and deposit. A similar comment appeared in the prior report.

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

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

MICHIGAN CITY AREA SCHOOLS
 AUDIT RESULTS AND COMMENTS
 (Continued)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn for years shown.

Fund	2009	2010
General	\$ 5,316,022	\$ 4,456,465
Retirement/Severance Bond	400,291	446,472
School Bus Replacement	9,749	-
School Recycling Learning	500	-
Tobacco Cessation 2009-2010	-	1,205
Title I 2009-2010	-	10,573
Special Education 2009-2010	-	241,826
Drug Free Title IV 2009-2011	-	229
Carl Perkins 2008-2009	28,369	-
Tech Prep 2009-2010	-	1,507
21st Century Cohort III 2009-2010	26,428	-
21st Century Cohort IV 2010-2011	-	3,568
INSIG 2008-2009	3,366	-
Title II Part A 2009-2011	-	29,376
English Language Acquisition 2009-2010	-	502
Title I Stimulus	-	41,708
Special Education Stimulus	-	60,652

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

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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 MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

Compliance

We have audited the compliance of the Michigan City Area 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, 2009 and 2010. 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.

As described in item 2010-1 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed and Allowable Costs that are applicable to its Title I, Part A Cluster, Special Education Cluster, Twenty-First Century Community Learning Centers, and Improving Teacher Quality State Grants programs. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended June 30, 2009 and 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-2, 2010-3, 2010-4 and 2010-5.

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)

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.

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2010-1 to be a material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

December 9, 2010

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FYs 08-10	\$ 646,028	\$ 657,160
National School Lunch Program	10.555	FYs 08-10	1,790,951	1,919,911
Summer Food Service Program for Children	10.559	FYs 08-10	<u>46,132</u>	<u>46,822</u>
Total for cluster			<u>2,483,111</u>	<u>2,623,893</u>
Child and Adult Care Food Program	10.558	FYs 08-10	<u>62,065</u>	<u>80,776</u>
Pass-Through Indiana Department of Education				
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	FY 09-10	-	<u>16,000</u>
Total for federal grantor agency			<u>2,545,176</u>	<u>2,720,669</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass-Through Center of Workforce Development				
WIA Cluster				
ARRA - WIA Adult Program	17.258	FY 08-09	<u>15,570</u>	-
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
08-4925		SY 07-08	611,853	-
09-4925		SY 08-09	1,982,971	450,638
10-4925		SY 09-10	-	1,906,214
School Improvement		SY 07-08	63,276	-
School Improvement		SY 08-09	8,750	41,250
School Improvement Niemann		SY 09-10	-	92,509
School Improvement Marsh		SY 09-10	-	<u>66,947</u>
Total for program			<u>2,666,850</u>	<u>2,557,558</u>
ARRA - Title I Grants to Local Educational Agencies	84.389	FY 09-10	-	<u>1,016,129</u>
Total for cluster			<u>2,666,850</u>	<u>3,573,687</u>
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
FY2007		14207-040-PY02	4,858	-
FY2008		14208-040-PY02	73,704	236
FY2009		14209-040-PY02	-	4,796
FY2007		14208-040-PN01	96,099	-
FY2008		14209-040-PN01	1,670,016	91,514
FY2010		14210-040-PN01	-	1,785,341
FY2008		14208-048-DY01	10,000	-
FY2008		14208-048-DY01	11,618	-
FY2007		14207-046-DY01	70,000	-
FY2007		14207-059-DY01	25,467	-
FY2008		14208-059-DY01	-	<u>80,000</u>
Total for program			<u>1,961,762</u>	<u>1,961,887</u>

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Special Education - Preschool Grants	84.173	45708-040-PN01 45709-040-PN01 45710-040-PN01	4,361 73,498 -	- - <u>71,088</u>
Total for program			<u>77,859</u>	<u>71,088</u>
Pass-Through Indiana Department of Education ARRA - Special Education - Grants to States	84.391	333100-040-SN01	-	<u>1,546,000</u>
Pass-Through Indiana Department of Education ARRA - Special Education - Preschool Grants	84.392	44410-040-SN01	-	<u>25,883</u>
Total for cluster			<u>2,039,621</u>	<u>3,604,858</u>
Direct Grant Fund for the Improvement of Education	84.215	Q215EO70027-08 Q215EO70027-09	359,904 116,130	- <u>412,406</u>
Total for program			<u>476,034</u>	<u>412,406</u>
Pass-Through Indiana Department of Education Adult Education - Basic Grants to States Adult Basic Education	84.002	FY08-8022 FY09-8022 FY10-8022	7,978 130,130 -	- - <u>127,062</u>
Total for program			<u>138,108</u>	<u>127,062</u>
Pass-Through Indiana Department of Education Career and Technical Education - Basic Grants to States	84.048	08-4700-4925 09-4700-4925 10-4700-4925	44,306 237,134 -	- 32,766 <u>163,986</u>
Total for program			<u>281,440</u>	<u>196,752</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	4925-06 4925-07 4925-08 4925-09	19,313 18,486 8,333 -	- 6,756 17,539 <u>229</u>
Total for program			<u>46,132</u>	<u>24,524</u>
Pass-Through Indiana Department of Education Even Start - State Educational Agencies	84.213	FY2008-2010 FY2009-2011	135 88,355	- -
Total for program			<u>88,490</u>	-

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Workforce Development Tech-Prep Education	84.243	PLTW-9-134	-	4,920
Pass-Through Indiana Department of Education Twenty-First Century Community Learning Centers Summer Adventure Camp	84.287		23,854	-
Safe Harbor		07-08 Cohort II	-	30,791
Safe Harbor		10-11 Cohort V	-	-
Safe Harbor		07-08 Cohort III	32,593	-
Safe Harbor		08-09 Cohort III	567,275	-
Safe Harbor		09-10 Cohort IV	101,458	248,541
Safe Harbor		09-10 Cohort III	26,428	545,428
Summer Adventure Camp		10-11 Cohort IV	-	13,068
Total for program			<u>751,608</u>	<u>837,828</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
		06-4925	7,139	-
		07-4925	10,807	8,632
Total for program			<u>17,946</u>	<u>8,632</u>
Pass-Through Indiana Department of Education Educational Technology State Grants Cluster Education Technology State Grants	84.318			
		S318X060014	5,984	-
		S318X080014	1,000	-
		A58-0-10IT-028	-	107,122
		A58-0-10IT-044	-	174,389
Total for program			<u>6,984</u>	<u>281,511</u>
Pass-Through Indiana University Special Education - State Personnel Development	84.323			
		INSIG	27,525	-
		01704-005-PN01	14,997	8,215
Total for program			<u>42,522</u>	<u>8,215</u>
Pass-Through Indiana Department of Education English Language Acquisition Grants	84.365			
		SY 07-08	15,939	-
		SY 08-09	22,352	1,648
		SY 09-10	-	19,110
Total for program			<u>38,291</u>	<u>20,758</u>
Pass-Through Indiana Department of Education Mathematics and Science Partnerships	84.366			
		FY 07-10	31,301	-
		YR 1 6000/182500	165,301	-
		YR 3 6000/182500	5,807	136,048
		08-S4L	160,487	-
		09-S4L	6,210	163,068
		YR 1 A58-9-09SL-025	-	171,429
		YR 2 A58-9-09SL-025	-	1,136
Total for program			<u>369,106</u>	<u>471,681</u>

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

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		06-4925	33,071	-
		07-4925	307,120	29,780
		08-4925	207,322	231,517
		09-4925	-	329,376
Total for program			<u>547,513</u>	<u>590,673</u>
Pass-Through Indiana University School Improvement Grants Cluster School Improvement Grants	84.377	FY 08-09	<u>89,225</u>	<u>146,477</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	FY 09-10	-	<u>4,973,169</u>
Total for federal grantor agency			<u>7,599,870</u>	<u>15,283,153</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Office of Medicaid Policy and Planning Medicaid Cluster Medical Assistance Program	93.778		<u>70,694</u>	<u>18,932</u>
Pass-Through Swanson Center, Michigan City, IN Block Grants for Prevention and Treatment of Substance Abuse Afternoon Rocks	93.959		<u>11,886</u>	<u>27,502</u>
Total for federal grantor agency			<u>82,580</u>	<u>46,434</u>
Total federal awards expended			<u>\$ 10,243,196</u>	<u>\$ 18,050,256</u>

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

MICHIGAN CITY AREA 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 Michigan City Area Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the year ended June 30, 2009:

Program Title	Federal CFDA Number	2009
Vocational Education-Basic Grants to States	84.048	<u>\$ 48,500</u>

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Child Nutrition Cluster	10.555	<u>\$ 141,513</u>	<u>\$ 160,687</u>

MICHIGAN CITY AREA 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?	yes
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 for Child Nutrition Cluster and State Fiscal Stabilization Fund Cluster; Qualified for Title I, Part A Cluster, Special Education Cluster, Twenty-First Century Community Learning Centers, and Improving Teacher Quality State Grants?

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster
84.287	Twenty-First Century Community Learning Centers
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$848,804

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS

Federal Agency: U.S. Department of Education

Federal Programs: Title I, Part A Cluster; Special Education Cluster; Twenty-First Century Community Learning Centers; Improving Teacher Quality State Grants

CFDA Numbers: 84.010, 84.027, 84.287, 84.367, 84.389, 84.173, 84.391, 84.392

Pass-Through: Indiana Department of Education

Expenditures paid by the Michigan City Area Schools for federal grants are not always approved by the program administrators. Seventy percent of the federal expenditures examined for the period July 1, 2008 through June 30, 2010, were not approved by program administrators. Additionally, expenditures for professional development functions and for travel do not have supporting documentation attached to the claims for payment designating the purpose of the attendance or travel. Professional development functions and travel are approved prior to attendance; however, there is no supporting documentation verifying the attendance or travel, or that the expenses were for the federal program charged.

EDGAR 80.20(a) states in part:

"Fiscal control and account procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

EDGAR 80.20(b)(3) states in part:

"Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

EDGAR 80.20(b)(6) states in part:

"Source documentation. Accounting records must be supported by such source documentation as . . . paid bills . . ."

Lack of program administrators' review of federal expenditures or lack of supporting documentation attached to federal expenditures could allow federal funds to be used for unallowable activities or costs.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the expenditure of federal funds are reviewed and have the required supporting documentation to ensure their allowability.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2010-2, ALLOWABLE COSTS

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Pass-Through: Indiana Department of Education
Award Number: 09-4925

Michigan City Area Schools set aside \$3,510 for homeless students in non-Title I schools. Funds were not used to address the educational needs of homeless students in non-Title I schools as determined by the Indiana Department of Education during their on-site monitoring review. The School Corporation provided a statement of assurance that funds set aside for homeless students in non-Title I schools would be used to provide educationally related support services. The \$3,510 set aside was returned to the State of Indiana Title I program and the School Corporation's Title I grant was amended to reflect the return.

EDGAR 80.20 states in part:

"(b)(5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs."

Lack of knowledge of the Title I requirements regarding services for homeless students in non-Title I schools resulted in noncompliance with the grant provisions and the return of federal funds to the pass-through agency.

We recommended that School Corporation Officials establish internal controls to ensure that grant expenditures are allowable.

FINDING 2010-3, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Programs: ARRA – Title I Grants to Local Educational Agencies; Improving Teacher Quality State Grants
CFDA Numbers: 84.389; 84.367
Pass-Through: Indiana Department of Education

Amounts received by the School Corporation for the ARRA - Title I Grants to Local Educational Agencies (ARRA – Title I) and Improving Teacher Quality State Grant were drawn down in advance of expenditures. School Corporation Officials are required to review projected needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds.

The cash balance of the ARRA - Title I grant exceeded the allowable cash balance based on estimated future requirements for five of the nine months during the audit period. A cash drawdown request was not presented for audit for the ARRA - Title I grant. Monthly monitoring reports were required to be filed with the Indiana Department of Education which allowed School Corporation Officials to monitor cash balances; however, the School Corporation was not provided the opportunity to modify cash requests. The reports required the School Corporation to indicate the amount of interest earned on cash balances maintained and remit all interest earned in excess of \$100 to the U.S. Department of Education.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The cash balance of the Improving Teacher Quality State Grant exceeded the allowable cash balance based on estimated future requirements for 14 of the 24 months during the audit period. Cash drawdown requests were not revised to ensure there would not be excess cash on hand.

EDGAR 80.20 (b)(7) states in part:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirements as set forth by the grant agreements. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

FINDING 2010-4, SCHOOL PARENTAL INVOLVEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010, 84.389
Pass-Through: Indiana Department of Education

The Indiana Department of Education on May 19, 2010, issued an on-site Title I monitoring review report. The report noted that Michigan City Area Schools should provide Title I parents with school parent involvement policies. The School District sent the policies home with the children but did not provide documentation for audit that all parents received the documents.

Title I Part A Sec. 1118 states in part:

"(b) SCHOOL PARENTAL INVOLVEMENT POLICY - (1) IN GENERAL - Each school served under this part shall jointly develop with, and distribute to, parents of participating children a written parental involvement policy, agreed on by such parents, that shall describe the means for carrying out the requirements of subsections (c) through (f). Parents shall be notified of the policy in an understandable and uniform format and, to the extent practicable, provided in a language the parents can understand. Such policy shall be made available to the local community and updated periodically to meet the changing needs of parents and the school."

Failure to comply with the School Parental Involvement requirements may result in a reduction or loss of federal funding.

MICHIGAN CITY AREA SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended School Corporation Officials develop and implement procedures and controls to ensure that all Title I parents receive parental involvement policies according to the grant requirements.

FINDING 2010-5. PARTICIPATION OF PRIVATE SCHOOL CHILDREN

Federal Agency: U.S. Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Pass-Through: Indiana Department of Education
Federal Awards: Cohort II, III, IV and V

The School Corporation did not comply with Participation of Private School Children requirements of the Twenty-First Century Community Learning Centers program. The School Corporation also did not have procedures and controls in place to monitor compliance with these requirements. For the audit period, the School Corporation expended \$1,589,436 in Twenty-First Century Community Learning Centers program funds. Correspondence or documentation of consultations with private school officials was not presented for audit. Additionally, no evidence of private school children participation or expenditures for private school programs was presented.

34 CFR 299.6(a) states in part:

"An agency or consortium of agencies receiving funds under an applicable program listed in paragraph (b) of this section, after timely and meaningful consultation with appropriate private school officials (in accordance with the statute), shall provide special educational services or other benefits under this subpart on an equitable basis to eligible children who are enrolled in private elementary and secondary schools, and to their teachers and other educational personnel."

34 CFR 299.7(a)(1) states:

"Expenditures of funds made by an agency or consortium of agencies under a program listed in §299.6 (b) for services for eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the amount of funds expended for participating public school children and their teachers and other educational personnel, taking into account the number and educational needs of those children and their teachers and other educational personnel."

The School Corporation is not in compliance with Participation of Private School Children requirements for the program. Failure to provide the opportunity for private school children to receive equitable services under the program may cause future funding to be reduced or denied.

We recommended School Corporation Officials develop and implement procedures and controls to ensure that eligible private school children are given the opportunity to participate in the Twenty-First Century Community Learning Centers program. Additionally, we recommended that School Corporation Officials develop and implement procedures and controls to ensure that services and benefits to eligible private school children and teachers are equal on a per-pupil basis to the expenditures for participating public school children.

MICHIGAN CITY AREA SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Theophilus Boone, Jr.
Chief Financial Officer

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360-5345
E-Mail: tboone@mcas.k12.in.us
Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

CORRECTIVE ACTION PLAN

FINDING NO. 2010-1

Activities Allowed or Unallowed and Allowable Costs

Federal Agency:	U.S. Department of Education
Federal Programs:	Title 1 Cluster; Special Education Cluster; Twenty First Century Learning Centers; Improving Teacher Quality
CFDA Numbers:	84.010; 84.027; 84.287; 84.367
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person:	Theophilus Boone, Jr., Chief Financial Officer
Phone Number:	<u>219-873-2000 ext. 8343</u>
Expected Completion Date:	December 6, 2010

Corrective Action:

The Grant Directors will review and sign off on all invoices and requests for payment that are deemed as an allowable expense within the above named grants prior to submission to the MCAS business office. The Directors will submit the Michigan City Area Schools – Classified Personnel Advance Application for Permission to Be Absent Form to the administration for approval within a reasonable timeframe. All Professional Development functions and travel will be approved in advance of the occurrence. In conjunction with each occurrence, the supporting documentation of both the registration and completion information will be held on file for review. Finally, standard travel documentation has always been received from our employees; however, additional documentation concerning meeting, agenda, etc. will be required going forward.

Signature: 



Theophilus Boone, Jr.
Chief Financial Officer

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360-5345
E-Mail: tboone@mcas.k12.in.us
Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

CORRECTIVE ACTION PLAN

FINDING NO. 2010-2

Allowable Costs

Federal Agency: U.S. Department of Education
Federal Programs: Title I Grants to Local Educational Agencies
CFDA Numbers: 84.010
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person: Theophilus Boone, Jr., Chief Financial Officer
Phone Number: 219-873-2000 ext. 8343
Expected Completion Date: December 6, 2010

Corrective Action:

This was a previous finding in our Title I audit that was corrected. This was corrected by the district repaying the IDOE for individual items. MCAS provided documentation that this repayment was complete. As a new component to our Title I program, the District has hired a tutor to work with homeless students in city shelters each week.

Signature: _____

Theophilus Boone, Jr.



Theophilus Boone, Jr.
Chief Financial Officer

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Michigan City, Indiana 46360-5345
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Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

CORRECTIVE ACTION PLAN

FINDING NO. 2010-3

Cash Management

Federal Agency:

U.S. Department of Education

Federal Programs:

ARRA-Title I Grants to Local Educational Agencies

Improving Teacher Quality State Grant

CFDA Numbers:

84.389; 84.367

Pass-Through Entity:

Indiana Department of Education

Auditee Contact Person:

Theophilus Boone, Jr., Chief Financial Officer

Phone Number:

219-873-2000 ext. 8343

Expected Completion Date:

December 6, 2010

Corrective Action:

As of July 1, 2010, the governmental procedures with the IDOE for this finding have changed in that the cash flow request sheet is no longer utilized. Under the new state directive, school districts are to incur expenditures first then request reimbursements. This will insure that there is no excess cash balance.

Signature: _____

Theophilus Boone Jr.



Theophilus Boone, Jr.
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408 South Carroll Avenue
Michigan City, Indiana 46360-5345
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Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

CORRECTIVE ACTION PLAN

FINDING NO. 2010-4

School Parent Involvement

Federal Agency:	U.S. Department of Education
Federal Programs:	Title I Cluster
CFDA Numbers:	84:010
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person:	Theophilus Boone, Jr., Chief Financial Officer
Phone Number:	<u>219-873-2000 ext. 8343</u>
Expected Completion Date:	December 6, 2010

Corrective Action:

In the future, all Title I schools will pass out parent handbooks at the beginning of each school year and have parents sign that they have received this important information. Additionally, our Title I Office will be participating in the Cycle 2 Monitoring Plan over the next few years. This plan will monitor our compliance with the parent involvement component where we will provide documentation to the IDOE of our compliance with these requirements.

Signature: _____

Theophilus Boone, Jr.



Theophilus Boone, Jr.
Chief Financial Officer

Administration Building
408 South Carroll Avenue
Michigan City, Indiana 46360-5345
E-Mail: tboone@mcas.k12.in.us
Phone: (219) 873-2000 ext. 8343
Fax: (219) 873-2086

CORRECTIVE ACTION PLAN

FINDING NO. 2010-5

Participation of Private School Children

Federal Agency:	U.S. Department of Education
Federal Programs:	21st Century Community Learning Centers Program State Grants
CFDA Numbers:	84.287C
Pass-Through Entity:	Indiana Department of Education
Federal Awards:	Cohort II, III, IV and V
Auditee Contact Person:	Theophilus Boone, Jr., Chief Financial Officer
Phone Number:	<u>219-873-2000 ext. 8343</u>
Expected Completion Date:	December 6, 2010

Corrective Action:

Cohorts II and IV include Summer Adventure Camps, which include partnerships with private non-profit organizations who have non-public students within their registrations. We plan to continue to inform the public about our summer opportunities through the District website and through Youth Serving Agency Meetings.

Cohorts III and V focus primarily on Title I Section 1114 afterschool programs. Moreover, these are the same students who participate in the Free and Reduced Lunch Program. Starting in January 2011 and going forward, MCAS will continue to send out notices to the Non-Public Schools to invite those students and families which fall under the eligibility requirements of the grant to fully participate. We will inform private school administrators via letter or e-mail of the equitable opportunities available to students within our 21st Century Community Learning Center within MCAS.

Signature: _____



MICHIGAN CITY AREA SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2010, with Dr. Barbara Eason-Watkins, Superintendent of Schools; Theophilus Boone, Jr., Treasurer; and James L. Kintzele, Sr., President of the School Board. The officials concurred with our audit findings.