

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED
03/22/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Hilda Damianick	12-10-09 to 06-30-12
Superintendent of Schools	Dr. Anthony Lux	07-01-07 to 06-30-12
President of the School Board	Thomas Bainbridge	07-01-09 to 06-30-10
	Mark. S. Lucas	07-01-10 to 06-30-11
	Thomas Bainbridge	07-01-11 to 06-30-12



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

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

We have audited the accompanying financial statement of the Merrillville Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 2, 2012, 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.

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

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

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

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

STATE BOARD OF ACCOUNTS

February 2, 2012



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

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

We have audited the financial statement of the Merrillville Community School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 2, 2012. 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 2, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 4,192,331	\$ 41,671,665	\$ 37,423,689	\$ (594,122)	\$ 7,846,185	\$ 41,079,924	\$ 40,315,449	\$ 278,718	\$ 8,889,378
Debt Service	118,768	3,272,167	2,128,773	-	1,262,162	792	138,356	-	1,124,598
Retirement/Severance Bond Debt Service	(105,698)	105,698	-	-	-	-	-	-	-
Exempt Debt	-	30,787,046	17,843,910	(41,166)	12,901,970	10,905,611	25,946,037	-	(2,138,456)
Exempt Retirement/Severance Bond Debt Service	-	2,079,301	1,245,033	-	834,268	778,387	1,671,595	-	(58,940)
Capital Projects	4,381,358	8,878,987	4,447,920	-	8,812,425	4,634,463	4,809,143	(4,371,663)	4,266,082
School Transportation	1,705,084	8,721,599	7,388,625	-	3,038,058	2,977,266	5,887,057	-	128,267
School Bus Replacement	1,195,734	1,559,506	705,559	-	2,049,681	296,366	902,572	-	1,443,475
Special Education Preschool	-	70,125	-	(70,125)	-	-	-	-	-
Rainy Day	-	-	-	-	-	-	-	4,000,000	4,000,000
Retirement/Severance Bond	4,670,142	-	297,181	-	4,372,961	-	139,452	-	4,233,509
Construction	1,884	-	-	-	1,884	290	-	(2,174)	-
Construction - Miller and Wood	35,369	29	243,775	217,342	8,965	-	8,964	(1)	-
Construction - Freshman Wing and Pierce	1,479,199	75,276	1,081,801	-	472,674	33,473	56,631	2,176	451,692
School Lunch	913,241	3,422,805	3,240,934	-	1,095,112	3,533,073	3,310,909	-	1,317,276
Textbook Rental	(765,709)	642,763	538,904	661,850	-	642,397	430,227	-	212,170
Repair and Replacement	-	-	-	-	-	-	65,180	100,000	34,820
Self-Insurance	2,954,946	9,052,406	6,708,938	-	5,298,414	5,499,146	7,495,062	-	3,302,498
Levy Excess	15,564	-	-	(15,564)	-	135,536	-	-	135,536
Educational License Plates	13,119	1,894	-	-	15,013	1,875	4,144	-	12,744
Alternative Education	(93,485)	48,736	106,663	-	(151,412)	45,383	116,955	-	(222,984)
SAFE School Haven	(1,275)	-	-	-	(1,275)	-	-	1,275	-
MASH 2008/2009	(230)	-	28	-	(258)	-	-	258	-
Rotary Club Donation	450	-	-	(450)	-	-	-	-	-
LASS	64,840	-	64,840	-	-	-	-	-	-
Scholarships and Awards	80,263	-	1,000	-	79,263	-	1,000	-	78,263
Shrenker	26	-	-	-	26	-	-	-	26
Pepsi	4,000	-	1,500	-	2,500	-	1,500	-	1,000
Vesa	2,415	-	-	-	2,415	-	-	-	2,415
Foster Ride	(7)	-	-	-	(7)	-	-	7	-
Raczka-Stochel	23,263	-	1,000	-	22,263	-	500	-	21,763
Merrillville Education Foundation	11,182	28,075	17,261	-	21,996	15,313	19,819	-	17,490
MISC	4,006	15,739	16,664	-	3,081	79,316	68,517	-	13,880
Small Learning Communities (Reimbursed by Hammond Schools)	(19,880)	328,430	294,711	-	13,839	289,621	302,530	-	930
Djurich	4,850	-	-	-	4,850	1,700	-	-	6,550
Dollars for Scholars	25,374	-	-	-	25,374	-	-	-	25,374
Miscellaneous Programs	1,033	-	-	-	1,033	-	-	-	1,033
Wellness Program	26,551	675	-	-	27,226	1,111	-	-	28,337
Anderson Foundation	1,044	80	1,124	-	-	-	-	-	-
Central Office Pepsi Account	936	-	-	-	936	-	52	-	884
Transportation Pepsi Account	275	778	929	-	124	628	502	-	250
Supt. Annual MTG	120	-	-	(120)	-	-	-	-	-
Teacher Quality Improvement Program	5,201	-	-	-	5,201	-	-	-	5,201
Gifted and Talented Mini	539	-	-	(539)	-	-	-	-	-
Education Technology	-	-	-	-	-	396,000	439,948	-	(43,948)
Common School 2008	-	152,256	152,256	-	-	-	-	-	-
Common School 2009	-	-	458,789	-	(458,789)	795,368	336,602	23	-
Adult and Continuing Education	(755,269)	(761)	68,761	-	(824,791)	-	-	-	(824,791)

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Adult Education	-	256,431	373,730	-	(117,299)	219,664	379,039	-	(276,674)
Drug Free Communities	500	-	-	(500)	-	-	-	-	-
3290 DARE	113	5,025	-	-	5,138	-	2,597	-	2,541
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	23,478	22,539	-	939
Non-English Speaking Programs 2008/2009	26,248	-	26,248	-	-	-	-	-	-
Non-English Speaking Programs 2009/2010	-	30,658	30,658	-	-	-	-	-	-
School Technology	45,832	28,039	-	-	73,871	41,532	-	-	115,403
Cisco Academy	7,000	-	-	(7,000)	-	-	-	-	-
Daycare	-	686,004	706,634	1,435	(19,195)	585,190	629,096	-	(63,101)
Early Learners	3,405	-	-	(345)	3,060	-	-	-	3,060
Sum. Teach Training	500	-	-	(500)	-	-	-	-	-
3960 DARE	313	-	-	(314)	(1)	-	-	1	-
Insurance Reserve	1,074,872	-	-	-	1,074,872	132	-	-	1,075,004
Graphic Arts	(25,761)	40,746	15,734	-	(749)	12,419	13,277	-	(1,607)
DARE 2008/2009	-	1,476	1,463	-	13	-	13	-	-
DARE 2009/2010	4,000	-	1,948	-	2,052	-	1,881	-	171
Title I	-	-	-	-	-	6,904	10,547	-	(3,643)
Title I Part D 2010/2011	-	-	-	-	-	219,603	358,020	-	(138,417)
Title I Part D 2008/2009	(645)	40,053	31,695	(7,713)	-	-	-	-	-
Title I Part D 2009/2010	-	321,970	328,838	7,713	845	58,104	58,949	-	-
Title I Basic 2010/2011	-	-	-	-	-	482,332	754,863	-	(272,531)
Title I Basic 2008/2009	480,664	63,076	386,035	(157,705)	-	-	-	-	-
Title I Basic 2009/2010	-	599,827	900,100	157,705	(142,568)	477,273	334,695	-	10
Title V Part D 2000/2001	-	4,879	4,879	-	-	-	-	-	-
Title V Part D 2008/2009	22,125	-	22,125	-	-	-	-	-	-
Title IV Part A 2004/2005	204	-	-	(204)	-	-	-	-	-
Title IV Part A 2005/2006	-	-	-	-	-	-	4,956	5,000	44
Title IV Part A 2008/2009	8,163	-	4,035	-	4,128	-	-	-	4,128
Title IV Part A 2009/2010	-	27,763	13,495	-	14,268	-	18,181	-	(3,913)
Title IV Part A 2007/2008	9,128	-	9,128	-	-	-	-	-	-
Title II Part A 2006/2007	-	-	9,736	-	(9,736)	-	-	-	(9,736)
DOE Drug Education	1,435	-	-	(1,435)	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	46,622	(5,000)	(51,622)
Title II Part A 2007/2008	29,664	6,000	35,664	-	-	-	-	-	-
Title II Part A 2008/2009	(25,254)	81,722	48,336	-	8,132	3,405	49,118	-	(37,581)
Title II Part A 2009/2010	-	77,044	62,143	-	14,901	4,283	117,310	-	(98,126)
Title II, Enhancement 2005/2006	2,612	-	-	(2,612)	-	-	-	-	-
Title III, Language Instruction	(36)	-	-	-	(36)	-	28,859	35	(28,860)
Title III Part A 2008/2009	22,297	-	22,297	-	-	-	-	-	-
Title III Part A 2009/2010	-	26,389	26,389	-	-	-	-	-	-
Title II Part B Math and Science Partnership	165,529	31,649	94,233	-	102,945	-	102,945	-	-
Fiscal Stabilization - Education	3,302,123	1,421,794	4,723,917	-	-	-	-	-	-
Title I - Grants to LEAs	-	375,354	258,834	-	116,520	73,740	360,345	-	(170,085)
Special Education - Part B	-	222,632	214,010	-	8,622	420,630	465,853	-	(36,601)
Education Technology	-	311,562	566,553	-	(254,991)	363,226	108,235	-	-
Title I - Part D, Subpart 2	-	217,730	114,309	-	103,421	-	93,210	-	10,211
Totals	\$ 25,348,061	\$ 115,791,622	\$ 93,513,734	\$ 145,631	\$ 47,771,580	\$ 75,134,954	\$ 96,429,853	\$ 8,655	\$ 26,485,336

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 4,192,331	\$ 118,768	\$ (105,698)	\$ -	\$ -	\$ 4,381,358	\$ 1,705,084	\$ 1,195,734	\$ -	\$ -
Receipts:										
Local sources	2,817,224	3,272,167	105,698	24,347,386	1,651,492	8,877,142	6,331,784	1,559,506	-	-
Intermediate sources	189,860	-	-	-	-	-	-	-	-	-
State sources	38,606,235	-	-	-	-	-	-	-	70,125	-
Federal sources	58,227	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	6,439,660	427,809	-	2,369,276	-	-	-
Other	119	-	-	-	-	1,845	20,539	-	-	-
Total receipts	<u>41,671,665</u>	<u>3,272,167</u>	<u>105,698</u>	<u>30,787,046</u>	<u>2,079,301</u>	<u>8,878,987</u>	<u>8,721,599</u>	<u>1,559,506</u>	<u>70,125</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	23,832,453	-	-	-	-	-	-	-	-	-
Support services	11,420,277	-	-	-	-	2,789,097	4,304,305	705,559	-	-
Noninstructional services	546,375	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,658,823	-	-	-	-
Debt services	-	2,128,773	-	17,843,910	1,245,033	-	3,084,320	-	-	-
Nonprogrammed charges	1,624,584	-	-	-	-	-	-	-	-	-
Total disbursements	<u>37,423,689</u>	<u>2,128,773</u>	<u>-</u>	<u>17,843,910</u>	<u>1,245,033</u>	<u>4,447,920</u>	<u>7,388,625</u>	<u>705,559</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,247,976</u>	<u>1,143,394</u>	<u>105,698</u>	<u>12,943,136</u>	<u>834,268</u>	<u>4,431,067</u>	<u>1,332,974</u>	<u>853,947</u>	<u>70,125</u>	<u>-</u>
Other financing sources (uses):										
Sale of capital assets	144,731	-	-	-	-	-	-	-	-	-
Transfers in	98,272	-	-	-	-	1,148,748	-	-	-	-
Transfers out	(837,125)	-	-	(41,166)	-	(1,148,748)	-	-	(70,125)	-
Total other financing sources (uses)	<u>(594,122)</u>	<u>-</u>	<u>-</u>	<u>(41,166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,125)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,653,854</u>	<u>1,143,394</u>	<u>105,698</u>	<u>12,901,970</u>	<u>834,268</u>	<u>4,431,067</u>	<u>1,332,974</u>	<u>853,947</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,846,185</u>	<u>\$ 1,262,162</u>	<u>\$ -</u>	<u>\$ 12,901,970</u>	<u>\$ 834,268</u>	<u>\$ 8,812,425</u>	<u>\$ 3,038,058</u>	<u>\$ 2,049,681</u>	<u>\$ -</u>	<u>\$ -</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Retirement/ Severance Bond	Construction	Construction - Miller and Wood	Construction - Freshman Wing and Pierce	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 4,670,142	\$ 1,884	\$ 35,369	\$ 1,479,199	\$ 913,241	\$ (765,709)	\$ 2,954,946	\$ 15,564	\$ 13,119	\$ (93,485)
Receipts:										
Local sources	-	-	29	68,330	1,321,037	362,855	9,052,406	-	-	1,179
Intermediate sources	-	-	-	-	-	-	-	-	1,894	-
State sources	-	-	-	-	25,113	279,908	-	-	-	47,557
Federal sources	-	-	-	-	2,074,395	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	6,946	2,260	-	-	-	-	-
Total receipts	-	-	29	75,276	3,422,805	642,763	9,052,406	-	1,894	48,736
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	106,663
Support services	297,181	-	-	-	3,050	538,904	152,364	-	-	-
Noninstructional services	-	-	-	-	3,237,884	-	-	-	-	-
Facilities acquisition and construction	-	-	243,775	1,081,801	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	6,556,574	-	-	-
Total disbursements	297,181	-	243,775	1,081,801	3,240,934	538,904	6,708,938	-	-	106,663
Excess (deficiency) of receipts over disbursements	(297,181)	-	(243,746)	(1,006,525)	181,871	103,859	2,343,468	-	1,894	(57,927)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	900	-	-	-	-
Transfers in	-	-	217,342	-	-	660,950	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(15,564)	-	-
Total other financing sources (uses)	-	-	217,342	-	-	661,850	-	(15,564)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(297,181)	-	(26,404)	(1,006,525)	181,871	765,709	2,343,468	(15,564)	1,894	(57,927)
Cash and investments - ending	\$ 4,372,961	\$ 1,884	\$ 8,965	\$ 472,674	\$ 1,095,112	\$ -	\$ 5,298,414	\$ -	\$ 15,013	\$ (151,412)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	SAFE School Haven	MASH 2008/2009	Rotary Club Donation	LASS	Scholarships and Awards	Shrenker	Pepsi	Vesa	Foster Ride	Raczka-Stochel
Cash and investments - beginning	\$ (1,275)	\$ (230)	\$ 450	\$ 64,840	\$ 80,263	\$ 26	\$ 4,000	\$ 2,415	\$ (7)	\$ 23,263
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	1,000	-	1,500	-	-	1,000
Support services	-	28	-	64,840	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	28	-	64,840	1,000	-	1,500	-	-	1,000
Excess (deficiency) of receipts over disbursements	-	(28)	-	(64,840)	(1,000)	-	(1,500)	-	-	(1,000)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(450)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(450)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(28)	(450)	(64,840)	(1,000)	-	(1,500)	-	-	(1,000)
Cash and investments - ending	\$ (1,275)	\$ (258)	\$ -	\$ -	\$ 79,263	\$ 26	\$ 2,500	\$ 2,415	\$ (7)	\$ 22,263

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Merrillville Education Foundation	MISC	Small Learning Communities (Reimbursed by Hammond Schools)	Djurich	Dollars for Scholars	Miscellaneous Programs	Wellness Program	Anderson Foundation	Central Office Pepsi Account	Transportation Pepsi Account
Cash and investments - beginning	\$ 11,182	\$ 4,006	\$ (19,880)	\$ 4,850	\$ 25,374	\$ 1,033	\$ 26,551	\$ 1,044	\$ 936	\$ 275
Receipts:										
Local sources	28,075	15,739	328,430	-	-	-	675	80	-	778
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	28,075	15,739	328,430	-	-	-	675	80	-	778
Disbursements:										
Current:										
Instruction	17,261	16,444	1,450	-	-	-	-	1,124	-	-
Support services	-	220	293,261	-	-	-	-	-	-	929
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	17,261	16,664	294,711	-	-	-	-	1,124	-	929
Excess (deficiency) of receipts over disbursements	10,814	(925)	33,719	-	-	-	675	(1,044)	-	(151)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,814	(925)	33,719	-	-	-	675	(1,044)	-	(151)
Cash and investments - ending	\$ 21,996	\$ 3,081	\$ 13,839	\$ 4,850	\$ 25,374	\$ 1,033	\$ 27,226	\$ -	\$ 936	\$ 124

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Supt. Annual MTG	Teacher Quality Improvement Program	Gifted and Talented Mini	Common School 2008	Common School 2009	Adult and Continuing Education	Adult Education	Drug Free Communities	3290 DARE	Non-English Speaking Programs 2008/2009
Cash and investments - beginning	\$ 120	\$ 5,201	\$ 539	\$ -	\$ -	\$ (755,269)	\$ -	\$ 500	\$ 113	\$ 26,248
Receipts:										
Local sources	-	-	-	-	-	(761)	159,721	-	25	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	152,256	-	-	96,710	-	5,000	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	152,256	-	(761)	256,431	-	5,025	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	68,706	372,254	-	-	26,248
Support services	-	-	-	152,256	458,789	55	1,476	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	152,256	458,789	68,761	373,730	-	-	26,248
Excess (deficiency) of receipts over disbursements	-	-	-	-	(458,789)	(69,522)	(117,299)	-	5,025	(26,248)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(120)	-	(539)	-	-	-	-	(500)	-	-
Total other financing sources (uses)	(120)	-	(539)	-	-	-	-	(500)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(120)	-	(539)	-	(458,789)	(69,522)	(117,299)	(500)	5,025	(26,248)
Cash and investments - ending	\$ -	\$ 5,201	\$ -	\$ -	\$ (458,789)	\$ (824,791)	\$ (117,299)	\$ -	\$ 5,138	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking Programs 2009/2010	School Technology	Cisco Academy	Daycare	Early Learners	Sum. Teach Training	3960 DARE	Insurance Reserve	Graphic Arts	DARE 2008/2009
Cash and investments - beginning	\$ -	\$ 45,832	\$ 7,000	\$ -	\$ 3,405	\$ 500	\$ 313	\$ 1,074,872	\$ (25,761)	\$ 1,476
Receipts:										
Local sources	-	-	-	686,004	-	-	-	-	40,746	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	30,658	28,039	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	30,658	28,039	-	686,004	-	-	-	-	40,746	-
Disbursements:										
Current:										
Instruction	30,658	-	-	706,047	-	-	-	-	15,734	1,463
Support services	-	-	-	587	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	30,658	-	-	706,634	-	-	-	-	15,734	1,463
Excess (deficiency) of receipts over disbursements	-	28,039	-	(20,630)	-	-	-	-	25,012	(1,463)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	1,435	-	-	-	-	-	-
Transfers out	-	-	(7,000)	-	(345)	(500)	(314)	-	-	-
Total other financing sources (uses)	-	-	(7,000)	1,435	(345)	(500)	(314)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	28,039	(7,000)	(19,195)	(345)	(500)	(314)	-	25,012	(1,463)
Cash and investments - ending	\$ -	\$ 73,871	\$ -	\$ (19,195)	\$ 3,060	\$ -	\$ (1)	\$ 1,074,872	\$ (749)	\$ 13

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	DARE 2009/2010	Title I Part D 2008/2009	Title I Part D 2009/2010	Title I Basic 2008/2009	Title I Basic 2009/2010	Title V Part D 2000/2001	Title V Part D 2008/2009	Title IV Part A 2004/2005	Title IV Part A 2008/2009
Cash and investments - beginning	\$ 4,000	\$ (645)	\$ -	\$ 480,664	\$ -	\$ -	\$ 22,125	\$ 204	\$ 8,163
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	40,053	321,970	63,076	599,827	4,879	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>40,053</u>	<u>321,970</u>	<u>63,076</u>	<u>599,827</u>	<u>4,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	1,948	(22,623)	306,105	250,491	727,966	4,879	320	-	-
Support services	-	54,318	22,733	134,827	172,134	-	21,805	-	4,035
Noninstructional services	-	-	-	717	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>1,948</u>	<u>31,695</u>	<u>328,838</u>	<u>386,035</u>	<u>900,100</u>	<u>4,879</u>	<u>22,125</u>	<u>-</u>	<u>4,035</u>
Excess (deficiency) of receipts over disbursements	<u>(1,948)</u>	<u>8,358</u>	<u>(6,868)</u>	<u>(322,959)</u>	<u>(300,273)</u>	<u>-</u>	<u>(22,125)</u>	<u>-</u>	<u>(4,035)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	7,713	-	157,705	-	-	-	-
Transfers out	-	(7,713)	-	(157,705)	-	-	-	(204)	-
Total other financing sources (uses)	<u>-</u>	<u>(7,713)</u>	<u>7,713</u>	<u>(157,705)</u>	<u>157,705</u>	<u>-</u>	<u>-</u>	<u>(204)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,948)</u>	<u>645</u>	<u>845</u>	<u>(480,664)</u>	<u>(142,568)</u>	<u>-</u>	<u>(22,125)</u>	<u>(204)</u>	<u>(4,035)</u>
Cash and investments - ending	<u>\$ 2,052</u>	<u>\$ -</u>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ (142,568)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,128</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title IV Part A 2009/2010	Title IV Part A 2007/2008	Title II Part A 2006/2007	DOE Drug Education	Title II Part A 2007/2008	Title II Part A 2008/2009	Title II Part A 2009/2010	Title II, Enhancement 2005/2006	Title III, Language Instruction
Cash and investments - beginning	\$ -	\$ 9,128	\$ -	\$ 1,435	\$ 29,664	\$ (25,254)	\$ -	\$ 2,612	\$ (36)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	27,763	-	-	-	6,000	81,722	77,044	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	27,763	-	-	-	6,000	81,722	77,044	-	-
Disbursements:									
Current:									
Instruction	-	5,028	9,736	-	35,664	48,336	62,143	-	-
Support services	13,495	4,100	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	13,495	9,128	9,736	-	35,664	48,336	62,143	-	-
Excess (deficiency) of receipts over disbursements	14,268	(9,128)	(9,736)	-	(29,664)	33,386	14,901	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(1,435)	-	-	-	(2,612)	-
Total other financing sources (uses)	-	-	-	(1,435)	-	-	-	(2,612)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,268	(9,128)	(9,736)	(1,435)	(29,664)	33,386	14,901	(2,612)	-
Cash and investments - ending	\$ 14,268	\$ -	\$ (9,736)	\$ -	\$ -	\$ 8,132	\$ 14,901	\$ -	\$ (36)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title III Part A 2008/2009	Title III Part A 2009/2010	Title II Part B Math and Science Partnership	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Technology	Title I - Part D, Subpart 2	Totals
Cash and investments - beginning	\$ 22,297	\$ -	\$ 165,529	\$ 3,302,123	\$ -	\$ -	\$ -	\$ -	\$ 25,348,061
Receipts:									
Local sources	-	-	-	-	-	222,632	54	-	61,250,433
Intermediate sources	-	-	-	-	-	-	-	-	191,754
State sources	-	-	-	-	-	-	-	-	39,341,601
Federal sources	-	26,389	31,649	1,421,794	375,354	-	311,508	217,730	5,739,380
Temporary loans	-	-	-	-	-	-	-	-	9,236,745
Other	-	-	-	-	-	-	-	-	31,709
Total receipts	-	26,389	31,649	1,421,794	375,354	222,632	311,562	217,730	115,791,622
Disbursements:									
Current:									
Instruction	22,297	26,389	88,923	2,908,761	244,694	-	269,250	109,252	30,299,564
Support services	-	-	5,310	836,164	2,627	-	297,303	5,057	22,757,086
Noninstructional services	-	-	-	70,537	11,513	-	-	-	3,867,026
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,984,399
Debt services	-	-	-	-	-	-	-	-	24,302,036
Nonprogrammed charges	-	-	-	908,455	-	214,010	-	-	9,303,623
Total disbursements	22,297	26,389	94,233	4,723,917	258,834	214,010	566,553	114,309	93,513,734
Excess (deficiency) of receipts over disbursements	(22,297)	-	(62,584)	(3,302,123)	116,520	8,622	(254,991)	103,421	22,277,888
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	145,631
Transfers in	-	-	-	-	-	-	-	-	2,292,165
Transfers out	-	-	-	-	-	-	-	-	(2,292,165)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	145,631
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,297)	-	(62,584)	(3,302,123)	116,520	8,622	(254,991)	103,421	22,423,519
Cash and investments - ending	\$ -	\$ -	\$ 102,945	\$ -	\$ 116,520	\$ 8,622	\$ (254,991)	\$ 103,421	\$ 47,771,580

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Exempt Debt	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 7,846,185	\$ 1,262,162	\$ 12,901,970	\$ 834,268	\$ 8,812,425	\$ 3,038,058	\$ 2,049,681	\$ -	\$ 4,372,961	\$ 1,884
Receipts:										
Local sources	814,719	792	10,905,611	778,387	4,634,463	2,959,272	296,366	-	-	290
Intermediate sources	227,080	-	-	-	-	-	-	-	-	-
State sources	39,972,760	-	-	-	-	-	-	-	-	-
Federal sources	65,365	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	17,994	-	-	-	-
Total receipts	<u>41,079,924</u>	<u>792</u>	<u>10,905,611</u>	<u>778,387</u>	<u>4,634,463</u>	<u>2,977,266</u>	<u>296,366</u>	<u>-</u>	<u>-</u>	<u>290</u>
Disbursements:										
Current:										
Instruction	24,883,920	-	-	-	-	-	-	-	10,459	-
Support services	11,115,737	-	-	-	3,407,809	4,102,101	902,572	-	128,993	-
Noninstructional services	630,742	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,401,334	-	-	-	-	-
Debt services	-	138,356	25,946,037	1,671,595	-	1,784,956	-	-	-	-
Nonprogrammed charges	3,685,050	-	-	-	-	-	-	-	-	-
Total disbursements	<u>40,315,449</u>	<u>138,356</u>	<u>25,946,037</u>	<u>1,671,595</u>	<u>4,809,143</u>	<u>5,887,057</u>	<u>902,572</u>	<u>-</u>	<u>139,452</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>764,475</u>	<u>(137,564)</u>	<u>(15,040,426)</u>	<u>(893,208)</u>	<u>(174,680)</u>	<u>(2,909,791)</u>	<u>(606,206)</u>	<u>-</u>	<u>(139,452)</u>	<u>290</u>
Other financing sources (uses):										
Sale of capital assets	8,655	-	-	-	-	-	-	-	-	-
Transfers in	271,663	-	-	-	-	-	-	4,000,000	-	-
Transfers out	(1,600)	-	-	-	(4,371,663)	-	-	-	-	(2,174)
Total other financing sources (uses)	<u>278,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,371,663)</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>(2,174)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,043,193</u>	<u>(137,564)</u>	<u>(15,040,426)</u>	<u>(893,208)</u>	<u>(4,546,343)</u>	<u>(2,909,791)</u>	<u>(606,206)</u>	<u>4,000,000</u>	<u>(139,452)</u>	<u>(1,884)</u>
Cash and investments - ending	<u>\$ 8,889,378</u>	<u>\$ 1,124,598</u>	<u>\$ (2,138,456)</u>	<u>\$ (58,940)</u>	<u>\$ 4,266,082</u>	<u>\$ 128,267</u>	<u>\$ 1,443,475</u>	<u>\$ 4,000,000</u>	<u>\$ 4,233,509</u>	<u>\$ -</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Construction - Miller and Wood	Construction - Freshman Wing and Pierce	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven
Cash and investments - beginning	\$ 8,965	\$ 472,674	\$ 1,095,112	\$ -	\$ -	\$ 5,298,414	\$ -	\$ 15,013	\$ (151,412)	\$ (1,275)
Receipts:										
Local sources	-	357	1,189,115	336,102	-	5,499,146	135,536	-	351	-
Intermediate sources	-	-	-	-	-	-	-	1,875	-	-
State sources	-	-	26,884	306,295	-	-	-	-	45,032	-
Federal sources	-	-	2,314,914	-	-	-	-	-	-	-
Other	-	33,116	2,160	-	-	-	-	-	-	-
Total receipts	-	33,473	3,533,073	642,397	-	5,499,146	135,536	1,875	45,383	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	4,144	116,955	-
Support services	-	-	2,413	430,227	65,180	260,711	-	-	-	-
Noninstructional services	-	-	3,308,496	-	-	-	-	-	-	-
Facilities acquisition and construction	8,964	56,631	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	7,234,351	-	-	-	-
Total disbursements	8,964	56,631	3,310,909	430,227	65,180	7,495,062	-	4,144	116,955	-
Excess (deficiency) of receipts over disbursements	(8,964)	(23,158)	222,164	212,170	(65,180)	(1,995,916)	135,536	(2,269)	(71,572)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	2,176	-	-	100,000	-	-	-	-	1,275
Transfers out	(1)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1)	2,176	-	-	100,000	-	-	-	-	1,275
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,965)	(20,982)	222,164	212,170	34,820	(1,995,916)	135,536	(2,269)	(71,572)	1,275
Cash and investments - ending	\$ -	\$ 451,692	\$ 1,317,276	\$ 212,170	\$ 34,820	\$ 3,302,498	\$ 135,536	\$ 12,744	\$ (222,984)	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	MASH 2008/2009	Scholarships and Awards	Shrenker	Pepsi	Vesa	Foster Ride	Raczka-Stochel	Merrillville Education Foundation	MISC	Small Learning Communities (Reimbursed by Hammond Schools)
Cash and investments - beginning	\$ (258)	\$ 79,263	\$ 26	\$ 2,500	\$ 2,415	\$ (7)	\$ 22,263	\$ 21,996	\$ 3,081	\$ 13,839
Receipts:										
Local sources	-	-	-	-	-	-	-	15,313	79,316	289,621
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	15,313	79,316	289,621
Disbursements:										
Current:										
Instruction	-	1,000	-	1,500	-	-	500	19,819	3,500	509
Support services	-	-	-	-	-	-	-	-	65,017	302,021
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,000	-	1,500	-	-	500	19,819	68,517	302,530
Excess (deficiency) of receipts over disbursements	-	(1,000)	-	(1,500)	-	-	(500)	(4,506)	10,799	(12,909)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	258	-	-	-	-	7	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	258	-	-	-	-	7	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	258	(1,000)	-	(1,500)	-	7	(500)	(4,506)	10,799	(12,909)
Cash and investments - ending	\$ -	\$ 78,263	\$ 26	\$ 1,000	\$ 2,415	\$ -	\$ 21,763	\$ 17,490	\$ 13,880	\$ 930

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Djurich	Dollars for Scholars	Miscellaneous Programs	Wellness Program	Central Office Pepsi Account	Transportation Pepsi Account	Teacher Quality Improvement Program	Education Technology	Common School 2009	Adult and Continuing Education
Cash and investments - beginning	\$ 4,850	\$ 25,374	\$ 1,033	\$ 27,226	\$ 936	\$ 124	\$ 5,201	\$ -	\$ (458,789)	\$ (824,791)
Receipts:										
Local sources	1,700	-	-	1,111	-	628	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	396,000	795,368	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,700	-	-	1,111	-	628	-	396,000	795,368	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	52	502	-	439,948	336,602	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	52	502	-	439,948	336,602	-
Excess (deficiency) of receipts over disbursements	1,700	-	-	1,111	(52)	126	-	(43,948)	458,766	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	23	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	23	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,700	-	-	1,111	(52)	126	-	(43,948)	458,789	-
Cash and investments - ending	\$ 6,550	\$ 25,374	\$ 1,033	\$ 28,337	\$ 884	\$ 250	\$ 5,201	\$ (43,948)	\$ -	\$ (824,791)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Adult Education	3290 DARE	Non-English Speaking Programs P.L. 273-1999	School Technology	Daycare	Early Learners	3960 DARE	Insurance Reserve	Graphic Arts	DARE 2008/2009
Cash and investments - beginning	\$ (117,299)	\$ 5,138	\$ -	\$ 73,871	\$ (19,195)	\$ 3,060	\$ (1)	\$ 1,074,872	\$ (749)	\$ 13
Receipts:										
Local sources	125,686	-	-	-	585,190	-	-	132	12,419	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	93,978	-	23,478	41,532	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	219,664	-	23,478	41,532	585,190	-	-	132	12,419	-
Disbursements:										
Current:										
Instruction	376,469	2,597	22,539	-	629,066	-	-	-	13,277	13
Support services	2,570	-	-	-	30	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	379,039	2,597	22,539	-	629,096	-	-	-	13,277	13
Excess (deficiency) of receipts over disbursements	(159,375)	(2,597)	939	41,532	(43,906)	-	-	132	(858)	(13)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	1	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(159,375)	(2,597)	939	41,532	(43,906)	-	1	132	(858)	(13)
Cash and investments - ending	\$ (276,674)	\$ 2,541	\$ 939	\$ 115,403	\$ (63,101)	\$ 3,060	\$ -	\$ 1,075,004	\$ (1,607)	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	DARE 2009/2010	Title I Title I	Title I Part D 2010/2011	Title I Part D 2009/2010	Title I Basic 2010/2011	Title I Basic 2009/2010	Title IV Part A 2005/2006	Title IV Part A 2008/2009	Title IV Part A 2009/2010	Title II Part A 2006/2007
Cash and investments - beginning	\$ 2,052	\$ -	\$ -	\$ 845	\$ -	\$ (142,568)	\$ -	\$ 4,128	\$ 14,268	\$ (9,736)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	6,904	219,603	58,104	482,332	477,273	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	6,904	219,603	58,104	482,332	477,273	-	-	-	-
Disbursements:										
Current:										
Instruction	1,881	4,483	345,314	53,761	753,580	314,129	2,956	-	16,621	-
Support services	-	6,064	12,706	5,188	1,092	20,566	2,000	-	1,560	-
Noninstructional services	-	-	-	-	191	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,881	10,547	358,020	58,949	754,863	334,695	4,956	-	18,181	-
Excess (deficiency) of receipts over disbursements	(1,881)	(3,643)	(138,417)	(845)	(272,531)	142,578	(4,956)	-	(18,181)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	5,000	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	5,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,881)	(3,643)	(138,417)	(845)	(272,531)	142,578	44	-	(18,181)	-
Cash and investments - ending	\$ 171	\$ (3,643)	\$ (138,417)	\$ -	\$ (272,531)	\$ 10	\$ 44	\$ 4,128	\$ (3,913)	\$ (9,736)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 2008/2009	Title II Part A 2009/2010	Title III, Language Instruction	Title II Part B Math and Science Partnership	Title I - Grants to LEAs	Special Education - Part B	Education Technology	Title I - Part D, Subpart 2	Totals
Cash and investments - beginning	\$ -	\$ 8,132	\$ 14,901	\$ (36)	\$ 102,945	\$ 116,520	\$ 8,622	\$ (254,991)	\$ 103,421	\$ 47,771,580
Receipts:										
Local sources	-	-	-	-	-	-	420,630	-	-	29,082,253
Intermediate sources	-	-	-	-	-	-	-	-	-	228,955
State sources	-	-	-	-	-	-	-	-	-	41,701,327
Federal sources	-	3,405	4,283	-	-	73,740	-	363,226	-	4,069,149
Other	-	-	-	-	-	-	-	-	-	53,270
Total receipts	-	3,405	4,283	-	-	73,740	420,630	363,226	-	75,134,954
Disbursements:										
Current:										
Instruction	46,622	49,118	117,310	28,859	104,240	290,733	13,568	108,235	93,210	28,430,887
Support services	-	-	-	-	(1,295)	69,612	-	-	-	21,679,978
Noninstructional services	-	-	-	-	-	-	-	-	-	3,939,429
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,466,929
Debt services	-	-	-	-	-	-	-	-	-	29,540,944
Nonprogrammed charges	-	-	-	-	-	-	452,285	-	-	11,371,686
Total disbursements	46,622	49,118	117,310	28,859	102,945	360,345	465,853	108,235	93,210	96,429,853
Excess (deficiency) of receipts over disbursements	(46,622)	(45,713)	(113,027)	(28,859)	(102,945)	(286,605)	(45,223)	254,991	(93,210)	(21,294,899)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	8,655
Transfers in	-	-	-	35	-	-	-	-	-	4,380,438
Transfers out	(5,000)	-	-	-	-	-	-	-	-	(4,380,438)
Total other financing sources (uses)	(5,000)	-	-	35	-	-	-	-	-	8,655
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(51,622)	(45,713)	(113,027)	(28,824)	(102,945)	(286,605)	(45,223)	254,991	(93,210)	(21,286,244)
Cash and investments - ending	\$ (51,622)	\$ (37,581)	\$ (98,126)	\$ (28,860)	\$ -	\$ (170,085)	\$ (36,601)	\$ -	\$ 10,211	\$ 26,485,336

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

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>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Land	\$ 767,900
Buildings	151,084,980
Improvements other than buildings	3,592,739
Machinery and equipment	<u>11,343,537</u>
Total capital assets not being depreciated	<u>\$ 166,789,156</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
1990/1992 Merrillville High School Improvements	\$ 6,147,616	\$ 8,984,000
2001 Pierce Middle School Improvements	17,540,000	2,339,000
2005 Intermediate and Three Elementary Schools Improvements	60,655,000	4,409,000
2008 Freshmen Center and Middle School Additions	54,535,000	3,540,000
Common School loans:		
Loan A1186 Data Processing Instructional Equipment	17,508	17,595
Loan A1237 Data Processing Instructional Equipment	53,615	36,190
Loan A1289 Data Processing Instructional Equipment	335,315	137,144
Loan A1295 Data Processing Instructional Equipment	91,185	37,295
Loan A1321 Shortfall	42,944	43,158
Loan A1330 Data Processing Instructional Equipment	106,579	31,441
Loan A1396 Data Processing Instructional Equipment	458,464	135,247
Loan A1419 Data Processing Instructional Equipment	126,378	29,278
Bonds payable:		
General obligation bonds:		
Pension Bonds of 2002	3,780,000	791,768
Pension Bonds of 2006	4,415,000	452,654
Total debt	\$ 148,304,603	\$ 20,983,770

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The fund balances of the following funds were overdrawn at June 30, 2010 and/or 2011. The list does not include overdrawn Federal and State grant funds which will be subsequently reimbursed.

Fund	2010	2011
Exempt Debt	\$ -	\$ 2,138,456
Exempt Retirement/Severance Bond Debt Service	-	58,940
Alternative Education	151,412	222,984
Common School 2009	458,789	-
Adult and Continuing Education	824,791	824,791
Adult Education	117,299	276,674
Daycare	19,195	63,101
Graphic Arts	749	1,607
Title II Part A 2006/2007	9,736	9,736
Title II Part A 2008/2009	-	37,581

The 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)

CLEARING FUND RECONCILEMENT

As stated in the prior report, the employees' payroll deductions are receipted to the Clearing Fund (084) and subsequently disbursed to the proper fund, government agency, or company. As of June 30, 2011, the Clearing Fund had a balance of \$752,264.57. In July 2011, the School Corporation remitted \$548,176.54 to government agencies and companies for deductions which were receipted to the Clearing Fund prior to June 30, 2011. In addition, it was determined that \$127,943.46 in insurance premiums from May 2011 had not been transferred to the Self-Insurance Fund (1100) as of June 30, 2011. The remaining \$76,144.47 balance could not be traced to a subsequent payment or unpaid liability.

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

Payments or transfers which are not authorized by statute, ordinance, resolution or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS

The School Corporation uses a computer software program to account for school lunch revenues. Students can prepay for meals and the system maintains account balances for individual students. The School Corporation has also established a Food Service Clearing Fund (840) to account for the cumulative balance of prepayments. A report can be generated from the system which will list every student who has an

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

account and the related balances. The report can then be compared to the balance of the Food Service Clearing Fund (840) to ensure proper accountability over the amounts prepaid. At June 30, 2011, the balance in the Food Service Clearing Fund was \$29,274.04; however, the amount of prepaid student accounts in the detailed subsidiary records was \$24,249.25.

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

BANK RECONCILEMENTS (Applies to Merrillville High School)

The extra-curricular records have not been reconciled to the bank balance since April 2011.

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

DEPOSIT OF TEXTBOOK RENTAL RECEIPTS (Applies to Merrillville Intermediate School)

Receipts in numerous instances were not deposited within a reasonable time. Receipts were deposited up to 218 days after being collected.

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

RECEIPT ISSUANCE (Applies to Merrillville Intermediate and Salk Elementary Schools)

The extra-curricular receipts issued did not always indicate whether the funds collected were in cash, check, or other forms; therefore we were unable to determine whether receipts were deposited intact.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. The receipt form must be signed by the treasurer of the extra-curricular account or collecting authority. The cash receipts collected by and for the benefit of any activity fund should be in charge of some designated official or sponsor of the activity, until turned over to the treasurer of the extracurricular account. Posting to the control account and the activity funds will be made from the duplicate receipts (Register of Receipts) in the same manner as previously outlined for the posting of checks. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL RECEIPTS ISSUANCE (Applies to Miller Elementary School)

Receipts were not always issued when funds were received. Of the textbook rental receipts reviewed, 13 percent were deposited before the receipt was written.

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the compliance of the Merrillville Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. 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 2011-1 and 2011-2.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1 and 2011-2. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

STATE BOARD OF ACCOUNTS

February 2, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 436,099	\$ 539,434
National School Lunch Program	10.555		1,625,817	1,805,451
Summer Food Service Program for Children	10.559		<u>151,748</u>	<u>139,305</u>
Total for federal grantor agency			<u>2,213,664</u>	<u>2,484,190</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
Title I Allocation	84.010			
		09-4600	543,739	-
		10-4600	900,099	334,693
		11-4600	-	754,863
Title I Neglected and Delinquent				
Prevention and Intervention Programs for Delinquent				
Children and Youth Living in Institutions				
		09-4600	39,408	-
		10-4600	328,840	58,949
		11-4600	-	358,020
Title I Basic Distinguished Schools		11-4600	<u>-</u>	<u>10,547</u>
Total for program			<u>1,812,086</u>	<u>1,517,072</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
ARRA - Title I Allocation, Recovery Act	84.389			
		10-4600	258,832	6,716
		11-4600	-	353,629
ARRA - Title I Neglected and Delinquent, Recovery Act				
Prevention and Intervention Programs for Delinquent				
Children and Youth Living in Institutions				
		10-4600	114,309	10,422
		11-4600	<u>-</u>	<u>82,787</u>
Total for program			<u>373,141</u>	<u>453,554</u>
Total for cluster			<u>2,185,227</u>	<u>1,970,626</u>
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act				
Enhancing Education Through Technology	84.386	C209S4650	<u>269,250</u>	<u>108,235</u>
Pass-Through Northwest Indiana Special Education Cooperative				
Special Education Cluster (IDEA)				
ARRA - Special Education - Grants to States (IDEA Part B), Recovery Act	84.391		<u>214,009</u>	<u>465,852</u>
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF),				
- Education State Grants, Recovery Act (Education Stabilization Fund)	84.394		<u>4,723,909</u>	<u>-</u>

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Safe and Drug-Free Schools and Communities - State Grants	84.186	05-4600	204	-
		07-4600	11,171	-
		08-4600	9,128	-
		09-4600	4,035	-
		10-4600	13,495	18,181
		11-4600	-	4,956
Total for program			<u>38,033</u>	<u>23,137</u>
State Grants for Innovative Programs	84.298	09-4600	<u>27,004</u>	-
English Language Acquisition Grants Non-English Speaking Program	84.365	09-4600	22,297	-
		10-4600	26,390	-
		11-4600	-	28,860
Total for program			<u>48,687</u>	<u>28,860</u>
Mathematics and Science Partnerships Making Algebra Realistic Knowledge	84.366		<u>94,232</u>	<u>102,945</u>
Improving Teacher Quality State Grants	84.367	05-147	2,612	-
		08-4600	35,664	-
		09-4600	48,334	49,118
		10-4600	62,142	117,308
		11-4600	-	51,622
Total for program			<u>148,752</u>	<u>218,048</u>
Total for federal grantor agency			<u>7,749,103</u>	<u>2,917,703</u>
Total federal awards expended			<u>\$ 9,962,767</u>	<u>\$ 5,401,893</u>

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Merrillville Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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.

Note 2. 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, 2011:

Program Title	Federal CFDA Number	2011
ARRA – Education Technology State Grants, Recovery Act	84.386	<u>\$ 108,115</u>

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 29,456	\$ 39,101
National School Lunch Program	10.555	109,813	130,297

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$460,940

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-1 - REPORTING, CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, and 10.559
Federal Award Numbers: FY 2009-2010, FY 2010-2011
Pass-Through: Indiana Department of Education

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

Late Reporting

The Indiana Department of Education requires School Corporations to submit their monthly "Claim for Reimbursement" for eligible meals served by the 10th day of the following month. Sixteen of the 20 claims filed for the period July 1, 2009 to June 30, 2011, were filed past the due date. Most of the claims were filed within one week of the due date; however, seven claims were filed over one week late and three were filed over three weeks late.

A new employee was responsible for filing the claims for reimbursement during this period. This employee misunderstood the reporting deadline because the website where the claims are submitted states that the claims must be submitted within two months after the end of the month. For example, the December claim is to be submitted between January 1 and March 1. Although the final deadline for reimbursement is 60 days, the Indiana Department of Education has established the shorter deadline of the 10th day of the following month.

7 CFR 210.8 states in part:

". . . (b) Monthly claims. To be entitled to reimbursement under this part, each school food authority shall submit to the State agency, a monthly Claim for Reimbursement, as described in paragraph (c) of this section.

- (1) Submission time frames. A final Claim for Reimbursement shall be postmarked or submitted to the State agency not later than 60 days following the last day of the full month covered by the claim. State agencies may establish shorter deadlines at their discretion. Claims not postmarked and/or submitted within 60 days shall not be paid with Program funds unless otherwise authorized by FNS. . . ."

Inaccurate Balance Reported

The School Corporation uses a computer software program to account for school lunch revenues. Students can prepay for meals and the program can generate a report of prepaid account balances for individual students. The School Corporation has established the Food Service Clearing Fund (840) to account for total accumulated prepayments.

At June 30, 2011, the balance in the Food Service Clearing Fund (840) was \$29,274.04; however, the amount of prepaid student accounts reported in the Food Service Annual Financial Report to the Indiana Department of Education Food Service Division was only \$19,322.50. This reported amount did not include "inactive" students' balances of \$4,762.41. The detailed lists of student prepaid accounts, including both active and inactive students total \$24,249.25 at June 30, 2011, which does not agree to either the actual fund balance or the balance reported to the Indiana Department of Education.

34 CFR 80.20(b)(1) states: "Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Failure to comply with reporting requirements may cause the School Corporation to be denied reimbursement or to be deemed ineligible for future federal funding.

We recommended that School Corporation officials develop and implement controls to ensure that reports are filed accurately and timely. Officials should also reconcile the reports of student account balances to the actual cash in the Food Service Clearing Fund on a monthly basis.

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

FINDING 2011-2 - MAINTENANCE OF EFFORT

Federal Agency: U.S. Department of Education
Federal Programs: Title I Grants to Local Educational Agencies, English Language
Acquisition Grants, Improving Teacher Quality State Grants
CFDA Numbers: 84.010, 84.365, and 84.367
Federal Award Number and Year: 11-4600; School Year 2010-2011
Pass-through Entity: Indiana Department of Education

In April 2011, Merrillville Community School Corporation (Corporation) was notified by the Indiana Department of Education (IDOE) that they had not met the Maintenance of Effort (MOE) requirements for 2010-2011. Due to the failure to meet the requirement, the State reduced the Corporation's 2011 allocation for several programs in a proportionate share by which the School had fallen below the MOE required disbursements. The federal programs affected by this finding were: Title I Grants to Local Educational Agencies, Title I Neglected and Delinquent, English Language Acquisition Grants, and Improving Teacher Quality State Grants.

MOE for 2010-2011 was calculated by comparing 2007-2008 to 2008-2009 aggregate and per pupil expenditures. The Corporation expended 2.138 percent less than the required amount of aggregate expenditures and 0.595 percent of the required per pupil expenditures during 2008-2009. The total amount of 2010-2011 reductions to the Corporation's federal allocations was \$10,390.27 for all affected programs.

Corporation officials have filed a response with the U.S. Department of Education (DOE) and have requested an exemption; they have not received a response to their request. Officials explained that the lower expenditures in 2008-2009 were due to only receiving 45 percent of their local tax distributions by December 31, 2008, and their final distribution was not received until March 29, 2009. Due to this, and the unknown tax collection rate, they postponed expenditures and delayed payments for several months.

20 USC 7901 Maintenance of Effort states in part:

"(a) In general. A local educational agency may receive funds under a covered program for any fiscal year only if the State educational agency finds that either the combined fiscal effort per student or the aggregate expenditures of the agency and the State with respect to the provision of free public education by the agency for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year. (b) Reduction in case of failure to meet (1) In general. The State educational agency shall reduce the amount of the allocation of funds under a covered program in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) of this section by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency). . . ."

Failure to comply with MOE requirements has and will result in mandatory reductions of federal program allocations.

We recommended that Corporation officials design and implement procedures to monitor fiscal year expenditures to ensure compliance with MOE requirements.



**MERRILLVILLE COMMUNITY
SCHOOL CORPORATION**

6701 Delaware Street, Merrillville, IN 46410-3586
(219) 650-5300 FAX (219) 650-5320

ADMINISTRATION

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Superintendent
- MARK B. SPERLING, Ed.D.
Ass't Superintendent
- HILDA DAMIANICK
Ass't To The Superintendent
Business Affairs
- JAMES C. KURTH
Director Personnel
- MARYLOU ROTH
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- KELLY P. MURPHY
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Services
- JANELLE BOWEN
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Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number: 2009-2, Title I – Cash Management

Original SBA Audit Report No.: B35802

Fiscal Year: 2009

Auditee Contact Person: Hilda Damianick

Title of Contact Person: Asst. to Supt. for Business

Phone Number: (219) 650-5300

Status of Finding: With the change in procedures made by the State in July 2010, we are now asking for reimbursement of expenditures which prevents having a cash surplus.

Signed *H. Damianick*

Date 1.18.12



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number: 2009-1, Child Nutrition Cluster - Reporting

Original SBA Audit Report No.: B35802

Fiscal Year: 2009

Auditee Contact Person: Hilda Damianick

Title of Contact Person: Asst. to Supt. for Business

Phone Number: (219) 650-5300

Status of Finding: The discrepancy in the "Annual Financial Report" cash balance was addressed and corrected. The balance now reflects the same cash balance as the Food Service Fund cash balance.

A corrected "Annual Financial Report" for 7/1/07 and 6/30/09 was submitted.

We investigated the difference in the students' account balances. In August 2008, Food Service switched from Meal Time to Meal Magic and the balances that were carried forward are unknown. Since payments are continuously made on line, we could not re-create the balance that was transferred to Meal Magic. We did implement a procedure for reimbursement of student account balances for inactive students. We continue to address the inconsistency in student balance accounts with the balances in the annual financial report and the clearing account.

Signed H. Damianick

Date 1.18.12

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CORRECTIVE ACTION PLAN

FEDERAL FINDING 2011 – 1, REPORTING – CHILD NUTRITION CLUSTER

Federal Agency:	U.S. Department of Education
Federal Programs:	School Breakfast Program, National School Lunch Program, Summer Food Service Program
CFDA Numbers:	10.553, 10.555, and 10.559
Federal Award Number:	FY 2009-2010, FY 2010-2011
Pass-Through:	Indiana Department of Education
Auditee Contact Person:	Hilda Damianick
Title of Contact Person:	Assistant to the Superintendent for Business
Phone Number:	(219) 650-5300

Action to be taken to correct finding:

Regarding the late reporting, our employee was not aware of the time frame in which the "Claim for Reimbursement" was to be submitted; claims will be submitted on a timely basis now since the employee has been informed of the time constraints.

Regarding the inaccurate balance reporting, a revised "Annual Financial Report" will be submitted which will reflect balances as of June 30, 2011. Upon looking at the student balance information in the "Annual Financial Report", it was found that our employee inadvertently submitted financial information through September 7, 2011, thus resulting in inaccurate balances.

We are also addressing the balance difference between the student account balance and the clearing fund balance.

Signed *H. Damianick*

Date 1-31-12

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CORRECTIVE ACTION PLAN

FEDERAL FINDING 2011 – 2, MAINTENANCE OF EFFORT

Federal Agency:	U.S. Department of Education
Federal Programs:	Title I Grants to Local Educational Agencies, Title I Neglected and Delinquent, English Language Acquisition Grants, Improving Teacher Quality State Grants
CFDA Numbers:	84.010, 84.010, 84.365, and 84.367
Federal Award Number and Year:	11-4600, School Year 2010-2011
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person:	Hilda Damianick
Title of Contact Person:	Assistant to the Superintendent for Business
Phone Number:	(219) 650-5300

Action to be taken to correct finding:

We will address a process to monitor fiscal year expenditures to be in compliance with MOE requirements.

Signed *H. Damianick*

Date 1-31-12

"We Strive For Excellence"

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2012, with Dr. Anthony Lux, Superintendent of Schools; Hilda Damianick, Treasurer; Janice Stojakovich, Assistant Treasurer; and Thomas Bainbridge, President of the School Board. The Official Response has been made a part of this report and may be found on pages 53 through 60.



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February 8, 2012

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

Re: 2009-10 and 2010-11 Audit for Merrillville Community School Corporation

Attached you will find the response to the district findings and the responses from each school for their findings. These responses are for the audit of FY 2009-10 and FY 2010-11 for the Merrillville Community School Corporation.

Sincerely,

Hilda Damianick
Assistant to the Supt. for Business Affairs

Enclosures (5)

OFFICIAL RESPONSE

Finding: Overdrawn Fund Balances

Response: The two tax-rated funds ran a deficit due to untimely tax distributions of which we have no control. Funds have been transferred to the other funds to zero out any deficit.

Finding: Clearing Fund Reconciliation

Response: We are addressing the balance in the clearing fund to ensure timely distribution of funds.

Finding: Condition of Records

Response: We are addressing the procedures followed in reporting debits and credits made to the student accounts to ensure that the student account balance match the food service clearing fund balance.



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February 8, 2012

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Assistant to the Supt. for Business Affairs

Enclosures (5)

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JONAS E. SALK ELEMENTARY SCHOOL



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

Kara Bonin, Principal

February 6, 2012

Re: Audit

Finding Title: The extra-curricular receipts issued did not always indicate whether the funds collected were in cash, check, or other forms.

Response: I will issue receipts with the proper break down of the amount receipted.

Billie Watson

Billie Watson
Salk School



EDGAR L. MILLER ELEMENTARY SCHOOL

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

KATHLEEN MARTIN, PRINCIPAL

February 7, 2012

Miller's Audit Re: Text Book Rental Receipts

We will make sure that we when we receive funds they are receipted in at the time of the transaction and a receipt is given to the person making the payment.

A handwritten signature in black ink, which appears to read 'Sheretta Williams'.

Sheretta Williams
Secretary to the Principal
Miller Elementary School
Merrillville IN 46410
(219) 650-5303 ext..6300
swilliams@mvsc.k12.in.us



Merrillville Intermediate School

Shirley Renner, Principal
Amy Hinkel, Ass't. Principal
Randall Horka, Ass't. Principal

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

February 7, 2012

M.I.S. Audit Exit 2012

Finding Title: Textbook Rental Receipts

Response: I will minimally make deposits on alternating days during the time of high volume intake and make weekly deposits during times when MIS is experiencing slower intake of payments.

Finding Title: Issuing payment for faculty/student rewards

Response: I will ensure that payment for student/faculty gift rewards will be issued upon receiving receipts for reimbursements only.

Respectfully Submitted,

Mrs. Yvette Renee Greene
M.I.S. Secretary/Clerk

Cc: Hilda Damianick
Jan Stojakovich



Merrillville High School

Home of the Pirates

Mike Krutz, Principal

276 East 68th Place
Merrillville, IN 46410
(219) 650-5307
(219) 650-5391 (FAX)

Lorri Covaciu, Ass't. Principal
Tim James, Ass't. Principal
LaFonda Morris, Ass't. Principal
James Stamper, Ass't. Principal
Marnita Taylor, Ass't. Principal
Michelle Sulich, Guidance Coordinator

Response to State Board of Accounts February 8, 2012

Finding Title: Bank Reconcilements

The extra-curricular records have not been reconciled to the bank balance since April 2011.

Response: The corrective action being taken is to bring the extra-curricular records up to date and keep them current.

Lena M. Kiser,

Treasurer