

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SCHOOL CITY OF MISHAWAKA  
ST. JOSEPH COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
01/23/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Randy J. Squadroni	01-01-10 to 12-31-12
Superintendent of Schools	Daniel R. Towner (Interim) Terry E. Barker	07-01-10 to 09-30-11 10-01-11 to 06-30-15
President of the School Board	Larry E. Stillson Marci A. Sears	01-01-10 to 12-31-10 01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statement of the School City of Mishawaka (School Corporation), for the period of July 1, 2010 to June 30, 2012. 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

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 period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 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.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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), and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.

STATE BOARD OF ACCOUNTS

December 20, 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 SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

We have audited the financial statement of the School City of Mishawaka (School Corporation), for the period of July 1, 2010 to June 30 2012, and have issued our report thereon dated December 20, 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

Management of the School Corporation is responsible for establishing and maintaining effective 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. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

December 20, 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.

SCHOOL CITY OF MISHAWAKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011, 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 662,275	\$ 35,927,137	\$ 36,061,845	\$ (109,060)	\$ 418,507	\$ 34,745,624	\$ 35,040,498	\$ 157,038	\$ 280,671
Debt Service	4,501,958	3,083,732	5,720,298	474,720	2,340,112	909,392	2,618,645	(129,207)	501,652
Exempt Debt	180,264	11,906,836	9,555,706	(500,000)	2,031,394	6,427,106	5,494,686	165,283	3,129,097
Capital Projects	1,860,458	4,216,372	4,841,362	-	1,225,468	3,449,645	3,670,582	-	1,004,531
School Transportation	330,138	941,515	886,945	-	384,708	666,529	821,188	(81,076)	148,973
School Bus Replacement	39,325	97,758	78,000	-	59,083	80,881	73,238	(40,000)	26,726
Rainy Day	113,440	-	-	-	113,440	-	-	85,000	198,440
Post-Retirement/Severance Future Benefits	233,583	-	150,500	109,000	192,083	-	65,000	-	127,083
Construction	(385,577)	3,543,011	3,615,905	-	(458,471)	733,569	242,040	-	33,058
A0524 2004 Multischool	15	-	-	-	15	-	-	-	15
MHS Stadium	(156,167)	-	(156,167)	-	-	-	-	-	-
Gifts and Donations	(11,948)	61,376	30,519	-	18,909	20,045	39,637	-	(683)
Wind Turbine Project	(63,368)	250,000	186,632	-	-	-	29,190	-	(29,190)
School Lunch	241,028	2,330,940	2,344,489	-	227,479	2,315,547	2,411,591	-	131,435
Textbook Rental	(915,214)	485,728	307,639	25,280	(711,845)	441,065	732,203	-	(1,002,983)
Repair and Replacement	8,737	-	-	-	8,737	-	-	-	8,737
Self-Insurance	267,999	7,272,103	7,665,759	-	(125,657)	7,280,025	7,865,416	-	(711,048)
Joint Services and Supply - Special Education Cooperative	3,440	600	-	-	4,040	575	-	-	4,615
Joint Service Preschool	(184,088)	1,093,521	980,001	-	(70,568)	973,129	1,065,641	-	(163,080)
Joint Services Inservice Clearing	10,222	-	-	-	10,222	-	-	-	10,222
Joint Services and Supply - Area Vocational School	(215,616)	9,110,558	8,516,710	-	378,232	9,238,634	9,407,197	(110,388)	99,281
Joint Services Campus Program	(565,869)	1,782,600	1,180,825	-	35,906	1,230,571	1,040,376	-	226,101
Historical Society	3,883	50,071	43,595	-	10,359	40,529	50,782	-	106
Educational License Plates	750	600	1,350	-	-	-	-	-	-
Alternative Education	(2,433)	32,278	62,928	-	(33,083)	48,995	48,432	-	(32,520)
Early Intervention Grant	1,120	9,600	3,836	-	6,884	-	4,613	-	2,271
Reading Recovery	14,585	1,156	-	-	15,741	-	-	-	15,741
LaSalle Donation Account	390	-	-	-	390	-	-	-	390
Education Foundations	8,078	38,877	25,096	-	21,859	72,766	23,105	-	71,520
Robert Perkins Memorial	321	-	-	-	321	-	-	-	321
Friends of Project	863	-	-	-	863	-	-	-	863
Support Staff Recognition	(128)	40,912	47,756	-	(6,972)	59,096	54,550	-	(2,426)
Elementary Library Books	2,035	-	-	-	2,035	-	-	-	2,035
Adult and Continuing Education	12,038	-	-	-	12,038	-	-	-	12,038

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

SCHOOL CITY OF MISHAWAKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011, 2012  
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General Donation	2,112	-	-	-	2,112	-	-	-	2,112
Project Lead the Way	(1,107)	12,650	11,544	-	(1)	-	-	-	(1)
Isaip North Side	41	-	-	-	41	-	-	-	41
High Ability Discretionary Grant	6,514	-	6,514	-	-	-	-	-	-
Gifted and Talented	19,395	48,178	41,224	-	26,349	46,067	43,290	-	29,126
Tech Loans	(209,130)	499,986	323,651	-	(32,795)	279,550	242,728	-	4,027
YMCA Childcare	5,391	-	-	-	5,391	-	-	-	5,391
Medicaid Reimbursement	24,358	53,058	77,416	-	-	66,440	11,671	-	54,769
Non-English Speaking Programs P.L. 273-1999	1,705	8,789	6,081	-	4,413	6,980	6,300	-	5,093
School Technology	-	2,640	1,320	-	1,320	-	-	-	1,320
Technology Plan Buddy	177	-	-	-	177	-	-	-	177
Title I	215,334	1,325,252	1,650,232	-	(109,646)	1,511,853	1,667,101	-	(264,894)
Title I Migrant	10,000	-	9,999	-	1	-	-	-	1
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(197,030)	3,127,654	3,315,662	-	(385,038)	3,338,726	3,327,417	-	(373,729)
94-142 '04 - '05	-	134,230	134,230	-	-	115,925	115,925	-	-
Safe and Drug Free	7,349	14,670	22,018	-	1	12,592	12,592	-	1
Vocational and Technical Board Grants	-	2,350	2,350	-	-	50,404	51,888	-	(1,484)
Carl Perkins Grant	-	6,500	6,500	-	-	6,500	6,500	-	-
Medicaid Reimbursement - Federal	43,148	93,989	137,137	-	-	117,693	20,675	-	97,018
Tech Prep 2000	11	-	-	-	11	-	-	-	11
Improving Teaching Quality	39,486	239,728	283,533	-	(4,319)	293,035	291,752	-	(3,036)
Title III, Language Instruction	466	12,037	12,502	-	1	283	284	-	-
Work Study Program	5,945	-	903	-	5,042	1,519	2,364	-	4,197
Title I - Grants to LEAs	66,831	254,702	321,534	-	(1)	18,338	18,338	-	(1)
Special Education - Part B	(98,006)	1,298,943	1,406,322	-	(205,385)	840,406	727,702	(46,650)	(139,331)
Special Education - Part B - Preschool	(391)	22,514	21,348	-	775	17,622	18,397	-	-
Education Jobs	-	-	-	-	-	1,051,625	1,051,625	-	-
Payroll	-	33,190,271	33,190,362	-	(91)	33,766,896	33,766,805	-	-
Totals	\$ 5,929,136	\$ 122,625,422	\$ 123,133,911	\$ (60)	\$ 5,420,587	\$ 110,276,177	\$ 112,181,964	\$ -	\$ 3,514,800

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

SCHOOL CITY OF MISHAWAKA  
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.

*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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include, but are not limited to, 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 include distributions from the State of Indiana and are 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.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources include distributions from the federal government and are 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 may include, but are not limited to, 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, funds held temporarily for an authorized recipient 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, but are not limited to, 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.

SCHOOL CITY OF MISHAWAKA  
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 or highway use taxes are received 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.

SCHOOL CITY OF MISHAWAKA  
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.

**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.

*B. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's 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

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**Note 7. Negative Receipts and Disbursements**

The financial statement contains disbursements which appear as negative entries. This is a result of the MHS Stadium Fund being overspent in the prior audit period. The negative entries were posted in the current audit period to move these disbursements to the Capital Projects Fund and restore the fund cash balance to zero. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains funds with deficits in cash. For most funds, this is the result of the funds being set up for reimbursable grants.

Two funds, however, are not reimbursable grant funds. The Textbook Rental Fund accounts for the receipt of rental fees from students for textbooks and reimbursement from the state for students that are eligible for free textbooks. Disbursements from this fund are for textbooks and related materials. The negative cash balance of this fund at June 30, 2012, was \$1,002,983. At October 31, 2012, this fund has a negative cash balance of \$1,161,000.

The Self-Insurance Fund accounts for the receipt of insurance contributions from various funds of the School Corporation, employee contributions, and retiree premium payments. Disbursements represent medical and dental claims. The negative cash balance of this fund at June 30, 2012, was \$711,048. The negative cash balance of this fund at October 31, 2012, was \$1,083,843.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Holding Corporations***

The School Corporation has entered into a capital lease with School City of Mishawaka Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2011, and June 30, 2012, totaled \$2,425,000, and \$2,425,500, respectively.

The School Corporation has entered into capital leases with Mishawaka 2001 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2011, and June 30, 2012, totaled \$2,561,844 and \$2,563,900, respectively.

**Note 10. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses the following benefits; medical and dental. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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## 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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

SCHOOL CITY OF MISHAWAKA  
 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 662,275	\$ 4,501,958	\$ 180,264	\$ 1,850,458	\$ 330,138	\$ 39,325	\$ 113,440	\$ 233,583	\$ (385,577)
Receipts:									
Local sources	676,487	1,354,228	7,772,431	3,071,727	561,664	97,758	-	-	3,543,011
Intermediate sources	10	-	-	-	-	-	-	-	-
State sources	33,166,580	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	1,901,862	1,700,000	4,000,000	1,100,000	200,000	-	-	-	-
Other	182,198	29,504	134,405	44,645	179,851	-	-	-	-
Total receipts	<u>35,927,137</u>	<u>3,083,732</u>	<u>11,906,836</u>	<u>4,216,372</u>	<u>941,515</u>	<u>97,758</u>	<u>-</u>	<u>-</u>	<u>3,543,011</u>
Disbursements:									
Current:									
Instruction	22,663,117	-	-	-	-	-	-	149,500	-
Support services	9,551,519	-	-	2,346,473	525,945	78,000	-	1,000	(104,753)
Noninstructional services	476,399	-	-	-	-	-	-	-	-
Facilities acquisition and construction	550	-	-	338,889	-	-	-	-	3,720,658
Debt services	3,370,260	5,720,298	9,555,706	2,156,000	361,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>36,061,845</u>	<u>5,720,298</u>	<u>9,555,706</u>	<u>4,841,362</u>	<u>886,945</u>	<u>78,000</u>	<u>-</u>	<u>150,500</u>	<u>3,615,905</u>
Excess (deficiency) of receipts over disbursements	<u>(134,708)</u>	<u>(2,636,566)</u>	<u>2,351,130</u>	<u>(624,990)</u>	<u>54,570</u>	<u>19,758</u>	<u>-</u>	<u>(150,500)</u>	<u>(72,894)</u>
Other financing sources (uses):									
Sale of capital assets	(60)	-	-	-	-	-	-	-	-
Transfers in	(109,000)	500,000	(500,000)	-	-	-	-	109,000	-
Transfers out	-	(25,280)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(109,060)</u>	<u>474,720</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(243,768)</u>	<u>(2,161,846)</u>	<u>1,851,130</u>	<u>(624,990)</u>	<u>54,570</u>	<u>19,758</u>	<u>-</u>	<u>(41,500)</u>	<u>(72,894)</u>
Cash and investments - ending	<u>\$ 418,507</u>	<u>\$ 2,340,112</u>	<u>\$ 2,031,394</u>	<u>\$ 1,225,468</u>	<u>\$ 384,708</u>	<u>\$ 59,083</u>	<u>\$ 113,440</u>	<u>\$ 192,083</u>	<u>\$ (458,471)</u>

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

	A0524 2004 Multischool	MHS Stadium	Gifts and Donations	Wind Turbine Project	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Joint Services and Supply Special Education Cooperative
Cash and investments - beginning	\$ 15	\$ (156,167)	\$ (11,948)	\$ (63,368)	\$ 241,028	\$ (915,214)	\$ 8,737	\$ 267,999	\$ 3,440
Receipts:									
Local sources	-	-	31,002	250,000	701,092	219,055	-	6,746,757	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	17,120	266,149	-	-	-
Federal sources	-	-	-	-	1,612,660	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	30,374	-	68	524	-	525,346	600
Total receipts	-	-	61,376	250,000	2,330,940	485,728	-	7,272,103	600
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	5,598,092	-
Support services	-	-	30,374	-	317	307,639	-	1,809,819	-
Noninstructional services	-	-	-	-	2,344,172	-	-	257,848	-
Facilities acquisition and construction	-	(156,167)	145	186,632	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	(156,167)	30,519	186,632	2,344,489	307,639	-	7,665,759	-
Excess (deficiency) of receipts over disbursements	-	156,167	30,857	63,368	(13,549)	178,089	-	(393,656)	600
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	25,280	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	25,280	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	156,167	30,857	63,368	(13,549)	203,369	-	(393,656)	600
Cash and investments - ending	\$ 15	\$ -	\$ 18,909	\$ -	\$ 227,479	\$ (711,845)	\$ 8,737	\$ (125,657)	\$ 4,040

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

	Joint Service Preschool	Joint Services Inservice Clearing	Joint Services and Supply Area Vocational School	Joint Services Campus Program	Historical Society	Educational License Plates	Alternative Education	Early Intervention Grant	Reading Recovery
Cash and investments - beginning	\$ (184,088)	\$ 10,222	\$ (215,616)	\$ (565,869)	\$ 3,883	\$ 750	\$ (2,433)	\$ 1,120	\$ 14,585
Receipts:									
Local sources	1,093,498	-	9,107,366	1,782,600	45,321	-	-	-	18
Intermediate sources	-	-	-	-	-	600	-	-	-
State sources	-	-	-	-	-	-	32,278	9,600	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	23	-	3,192	-	4,750	-	-	-	1,138
Total receipts	<u>1,093,521</u>	<u>-</u>	<u>9,110,558</u>	<u>1,782,600</u>	<u>50,071</u>	<u>600</u>	<u>32,278</u>	<u>9,600</u>	<u>1,156</u>
Disbursements:									
Current:									
Instruction	978,145	-	7,888,516	900,420	-	-	21,342	-	-
Support services	1,856	-	663,610	280,405	43,595	1,350	41,586	3,836	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	(35,416)	-	-	-	-	-	-
Total disbursements	<u>980,001</u>	<u>-</u>	<u>8,516,710</u>	<u>1,180,825</u>	<u>43,595</u>	<u>1,350</u>	<u>62,928</u>	<u>3,836</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>113,520</u>	<u>-</u>	<u>593,848</u>	<u>601,775</u>	<u>6,476</u>	<u>(750)</u>	<u>(30,650)</u>	<u>5,764</u>	<u>1,156</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>113,520</u>	<u>-</u>	<u>593,848</u>	<u>601,775</u>	<u>6,476</u>	<u>(750)</u>	<u>(30,650)</u>	<u>5,764</u>	<u>1,156</u>
Cash and investments - ending	<u>\$ (70,568)</u>	<u>\$ 10,222</u>	<u>\$ 378,232</u>	<u>\$ 35,906</u>	<u>\$ 10,359</u>	<u>\$ -</u>	<u>\$ (33,083)</u>	<u>\$ 6,884</u>	<u>\$ 15,741</u>

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

	LaSalle Donation Account	Education Foundations	Robert Perkins Memorial	Friends of Project	Support Staff Recognition	Elementary Library Books	Adult and Continuing Education	General Donation	Project Lead the Way
Cash and investments - beginning	\$ 390	\$ 8,078	\$ 321	\$ 863	\$ (128)	\$ 2,035	\$ 12,038	\$ 2,112	\$ (1,107)
Receipts:									
Local sources	-	38,877	-	-	40,912	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	12,650
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	38,877	-	-	40,912	-	-	-	12,650
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	1,671
Support services	-	25,096	-	-	47,756	-	-	-	9,873
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	25,096	-	-	47,756	-	-	-	11,544
Excess (deficiency) of receipts over disbursements	-	13,781	-	-	(6,844)	-	-	-	1,106
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	-	13,781	-	-	(6,844)	-	-	-	1,106
Cash and investments - ending	\$ 390	\$ 21,859	\$ 321	\$ 863	\$ (6,972)	\$ 2,035	\$ 12,038	\$ 2,112	\$ (1)

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

	Isaip North Side	High Ability Discretionary Grant	Gifted and Talented	Tech Loans	YMCA Childcare	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Plan Buddy
Cash and investments - beginning	\$ 41	\$ 6,514	\$ 19,395	\$ (209,130)	\$ 5,391	\$ 24,358	\$ 1,705	\$ -	\$ 177
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	48,178	-	-	53,058	8,789	2,640	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	499,986	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	48,178	499,986	-	53,058	8,789	2,640	-
Disbursements:									
Current:									
Instruction	-	6,514	41,224	-	-	-	233	-	-
Support services	-	-	-	323,651	-	77,416	5,848	1,320	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	6,514	41,224	323,651	-	77,416	6,081	1,320	-
Excess (deficiency) of receipts over disbursements	-	(6,514)	6,954	176,335	-	(24,358)	2,708	1,320	-
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	-	(6,514)	6,954	176,335	-	(24,358)	2,708	1,320	-
Cash and investments - ending	\$ 41	\$ -	\$ 26,349	\$ (32,795)	\$ 5,391	\$ -	\$ 4,413	\$ 1,320	\$ 177

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

	Title I	Title I Migrant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	94-142 '04 - '05	Safe and Drug Free	Vocational and Technical Board Grants	Carl Perkins Grant	Medicaid Reimbursement Federal	Tech Prep 2000
Cash and investments - beginning	\$ 215,334	\$ 10,000	\$ (197,030)	\$ -	\$ 7,349	\$ -	\$ -	\$ 43,148	\$ 11
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	6,500	-	-
Federal sources	1,116,991	-	3,127,654	134,230	14,670	2,350	-	93,989	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	208,261	-	-	-	-	-	-	-	-
Total receipts	1,325,252	-	3,127,654	134,230	14,670	2,350	6,500	93,989	-
Disbursements:									
Current:									
Instruction	1,048,826	-	2,956,053	133,911	500	50	-	-	-
Support services	587,174	9,999	324,193	319	19,998	2,300	6,500	137,137	-
Noninstructional services	14,232	-	-	-	120	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,000	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	35,416	-	400	-	-	-	-
Total disbursements	1,650,232	9,999	3,315,662	134,230	22,018	2,350	6,500	137,137	-
Excess (deficiency) of receipts over disbursements	(324,980)	(9,999)	(188,008)	-	(7,348)	-	-	(43,148)	-
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	(324,980)	(9,999)	(188,008)	-	(7,348)	-	-	(43,148)	-
Cash and investments - ending	\$ (109,646)	\$ 1	\$ (385,038)	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 11

SCHOOL CITY OF MISHAWAKA  
 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	Title III Language Instruction	Work Study Program	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ 39,486	\$ 466	\$ 5,945	\$ 66,831	\$ (98,006)	\$ (391)	\$ -	\$ -	\$ 5,929,136
Receipts:									
Local sources	-	-	-	-	-	-	-	-	37,133,804
Intermediate sources	-	-	-	-	-	-	-	-	610
State sources	-	-	-	-	-	-	-	-	33,610,892
Federal sources	239,728	12,037	-	254,702	1,298,943	22,514	-	-	7,943,118
Temporary loans	-	-	-	-	-	-	-	-	9,401,848
Other	-	-	-	-	-	-	-	33,190,271	34,535,150
Total receipts	239,728	12,037	-	254,702	1,298,943	22,514	-	33,190,271	122,625,422
Disbursements:									
Current:									
Instruction	158,937	-	-	143,975	1,393,327	21,348	-	-	44,105,701
Support services	116,830	12,502	903	177,457	12,995	-	-	-	17,481,838
Noninstructional services	-	-	-	102	-	-	-	-	3,092,873
Facilities acquisition and construction	-	-	-	-	-	-	-	-	4,091,707
Debt services	-	-	-	-	-	-	-	-	21,163,264
Nonprogrammed charges	7,766	-	-	-	-	-	-	33,190,362	33,198,528
Total disbursements	283,533	12,502	903	321,534	1,406,322	21,348	-	33,190,362	123,133,911
Excess (deficiency) of receipts over disbursements	(43,805)	(465)	(903)	(66,832)	(107,379)	1,166	-	(91)	(508,489)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	(60)
Transfers in	-	-	-	-	-	-	-	-	25,280
Transfers out	-	-	-	-	-	-	-	-	(25,280)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(60)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(43,805)	(465)	(903)	(66,832)	(107,379)	1,166	-	(91)	(508,549)
Cash and investments - ending	\$ (4,319)	\$ 1	\$ 5,042	\$ (1)	\$ (205,385)	\$ 775	\$ -	\$ (91)	\$ 5,420,587

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Exempt Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 418,507	\$ 2,340,112	\$ 2,031,394	\$ 1,225,468	\$ 384,708	\$ 59,083	\$ 113,440	\$ 192,083	\$ (458,471)
Receipts:									
Local sources	556,713	909,392	6,267,106	2,137,739	467,485	80,881	-	-	733,569
Intermediate sources	16	-	-	-	-	-	-	-	-
State sources	33,362,081	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	652,814	-	160,000	1,230,000	60,000	-	-	-	-
Other	174,000	-	-	81,906	139,044	-	-	-	-
Total receipts	34,745,624	909,392	6,427,106	3,449,645	666,529	80,881	-	-	733,569
Disbursements:									
Current:									
Instruction	22,753,855	-	-	-	-	-	-	60,000	-
Support services	9,888,181	-	(1)	1,821,717	621,188	73,238	-	5,000	4,011
Noninstructional services	469,506	-	-	-	-	-	-	-	-
Facilities acquisition and construction	350	-	-	748,865	-	-	-	-	238,029
Debt services	1,928,606	2,618,645	5,494,687	1,100,000	200,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	35,040,498	2,618,645	5,494,686	3,670,582	821,188	73,238	-	65,000	242,040
Excess (deficiency) of receipts over disbursements	(294,874)	(1,709,253)	932,420	(220,937)	(154,659)	7,643	-	(65,000)	491,529
Other financing sources (uses):									
Transfers in	157,038	(129,207)	165,283	-	(81,076)	(40,000)	85,000	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	157,038	(129,207)	165,283	-	(81,076)	(40,000)	85,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(137,836)	(1,838,460)	1,097,703	(220,937)	(235,735)	(32,357)	85,000	(65,000)	491,529
Cash and investments - ending	\$ 280,671	\$ 501,652	\$ 3,129,097	\$ 1,004,531	\$ 148,973	\$ 26,726	\$ 198,440	\$ 127,083	\$ 33,058

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	A0524 2004 Multischool	MHS Stadium	Gifts and Donations	Wind Turbine Project	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Joint Services and Supply Special Education Cooperative
Cash and investments - beginning	\$ 15	\$ -	\$ 18,909	\$ -	\$ 227,479	\$ (711,845)	\$ 8,737	\$ (125,657)	\$ 4,040
Receipts:									
Local sources	-	-	17,621	-	670,495	195,868	-	6,832,331	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	17,083	245,043	-	-	-
Federal sources	-	-	-	-	1,627,925	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	2,424	-	44	154	-	447,694	575
Total receipts	-	-	20,045	-	2,315,547	441,065	-	7,280,025	575
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	5,815,444	-
Support services	-	-	1,949	-	401	732,203	-	1,794,255	-
Noninstructional services	-	-	-	-	2,411,190	-	-	255,717	-
Facilities acquisition and construction	-	-	37,688	29,190	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	39,637	29,190	2,411,591	732,203	-	7,865,416	-
Excess (deficiency) of receipts over disbursements	-	-	(19,592)	(29,190)	(96,044)	(291,138)	-	(585,391)	575
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(19,592)	(29,190)	(96,044)	(291,138)	-	(585,391)	575
Cash and investments - ending	\$ 15	\$ -	\$ (683)	\$ (29,190)	\$ 131,435	\$ (1,002,983)	\$ 8,737	\$ (711,048)	\$ 4,615

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Joint Service Preschool	Joint Services Inservice Clearing	Joint Services and Supply Area Vocational School	Joint Services Campus Program	Historical Society	Educational License Plates	Alternative Education	Early Intervention Grant	Reading Recovery
Cash and investments - beginning	\$ (70,568)	\$ 10,222	\$ 378,232	\$ 35,906	\$ 10,359	\$ -	\$ (33,083)	\$ 6,884	\$ 15,741
Receipts:									
Local sources	972,849	-	9,238,634	1,230,571	36,029	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	48,995	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	280	-	-	-	4,500	-	-	-	-
Total receipts	973,129	-	9,238,634	1,230,571	40,529	-	48,995	-	-
Disbursements:									
Current:									
Instruction	1,062,603	-	8,679,127	778,439	-	-	3,285	-	-
Support services	3,038	-	728,070	261,937	50,782	-	45,147	4,613	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,065,641	-	9,407,197	1,040,376	50,782	-	48,432	4,613	-
Excess (deficiency) of receipts over disbursements	(92,512)	-	(168,563)	190,195	(10,253)	-	563	(4,613)	-
Other financing sources (uses):									
Transfers in	-	-	46,650	-	-	-	-	-	-
Transfers out	-	-	(157,038)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(110,388)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(92,512)	-	(278,951)	190,195	(10,253)	-	563	(4,613)	-
Cash and investments - ending	\$ (163,080)	\$ 10,222	\$ 99,281	\$ 226,101	\$ 106	\$ -	\$ (32,520)	\$ 2,271	\$ 15,741

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	LaSalle Donation Account	Education Foundations	Robert Perkins Memorial	Friends of Project	Support Staff Recognition	Elementary Library Books	Adult and Continuing Education	General Donation	Project Lead the Way
Cash and investments - beginning	\$ 390	\$ 21,859	\$ 321	\$ 863	\$ (6,972)	\$ 2,035	\$ 12,038	\$ 2,112	\$ (1)
Receipts:									
Local sources	-	72,766	-	-	59,096	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	72,766	-	-	59,096	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	23,105	-	-	54,550	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	23,105	-	-	54,550	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	49,661	-	-	4,546	-	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	49,661	-	-	4,546	-	-	-	-
Cash and investments - ending	\$ 390	\$ 71,520	\$ 321	\$ 863	\$ (2,426)	\$ 2,035	\$ 12,038	\$ 2,112	\$ (1)

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Isaip North Side	High Ability Discretionary Grant	Gifted and Talented	Tech Loans	YMCA Childcare	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Plan Buddy
Cash and investments - beginning	\$ 41	\$ -	\$ 26,349	\$ (32,795)	\$ 5,391	\$ -	\$ 4,413	\$ 1,320	\$ 177
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	46,067	-	-	66,440	6,980	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	279,550	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	46,067	279,550	-	66,440	6,980	-	-
Disbursements:									
Current:									
Instruction	-	-	43,290	-	-	-	-	-	-
Support services	-	-	-	242,728	-	11,671	6,300	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	43,290	242,728	-	11,671	6,300	-	-
Excess (deficiency) of receipts over disbursements	-	-	2,777	36,822	-	54,769	680	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,777	36,822	-	54,769	680	-	-
Cash and investments - ending	\$ 41	\$ -	\$ 29,126	\$ 4,027	\$ 5,391	\$ 54,769	\$ 5,093	\$ 1,320	\$ 177

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Title I	Title I Migrant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	94-142 '04 - '05	Safe and Drug Free	Vocational and Technical Board Grants	Carl Perkins Grant	Medicaid Reimbursement Federal	Tech Prep 2000
Cash and investments - beginning	\$ (109,646)	\$ 1	\$ (385,038)	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 11
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	6,500	-	-
Federal sources	1,317,447	-	3,338,726	115,925	12,592	50,404	-	117,693	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	194,406	-	-	-	-	-	-	-	-
Total receipts	1,511,853	-	3,338,726	115,925	12,592	50,404	6,500	117,693	-
Disbursements:									
Current:									
Instruction	1,128,409	-	3,035,654	115,925	-	(5,710)	-	-	-
Support services	522,185	-	255,532	-	7,982	57,598	6,500	20,675	-
Noninstructional services	16,507	-	-	-	4,110	-	-	-	-
Facilities acquisition and construction	-	-	-	-	500	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	36,231	-	-	-	-	-	-
Total disbursements	1,667,101	-	3,327,417	115,925	12,592	51,888	6,500	20,675	-
Excess (deficiency) of receipts over disbursements	(155,248)	-	11,309	-	-	(1,484)	-	97,018	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(155,248)	-	11,309	-	-	(1,484)	-	97,018	-
Cash and investments - ending	\$ (264,894)	\$ 1	\$ (373,729)	\$ -	\$ 1	\$ (1,484)	\$ -	\$ 97,018	\$ 11

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Improving Teaching Quality	Title III Language Instruction	Work Study Program	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ (4,319)	\$ 1	\$ 5,042	\$ (1)	\$ (205,385)	\$ 775	\$ -	\$ (91)	\$ 5,420,587
Receipts:									
Local sources	-	-	1,519	-	-	-	-	-	30,480,664
Intermediate sources	-	-	-	-	-	-	-	-	16
State sources	-	-	-	-	-	-	-	-	33,799,189
Federal sources	293,035	283	-	18,338	840,406	17,622	1,051,625	-	8,802,021
Temporary loans	-	-	-	-	-	-	-	-	2,382,364
Other	-	-	-	-	-	-	-	33,766,896	34,811,923
Total receipts	<u>293,035</u>	<u>283</u>	<u>1,519</u>	<u>18,338</u>	<u>840,406</u>	<u>17,622</u>	<u>1,051,625</u>	<u>33,766,896</u>	<u>110,276,177</u>
Disbursements:									
Current:									
Instruction	139,136	-	-	18,234	692,235	18,397	947,184	-	45,285,507
Support services	145,345	284	2,364	104	20,467	-	103,193	-	17,516,312
Noninstructional services	-	-	-	-	-	-	1,248	-	3,158,278
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,054,622
Debt services	-	-	-	-	-	-	-	-	11,341,938
Nonprogrammed charges	<u>7,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>33,766,805</u>	<u>33,825,307</u>
Total disbursements	<u>291,752</u>	<u>284</u>	<u>2,364</u>	<u>18,338</u>	<u>727,702</u>	<u>18,397</u>	<u>1,051,625</u>	<u>33,766,805</u>	<u>112,181,964</u>
Excess (deficiency) of receipts over disbursements	<u>1,283</u>	<u>(1)</u>	<u>(845)</u>	<u>-</u>	<u>112,704</u>	<u>(775)</u>	<u>-</u>	<u>91</u>	<u>(1,905,787)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	203,688
Transfers out	-	-	-	-	(46,650)	-	-	-	(203,688)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,650)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,283</u>	<u>(1)</u>	<u>(845)</u>	<u>-</u>	<u>66,054</u>	<u>(775)</u>	<u>-</u>	<u>91</u>	<u>(1,905,787)</u>
Cash and investments - ending	<u>\$ (3,036)</u>	<u>\$ -</u>	<u>\$ 4,197</u>	<u>\$ (1)</u>	<u>\$ (139,331)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,514,800</u>

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF LEASES AND DEBT  
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Capital leases:				
School City of Mishawaka Multi-School Building Corporation	John Young Middle School Expansion and North Side Elementary School	\$ 2,422,500	06-30-05	12-31-23
Mishawaka 2001 School Building Corporation	Emmons Elementary School Renovations and Outdoor Facilities	1,162,044	12-31-06	12-31-25
Mishawaka 2001 School Building Corporation	Beiger Elementary School	<u>1,393,225</u>	06-30-06	12-31-23
Total of annual lease payments		<u>\$ 4,977,769</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable:			
Common School Loans	School Technology Equipment and Construction Renovations	\$ 5,040,379	\$ 1,063,288
Textbook Loans	Acquisition of Textbooks	687,142	358,410
Automobile Loan	Ford Edge	9,587	8,048
School Bus Loan	Acquisition of School Buses	74,397	78,833
General obligation bonds:			
General Obligation Bond Series 2008	Athletic Fields	1,205,000	294,175
Other bonds:			
Guaranteed Energy Savings Bond	Renovation of School Facilities	3,265,000	326,510
Qualified Zone Academy Bond	Renovation John Young Middle School	<u>1,100,000</u>	<u>117,550</u>
Totals		<u>\$ 11,381,505</u>	<u>\$ 2,246,814</u>

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2012

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>
Governmental activities:	
Land	\$ 563,251
Buildings	99,712,411
Improvements other than buildings	5,774,553
Machinery and equipment	<u>10,406,903</u>
Total capital assets	<u>\$ 116,457,118</u>

SCHOOL CITY OF MISHAWAKA  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN FUND BALANCES**

The fund balances of the following funds were significantly overdrawn.

Fund	06-30-11	06-30-12
Construction	\$ 458,471	\$ -
Wind Turbine Project	-	29,190
Textbook Rental	711,845	1,002,983
Self-Insurance	125,657	711,048

The fund 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)

**INVESTMENTS (Applies to the High School)**

The high school's June 30, 2012 ledger fund balances and Annual Report show investments totaling \$437,864.54. In our sample tests, we found investments listed in the investment register that did not agree with the investments included in the ledger fund balances and shown in the Annual Report. For example, the Athletic Department Certificate of Deposit shown as \$30,000 on the ledger fund balances and Annual Report, is actually \$10,000.

The difference includes \$17,000 that was receipted to the records in August 2008 and \$3,000 that the Athletic Director explained was given to the High School Athletic Hall of Fame. We observed the ledgers and actual certificates and concur that \$17,000 was receipted in the General Athletics Fund and \$3,000 was receipted into the Hall of Fame account. However, this amount was later receipted into the General Athletics account.

After researching the differences, the Extra-Curricular Treasurer agreed to make the appropriate changes.

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 extra-curricular treasurer is required to keep an accurate account of all money received and expended, showing the source of each receipt, the purpose of each disbursement and the overall balance on hand, which is the control account for all of the activity funds. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

**OVERDRAWN FUND BALANCES (Applies to the High School)**

There were several athletic funds that routinely maintained a negative fund balance throughout the year. The standard procedure was to charge the ending cash balances of all of the individual athletic funds to the General Athletic Fund at the end of the year.

The fund 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 Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

Compliance

We have audited the School City of Mishawaka's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

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 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 THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. 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, the 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

December 20, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 267,670	\$ 272,886
National School Lunch Program	10.555		<u>1,426,093</u>	<u>1,475,666</u>
Total for cluster			<u>1,693,763</u>	<u>1,748,552</u>
Child and Adult Care Food Program	10.558		<u>53,320</u>	<u>39,095</u>
Total for federal grantor agency			<u>1,747,083</u>	<u>1,787,647</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	10-7200	7,072	-
		11-7200	1,434,894	13,856
		12-7200	<u>-</u>	<u>1,458,839</u>
Total for program			<u>1,441,966</u>	<u>1,472,695</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-7200	<u>321,533</u>	<u>18,338</u>
Total for cluster			<u>1,763,499</u>	<u>1,491,033</u>
Special Education Cluster				
Special Education - Grants to States	84.027	14210-041-PN01	232,141	-
		14211-041-PN01	3,083,520	256,815
		14212-041-PN01	<u>-</u>	<u>3,070,602</u>
Total for program			<u>3,315,661</u>	<u>3,327,417</u>
Special Education - Preschool Grants	84.173	45711-041-PN01	134,230	-
		45712-041-PN01	<u>-</u>	<u>115,925</u>
Total for program			<u>134,230</u>	<u>115,925</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-041-SN01	<u>1,406,322</u>	<u>715,128</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-041-SN01	<u>21,348</u>	<u>18,397</u>
Total for cluster			<u>4,877,561</u>	<u>4,176,867</u>
Migrant Education - State Grant Program	84.011		<u>10,000</u>	<u>-</u>
Pass-Through Elkhart Community Schools				
Career and Technical Education - Basic Grants to States	84.048		<u>6,500</u>	<u>6,500</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186	09-7200	<u>14,670</u>	<u>12,592</u>
Tech-Prep Education	84.243		12,651	2,349
			<u>-</u>	<u>48,404</u>
Total for program			<u>12,651</u>	<u>50,753</u>
English Language Acquisition State Grants	84.365	01110-075-PN01	466	-
		01111-075-PN01	<u>12,036</u>	<u>284</u>
Total for program			<u>12,502</u>	<u>284</u>
Improving Teacher Quality State Grants	84.367	09-7200	244,047	49,024
		10-7200	<u>-</u>	<u>242,729</u>
Total for program			<u>244,047</u>	<u>291,753</u>
Education Jobs Fund	84.410		<u>-</u>	<u>1,051,625</u>
Total for federal grantor agency			<u>6,941,430</u>	<u>7,081,407</u>
Total federal awards expended			<u>\$ 8,688,513</u>	<u>\$ 8,869,054</u>

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

SCHOOL CITY OF MISHAWAKA  
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 School City of Mishawaka (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. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.555	\$ 134,473	\$ 159,722

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
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?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.367	Special Education Cluster
84.410	Improving Teacher Quality State Grants Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$526,727

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

SCHOOL CITY OF MISHAWAKA  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2012, with Patty Verduin, Assistant Business Manager; Randy J. Squadroni, Treasurer; Terry E. Barker, Superintendent of Schools; and Marci A. Sears, President of the School Board. The Official Response has been made a part of this report and may be found on page 44.

## School City of Mishawaka

December 27<sup>th</sup>, 2012

Mr. Wiese  
State Board of Accounts  
302 West Washington Street  
Indianapolis, Indiana 46204

Dear Wiese:

In response to our December 20<sup>th</sup>, 2012 audit results and comments, School City of Mishawaka was cited for four funds with overdrawn cash balances. These consisted of the construction fund, wind turbine project, textbook rental and self insurance fund. The Construction fund was overdrawn on 6-30-2011 and total paid off at 6-30-2012. These funds are common school loans where the school pays for the expenditure and then gets reimbursed by the State. This overdrawn balance is basically a timing issue of getting reimbursed by the State. The wind turbine fund balance as of December 2012 will be reimbursed from the Guaranteed Energy Savings Fund in 2013. The textbook rental fund consists of textbooks the school invests in and gets reimbursed by the students over a six year period. As for the self-insurance fund, the school pays for a clinic year round. Through the savings of the clinic, this fund usually gets reimbursed from Anthem Blue Cross Blue Shield. If there is no savings then the deficit is reimbursed from the general fund.

The second citation was for inaccurate ledger fund balance on investments at the high school of \$20,000. This issue has now been corrected. The school had acknowledged the issue in 2008 and directed its staff to make the correction. However due to a change in personnel, the correction never happened in a timely manner. The ledger currently shows the correct balances.

The last citation pertains to negative of extra-curricular fund balances at the high school. Although there were several subsidiary accounts with negative balances, however there were sufficient funds to cover these negative balances in the main fund. With that said, we will change our procedure to reflect positive balances in these sub-accounts.

Randy Squadroni  
Business Manager