

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MICHIGAN CITY AREA SCHOOLS  
LAPORTE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
08/04/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lance E. Werner	01-01-13 to 12-31-16
Superintendent of Schools	Dr. Barbara Eason-Watkins	07-01-13 to 06-30-16
President of the School Board	Donald J. Dulaney	01-01-13 to 12-31-16



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Michigan City Area Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2013 to June 30, 2015.

***Opinion on Regulatory Basis of Accounting***

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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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 records 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.

*Other Information*

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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 2016, 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* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

April 12, 2016



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INDEPENDENT AUDITOR'S 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 MICHIGAN CITY AREA SCHOOLS, LAPORTE COUNTY, INDIANA

We have audited, 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, the financial statement of the Michigan City Area Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 12, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be material weaknesses.

INDEPENDENT AUDITOR'S 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**

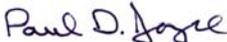
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

**Michigan City Area Schools' Response to Findings**

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 12, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

MICHIGAN CITY AREA SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ (4,749,975)	\$ 43,840,633	\$ 45,116,673	\$ 36,189	\$ (5,989,826)	\$ 42,314,303	\$ 40,881,755	\$ 32,616	\$ (4,524,662)
Debt Service	12,996,780	11,810,704	12,780,811	(103,679)	11,922,994	20,175,464	22,764,504	(1,467,870)	7,866,084
Retirement/ Severance Bond Debt Service	552,304	1,584,448	1,267,878	-	868,874	1,790,292	1,963,328	(165,568)	530,270
Capital Projects	(1,804,227)	14,441,986	6,198,797	(6,000,000)	438,962	8,414,514	8,173,878	931,512	1,611,110
School Transportation	2,627,138	8,887,464	5,128,388	-	6,386,214	6,150,689	7,709,667	556,337	5,383,573
School Bus Replacement	1,117,528	94,105	109,497	-	1,102,136	605,955	776,542	-	931,549
Rainy Day	-	-	-	6,000,000	6,000,000	-	-	-	6,000,000
Construction	28,031	-	9,428	-	18,603	-	14,227	-	4,376
Construction 2011-1	847,993	-	172,040	-	675,953	-	488,624	-	187,329
Construction 2012-1	1,918,677	-	1,898,682	-	19,995	13,004	19,170	-	13,829
Construction 2012-2	1,881,564	-	1,825,922	-	55,642	-	50,218	-	5,424
School Lunch	765,790	3,494,512	3,178,363	-	1,081,939	3,255,350	2,848,972	-	1,488,317
Textbook Rental	289,504	740,477	673,394	-	356,587	708,830	667,881	-	397,536
Educational License Plates	1,890	881	1,169	-	1,602	825	1,204	-	1,223
Alternative Education 2013	10,068	-	10,068	-	-	-	-	-	-
Alternative Education 2014	-	10,757	4,979	-	5,778	-	5,778	-	-
Alternative Education 2015	-	-	-	-	-	19,283	17,673	-	1,610
Early Intervention Joy 2015	-	-	-	-	-	5,879	5,879	-	-
Early Intervention 2015	-	-	-	-	-	90,000	90,000	-	-
Donations/ Trusts	-	266	66	-	200	27,219	21,711	-	5,708
Student Well Being	-	-	-	-	-	10,000	5,440	-	4,560
NIPSCO Energy	-	65,000	2,680	-	62,320	30,000	54,521	-	37,799
Hours for Ours 2008	114	-	-	-	114	450	-	-	564
Impact Pro/Donations	1,766	-	253	-	1,513	-	846	-	667
Early Learning	86,846	-	86,846	-	-	-	-	-	-
United Way 2011-2012	222	-	222	-	-	-	-	-	-
United Way 2013-2014	5,644	35,640	41,284	-	-	-	-	-	-
United Way 2015-2016	-	3,395	1,887	-	1,508	49,811	50,517	-	802
Champion Program	8,793	-	8,793	-	-	-	-	-	-
Misc/ Fundraiser/ Superintendent	6,863	500	500	-	6,863	-	-	-	6,863
Wellness Grant 2013-2014	2,674	-	2,674	-	-	-	-	-	-
Lake Hills - PLTW	-	2,372	2,372	-	-	-	-	-	-
Wellness Grant 2015	-	-	-	-	-	2,340	1,661	-	679
After School 2008	46,600	79,511	121,286	-	4,825	95,842	85,657	73,653	88,663
MC Enrichment 2013-2014	6,497	-	6,497	-	-	-	-	-	-
MC Enrichment 2014-2015	-	39,500	28,999	-	10,501	-	10,501	-	-
MC Enrichment 2015-2016	-	-	-	-	-	24,500	826	-	23,674
Unity 2013	-	5,642	5,642	-	-	5,000	2,412	-	2,588
Unity 2014-2015	-	-	-	-	-	2,600	2,600	-	-
Gifted and Talented 2012-2013	23,621	-	23,621	-	-	-	-	-	-
High Ability 2014-2015	-	49,979	34,722	-	15,257	-	15,257	-	-
High Ability 2015-2016	-	-	-	-	-	47,727	17,480	-	30,247
Medicaid Reimbursement State 2009	1,714	43,516	-	(33,175)	12,055	31,917	-	(32,616)	11,356
Secured Schools Safety Grant	-	-	24,987	-	(24,987)	74,987	50,000	-	-
LLC - Drug Free Partnership 2015-2016	-	-	-	-	-	4,683	600	-	4,083
Duneland Health Council	-	-	-	-	-	6,000	-	-	6,000
Tobacco Grant	-	1,352	1,758	-	(406)	2,878	2,638	-	(166)
LLC - Drug Free Partnership 2013-2014	2,900	1,100	4,000	-	-	-	-	-	-

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

MICHIGAN CITY AREA SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015  
(Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
LLC - Drug Free Partnership 2014-2016	-	3,778	839	-	2,939	900	3,542	-	297
ISTA Settlement	-	319,711	-	-	319,711	-	-	-	319,711
Title I School Improvement 2010-2011	(44,459)	162,802	118,343	-	-	-	-	-	-
Title I School Improvement 2014-2015	-	-	-	-	-	5,028	5,582	-	(554)
Title I 2012-2013	(237,860)	560,123	322,263	-	-	-	-	-	-
Title I 2013-2014	-	1,771,998	1,932,826	-	(160,828)	541,140	380,312	-	-
Title I 2014-2015	-	-	-	-	-	1,829,756	2,032,020	-	(202,264)
McKinney Vento 2012-2013	(29,251)	39,535	10,284	-	-	-	-	-	-
McKinney Vento 2013-2014	-	28,139	32,788	-	(4,649)	15,361	10,712	-	-
McKinney Vento 2014-2015	-	-	-	-	-	12,923	17,223	-	(4,300)
Special Education 2011-2013	(434)	10,121	9,687	-	-	-	-	-	-
Special Education 2012-2014	(121,840)	370,167	248,363	-	(36)	419	383	-	-
Special Education 2013-2015	-	1,436,525	1,580,904	-	(144,379)	249,358	104,979	-	-
Special Education 2014-2016	-	-	-	-	-	1,391,099	1,504,376	-	(113,277)
Technical Assistance	-	39,833	39,833	-	-	15,551	15,551	-	-
Special Education Preschool 2012-2014	(5,225)	10,062	4,837	-	-	-	-	-	-
Special Education Preschool 2013-2015	-	56,743	61,968	-	(5,225)	10,199	4,974	-	-
Special Education Preschool 2014-2016	-	-	-	-	-	57,754	62,920	-	(5,166)
Adult Basic Education 2012-2013	(22,641)	22,641	-	-	-	-	-	-	-
Adult Basic Education 2013-2014	-	112,004	126,824	-	(14,820)	18,987	4,167	-	-
Adult Basic Education 2014-2015	-	-	-	-	-	54,773	82,121	-	(27,348)
Carl Perkins 2012-2013	(25,629)	218,608	192,979	-	-	-	-	-	-
Carl Perkins 2013-2014	-	107,190	130,879	-	(23,689)	167,282	143,593	-	-
Carl Perkins 2014-2015	-	-	-	-	-	103,962	156,417	-	(52,455)
Donnelly Grant 2011-2013	(2,439)	7,931	5,492	-	-	-	-	-	-
Medicaid Reimbursement 2009-2010	141,031	80,578	38,352	-	183,257	58,318	177,370	-	64,205
INMAC	-	184,642	57,770	-	126,872	134,190	149,687	-	111,375
21st Century Learning Center 2014-2015	-	-	-	-	-	297,681	323,309	(29,004)	(54,632)
Adult Education	7,799	33,150	17,057	-	23,892	65,700	22,239	-	67,353
Afternoon Rocks 2008-2010	713	-	713	-	-	-	-	-	-
21st Century Cohort VI 2013-2014	(8,211)	300,940	292,729	-	-	-	-	-	-
21st Century Cohort 6 2014-2015	-	-	9,550	-	(9,550)	340,962	351,191	(44,649)	(64,428)
DNR/Natural Resources 2010-2011	(21,033)	21,033	-	-	-	-	-	-	-
DNR/Natural Resources 2014-2016	-	-	14,852	-	(14,852)	55,759	57,632	-	(16,725)
DNR/Natural Resources 2014-2015	-	-	-	-	-	-	3,963	-	(3,963)
21st Century Cohort V 2013-2014	(33,480)	361,250	327,770	-	-	-	-	-	-
Title II Part A 2012-2014	(29,459)	256,564	245,287	-	(18,182)	48,007	29,825	-	-
Title II Part A 2013-2015	-	88,769	108,511	-	(19,742)	259,179	258,346	-	(18,909)
Title II Part A 2014-2016	-	-	-	-	-	24,297	48,025	-	(23,728)
Title II Part A 2011-2013	(1,430)	17,678	16,248	-	-	-	-	-	-
Math & Science Yr 1 2013-2014	-	1,310	60,095	-	(58,785)	133,229	74,444	-	-
Math & Science Yr 2 2014-2015	-	-	-	-	-	37,470	39,029	-	(1,559)
Math & Science Yr 1,2,3 2011-2013	(13,093)	171,093	158,000	-	-	-	-	-	-
Clearing Account - Payroll Withholding	-	11,852,801	11,852,801	-	-	9,852,079	9,852,079	-	-
Clearing Account - Food Service Prepaid Collections	24,384	477,990	477,254	-	25,120	269,214	271,856	-	22,478
<b>Totals</b>	<b>\$ 16,254,762</b>	<b>\$ 104,359,449</b>	<b>\$ 97,271,276</b>	<b>\$ (100,665)</b>	<b>\$ 23,242,270</b>	<b>\$ 100,010,919</b>	<b>\$ 102,989,834</b>	<b>\$ (145,589)</b>	<b>\$ 20,117,766</b>

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

MICHIGAN CITY AREAS SCHOOLS  
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 Indiana 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 basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

MICHIGAN CITY AREAS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources, which 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.

Federal sources, which 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 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:

MICHIGAN CITY AREAS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.

MICHIGAN CITY AREAS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

**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 a cost-sharing 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:

MICHIGAN CITY AREAS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
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Indiana Public Retirement System  
One North Capitol, 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. 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  
One North Capitol, 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.

MICHIGAN CITY AREAS SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This includes a deficit in the General fund at June 30, 2014, of \$5,989,826, and June 30, 2015, of \$4,524,662. This is a result of several years of disbursements in excess of receipts of the fund. Other deficit balances are in various reimbursable grant funds for which the reimbursements of expenditures were not received by June 30, 2014 or 2015.

**Note 8. Holding Corporations**

The School Corporation has entered into capital leases with two lessors: Michigan City Area Wide School Building Corporation (Elston, Barker, and Krueger Middle Schools Lease); and Michigan City School Building Corporation (New Pine, Lake Hills, and Marsh Elementary Schools Lease and Joy Elementary School Lease). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years ended June 30, 2014, and June 30, 2015, totaled \$9,087,000 and \$9,326,500, respectively.

**Note 9. Subsequent Events**

On January 28, 2016, the School Corporation sold taxable general obligation pension bonds of \$6,990,000 to refund outstanding bonds at a lower interest rate.

**Note 10. Other Postemployment Benefits**

The School Corporation provides health and life insurance benefits to eligible retirees. 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.

**Note 11. Combined Funds**

Funds related to food service prepaid collections were reported individually in the current financial statement ended June 30, 2015, but were combined into one School Lunch fund for the prior financial statement ended June 30, 2013.

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## OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ (4,749,975)	\$ 12,996,780	\$ 552,304	\$ (1,804,227)	\$ 2,627,138	\$ 1,117,528	\$ -	\$ 28,031
Receipts:								
Local sources	1,234,799	8,407,402	1,115,488	3,853,323	5,259,255	(288,190)	-	-
Intermediate sources	167,398	-	-	-	-	-	-	-
State sources	41,925,304	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	3,403,302	468,960	4,588,179	3,624,420	382,295	-	-
Other	513,132	-	-	6,000,484	3,789	-	-	-
Total receipts	<u>43,840,633</u>	<u>11,810,704</u>	<u>1,584,448</u>	<u>14,441,986</u>	<u>8,887,464</u>	<u>94,105</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	30,150,310	-	-	-	-	-	-	-
Support services	14,445,418	-	-	3,615,320	3,949,984	-	-	-
Noninstructional services	520,945	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	327,897	-	-	-	9,428
Debt services	-	12,780,811	1,267,878	2,255,580	1,178,404	109,497	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>45,116,673</u>	<u>12,780,811</u>	<u>1,267,878</u>	<u>6,198,797</u>	<u>5,128,388</u>	<u>109,497</u>	<u>-</u>	<u>9,428</u>
Excess (deficiency) of receipts over disbursements	<u>(1,276,040)</u>	<u>(970,107)</u>	<u>316,570</u>	<u>8,243,189</u>	<u>3,759,076</u>	<u>(15,392)</u>	<u>-</u>	<u>(9,428)</u>
Other financing sources (uses):								
Sale of capital assets	3,014	-	-	-	-	-	-	-
Transfers in	33,175	-	-	-	-	-	6,000,000	-
Transfers out	-	(103,679)	-	(6,000,000)	-	-	-	-
Total other financing sources (uses)	<u>36,189</u>	<u>(103,679)</u>	<u>-</u>	<u>(6,000,000)</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,239,851)</u>	<u>(1,073,786)</u>	<u>316,570</u>	<u>2,243,189</u>	<u>3,759,076</u>	<u>(15,392)</u>	<u>6,000,000</u>	<u>(9,428)</u>
Cash and investments - ending	<u>\$ (5,989,826)</u>	<u>\$ 11,922,994</u>	<u>\$ 868,874</u>	<u>\$ 438,962</u>	<u>\$ 6,386,214</u>	<u>\$ 1,102,136</u>	<u>\$ 6,000,000</u>	<u>\$ 18,603</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Construction 2011-1	Construction 2012-1	Construction 2012-2	School Lunch	Textbook Rental	Educational License Plates	Alternative Education 2013	Alternative Education 2014
Cash and investments - beginning	\$ 847,993	\$ 1,918,677	\$ 1,881,564	\$ 765,790	\$ 289,504	\$ 1,890	\$ 10,068	\$ -
Receipts:								
Local sources	-	-	-	155,863	725,930	-	-	-
Intermediate sources	-	-	-	-	-	881	-	-
State sources	-	-	-	14,921	-	-	-	10,757
Federal sources	-	-	-	3,318,883	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	4,845	14,547	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,494,512</u>	<u>740,477</u>	<u>881</u>	<u>-</u>	<u>10,757</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	10,068	4,979
Support services	-	-	-	19,646	673,394	-	-	-
Noninstructional services	-	-	-	2,683,627	-	1,169	-	-
Facilities acquisition and construction	172,040	1,898,682	1,825,922	37,261	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	437,829	-	-	-	-
Total disbursements	<u>172,040</u>	<u>1,898,682</u>	<u>1,825,922</u>	<u>3,178,363</u>	<u>673,394</u>	<u>1,169</u>	<u>10,068</u>	<u>4,979</u>
Excess (deficiency) of receipts over disbursements	<u>(172,040)</u>	<u>(1,898,682)</u>	<u>(1,825,922)</u>	<u>316,149</u>	<u>67,083</u>	<u>(288)</u>	<u>(10,068)</u>	<u>5,778</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(172,040)</u>	<u>(1,898,682)</u>	<u>(1,825,922)</u>	<u>316,149</u>	<u>67,083</u>	<u>(288)</u>	<u>(10,068)</u>	<u>5,778</u>
Cash and investments - ending	<u>\$ 675,953</u>	<u>\$ 19,995</u>	<u>\$ 55,642</u>	<u>\$ 1,081,939</u>	<u>\$ 356,587</u>	<u>\$ 1,602</u>	<u>\$ -</u>	<u>\$ 5,778</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Alternative Education 2015	Early Intervention Joy 2015	Early Intervention 2015	Donations/ Trusts	Student Well Being	NIPSCO Energy	Hours for Ours 2008	Impact Pro/Donations
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	114	\$ 1,766
Receipts:								
Local sources	-	-	-	266	-	65,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	266	-	65,000	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	2,680	-	94
Support services	-	-	-	66	-	-	-	149
Noninstructional services	-	-	-	-	-	-	-	10
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	66	-	2,680	-	253
Excess (deficiency) of receipts over disbursements	-	-	-	200	-	62,320	-	(253)
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	-	-	-	200	-	62,320	-	(253)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 62,320	\$ 114	\$ 1,513

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Early Learning	United Way 2011-2012	United Way 2013-2014	United Way 2015-2016	Champion Program	Misc/ Fundraiser/ Superintendent	Wellness Grant 2013-2014	Lake Hills - PLTW
Cash and investments - beginning	\$ 86,846	\$ 222	\$ 5,644	\$ -	\$ 8,793	\$ 6,863	\$ 2,674	\$ -
Receipts:								
Local sources	-	-	35,640	3,395	-	500	-	2,372
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	35,640	3,395	-	500	-	2,372
Disbursements:								
Current:								
Instruction	86,846	75	7,231	-	-	-	-	2,372
Support services	-	-	-	-	-	-	2,674	-
Noninstructional services	-	147	34,053	1,887	8,793	500	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	86,846	222	41,284	1,887	8,793	500	2,674	2,372
Excess (deficiency) of receipts over disbursements	(86,846)	(222)	(5,644)	1,508	(8,793)	-	(2,674)	-
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	(86,846)	(222)	(5,644)	1,508	(8,793)	-	(2,674)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,508	\$ -	\$ 6,863	\$ -	\$ -

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Wellness Grant 2015	After School 2008	MC Enrichment 2013-2014	MC Enrichment 2014-2015	MC Enrichment 2015-2016	Unity 2013	Unity 2014-2015	Gifted and Talented 2012-2013
Cash and investments - beginning	\$ -	\$ 46,600	\$ 6,497	\$ -	\$ -	\$ -	\$ -	\$ 23,621
Receipts:								
Local sources	-	79,511	-	39,500	-	5,642	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	79,511	-	39,500	-	5,642	-	-
Disbursements:								
Current:								
Instruction	-	-	1,000	2,550	-	350	-	21,622
Support services	-	-	-	-	-	3,092	-	1,999
Noninstructional services	-	121,286	5,497	26,449	-	2,200	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	121,286	6,497	28,999	-	5,642	-	23,621
Excess (deficiency) of receipts over disbursements	-	(41,775)	(6,497)	10,501	-	-	-	(23,621)
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	-	(41,775)	(6,497)	10,501	-	-	-	(23,621)
Cash and investments - ending	\$ -	\$ 4,825	\$ -	\$ 10,501	\$ -	\$ -	\$ -	\$ -

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	High Ability 2014-2015	High Ability 2015-2016	Medicaid Reimbursement State 2009	Secured Schools Safety Grant	LLC - Drug Free Partnership 2015-2016	Duneland Health Council	Tobacco Grant	LLC - Drug Free Partnership 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 1,714	\$ -	\$ -	\$ -	\$ -	\$ 2,900
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	1,100
State sources	49,979	-	43,516	-	-	-	1,352	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>49,979</u>	<u>-</u>	<u>43,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,352</u>	<u>1,100</u>
Disbursements:								
Current:								
Instruction	34,722	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	1,758	4,000
Facilities acquisition and construction	-	-	-	24,987	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>34,722</u>	<u>-</u>	<u>-</u>	<u>24,987</u>	<u>-</u>	<u>-</u>	<u>1,758</u>	<u>4,000</u>
Excess (deficiency) of receipts over disbursements	<u>15,257</u>	<u>-</u>	<u>43,516</u>	<u>(24,987)</u>	<u>-</u>	<u>-</u>	<u>(406)</u>	<u>(2,900)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(33,175)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(33,175)</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>15,257</u>	<u>-</u>	<u>10,341</u>	<u>(24,987)</u>	<u>-</u>	<u>-</u>	<u>(406)</u>	<u>(2,900)</u>
Cash and investments - ending	<u>\$ 15,257</u>	<u>\$ -</u>	<u>\$ 12,055</u>	<u>\$ (24,987)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (406)</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	LLC - Drug Free Partnership 2014-2016	ISTA Settlement	Title I School Improvement 2010-2011	Title I School Improvement 2014-2015	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	McKinney Vento 2012-2013
Cash and investments - beginning	\$ -	\$ -	\$ (44,459)	\$ -	\$ (237,860)	\$ -	\$ -	\$ (29,251)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	3,778	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	162,802	-	560,123	1,771,998	-	39,535
Temporary loans	-	-	-	-	-	-	-	-
Other	-	319,711	-	-	-	-	-	-
Total receipts	<u>3,778</u>	<u>319,711</u>	<u>162,802</u>	<u>-</u>	<u>560,123</u>	<u>1,771,998</u>	<u>-</u>	<u>39,535</u>
Disbursements:								
Current:								
Instruction	-	-	27,114	-	161,936	1,167,490	-	-
Support services	-	-	91,229	-	123,661	744,648	-	-
Noninstructional services	839	-	-	-	6,666	20,688	-	10,284
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	30,000	-	-	-
Total disbursements	<u>839</u>	<u>-</u>	<u>118,343</u>	<u>-</u>	<u>322,263</u>	<u>1,932,826</u>	<u>-</u>	<u>10,284</u>
Excess (deficiency) of receipts over disbursements	<u>2,939</u>	<u>319,711</u>	<u>44,459</u>	<u>-</u>	<u>237,860</u>	<u>(160,828)</u>	<u>-</u>	<u>29,251</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,939</u>	<u>319,711</u>	<u>44,459</u>	<u>-</u>	<u>237,860</u>	<u>(160,828)</u>	<u>-</u>	<u>29,251</u>
Cash and investments - ending	<u>\$ 2,939</u>	<u>\$ 319,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (160,828)</u>	<u>\$ -</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	McKinney Vento 2013-2014	McKinney Vento 2014-2015	Special Education 2011-2013	Special Education 2012-2014	Special Education 2013-2015	Special Education 2014-2016	Technical Assistance	Special Education Preschool 2012-2014
Cash and investments - beginning	\$ -	\$ -	\$ (434)	\$ (121,840)	\$ -	\$ -	\$ -	\$ (5,225)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	28,139	-	10,121	370,167	1,436,525	-	39,833	10,062
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>28,139</u>	<u>-</u>	<u>10,121</u>	<u>370,167</u>	<u>1,436,525</u>	<u>-</u>	<u>39,833</u>	<u>10,062</u>
Disbursements:								
Current:								
Instruction	-	-	9,687	248,363	1,580,904	-	39,833	4,837
Support services	-	-	-	-	-	-	-	-
Noninstructional services	32,788	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>32,788</u>	<u>-</u>	<u>9,687</u>	<u>248,363</u>	<u>1,580,904</u>	<u>-</u>	<u>39,833</u>	<u>4,837</u>
Excess (deficiency) of receipts over disbursements	<u>(4,649)</u>	<u>-</u>	<u>434</u>	<u>121,804</u>	<u>(144,379)</u>	<u>-</u>	<u>-</u>	<u>5,225</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,649)</u>	<u>-</u>	<u>434</u>	<u>121,804</u>	<u>(144,379)</u>	<u>-</u>	<u>-</u>	<u>5,225</u>
Cash and investments - ending	<u>\$ (4,649)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ (144,379)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Special Education Preschool 2013-2015	Special Education Preschool 2014-2016	Adult Basic Education 2012-2013	Adult Basic Education 2013-2014	Adult Basic Education 2014-2015	Carl Perkins 2012-2013	Carl Perkins 2013-2014	Carl Perkins 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ (22,641)	\$ -	\$ -	\$ (25,629)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	56,743	-	22,641	112,004	-	218,608	107,190	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>56,743</u>	<u>-</u>	<u>22,641</u>	<u>112,004</u>	<u>-</u>	<u>218,608</u>	<u>107,190</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	61,968	-	-	114,321	-	192,979	130,879	-
Support services	-	-	-	12,503	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>61,968</u>	<u>-</u>	<u>-</u>	<u>126,824</u>	<u>-</u>	<u>192,979</u>	<u>130,879</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,225)</u>	<u>-</u>	<u>22,641</u>	<u>(14,820)</u>	<u>-</u>	<u>25,629</u>	<u>(23,689)</u>	<u>-</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,225)</u>	<u>-</u>	<u>22,641</u>	<u>(14,820)</u>	<u>-</u>	<u>25,629</u>	<u>(23,689)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (5,225)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,820)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,689)</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Donnelly Grant 2011-2013	Medicaid Reimbursement 2009-2010	INMAC	21st Century Learning Center 2014-2015	Adult Education	Afternoon Rocks 2008-2010	21st Century Cohort VI 2013-2014	21st Century Cohort 6 2014-2015
Cash and investments - beginning	\$ (2,439)	\$ 141,031	\$ -	\$ -	\$ 7,799	\$ 713	\$ (8,211)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	7,931	80,578	184,642	-	33,150	-	300,940	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>7,931</u>	<u>80,578</u>	<u>184,642</u>	<u>-</u>	<u>33,150</u>	<u>-</u>	<u>300,940</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	19,534	247	-	17,057	-	-	-
Support services	5,492	18,818	57,523	-	-	-	3,000	-
Noninstructional services	-	-	-	-	-	713	276,318	9,550
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	13,411	-
Total disbursements	<u>5,492</u>	<u>38,352</u>	<u>57,770</u>	<u>-</u>	<u>17,057</u>	<u>713</u>	<u>292,729</u>	<u>9,550</u>
Excess (deficiency) of receipts over disbursements	<u>2,439</u>	<u>42,226</u>	<u>126,872</u>	<u>-</u>	<u>16,093</u>	<u>(713)</u>	<u>8,211</u>	<u>(9,550)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,439</u>	<u>42,226</u>	<u>126,872</u>	<u>-</u>	<u>16,093</u>	<u>(713)</u>	<u>8,211</u>	<u>(9,550)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 183,257</u>	<u>\$ 126,872</u>	<u>\$ -</u>	<u>\$ 23,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,550)</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	DNR/Natural Resources 2010-2011	DNR/Natural Resources 2014-2016	DNR/Natural Resources 2014-2015	21st Century Cohort V 2013-2014	Title II Part A 2012-2014	Title II Part A 2013-2015	Title II Part A 2014-2016
Cash and investments - beginning	\$ (21,033)	\$ -	\$ -	\$ (33,480)	\$ (29,459)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	21,033	-	-	-	-	-	-
Federal sources	-	-	-	361,250	256,564	88,769	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>21,033</u>	<u>-</u>	<u>-</u>	<u>361,250</u>	<u>256,564</u>	<u>88,769</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	217,544	105,910	-
Support services	-	14,852	-	-	27,743	2,601	-
Noninstructional services	-	-	-	311,310	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	16,460	-	-	-
Total disbursements	<u>-</u>	<u>14,852</u>	<u>-</u>	<u>327,770</u>	<u>245,287</u>	<u>108,511</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>21,033</u>	<u>(14,852)</u>	<u>-</u>	<u>33,480</u>	<u>11,277</u>	<u>(19,742)</u>	<u>-</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>21,033</u>	<u>(14,852)</u>	<u>-</u>	<u>33,480</u>	<u>11,277</u>	<u>(19,742)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (14,852)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,182)</u>	<u>\$ (19,742)</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Title II Part A 2011-2013	Math & Science Yr 1 2013-2014	Math & Science Yr 2 2014-2015	Math & Science Yr 1,2,3 2011-2013	Clearing Account - Payroll Withholding	Clearing Account - Food Service Prepaid Collections	Totals
Cash and investments - beginning	\$ (1,430)	\$ -	\$ -	\$ (13,093)	\$ -	\$ 24,384	\$ 16,254,762
Receipts:							
Local sources	-	-	-	-	-	-	20,695,696
Intermediate sources	-	-	-	-	-	-	173,157
State sources	-	-	-	-	-	-	42,066,862
Federal sources	17,678	1,310	-	171,093	-	-	9,769,279
Temporary loans	-	-	-	-	-	-	12,467,156
Other	-	-	-	-	11,852,801	477,990	19,187,299
Total receipts	<u>17,678</u>	<u>1,310</u>	<u>-</u>	<u>171,093</u>	<u>11,852,801</u>	<u>477,990</u>	<u>104,359,449</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	34,425,502
Support services	3,313	60,095	-	158,000	-	-	24,035,220
Noninstructional services	-	-	-	-	-	-	4,081,477
Facilities acquisition and construction	-	-	-	-	-	-	4,296,217
Debt services	-	-	-	-	-	-	17,592,170
Nonprogrammed charges	12,935	-	-	-	11,852,801	477,254	12,840,690
Total disbursements	<u>16,248</u>	<u>60,095</u>	<u>-</u>	<u>158,000</u>	<u>11,852,801</u>	<u>477,254</u>	<u>97,271,276</u>
Excess (deficiency) of receipts over disbursements	<u>1,430</u>	<u>(58,785)</u>	<u>-</u>	<u>13,093</u>	<u>-</u>	<u>736</u>	<u>7,088,173</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	3,014
Transfers in	-	-	-	-	-	-	6,033,175
Transfers out	-	-	-	-	-	-	(6,136,854)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,665)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,430</u>	<u>(58,785)</u>	<u>-</u>	<u>13,093</u>	<u>-</u>	<u>736</u>	<u>6,987,508</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (58,785)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,120</u>	<u>\$ 23,242,270</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ (5,989,826)	\$ 11,922,994	\$ 868,874	\$ 438,962	\$ 6,386,214	\$ 1,102,136	\$ 6,000,000	\$ 18,603
Receipts:								
Local sources	796,954	10,100,464	1,258,739	3,062,863	2,737,622	142,247	-	-
Intermediate sources	177,131	-	-	-	-	-	-	-
State sources	40,539,217	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	10,075,000	531,553	5,351,651	3,404,211	463,708	-	-
Other	801,001	-	-	-	8,856	-	-	-
Total receipts	42,314,303	20,175,464	1,790,292	8,414,514	6,150,689	605,955	-	-
Disbursements:								
Current:								
Instruction	27,737,305	-	-	-	-	-	-	-
Support services	12,718,899	-	-	3,939,086	3,763,651	503,744	-	-
Noninstructional services	425,551	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	467,577	-	-	-	14,227
Debt services	-	22,764,504	1,963,328	3,767,215	3,946,016	272,798	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	40,881,755	22,764,504	1,963,328	8,173,878	7,709,667	776,542	-	14,227
Excess (deficiency) of receipts over disbursements	1,432,548	(2,589,040)	(173,036)	240,636	(1,558,978)	(170,587)	-	(14,227)
Other financing sources (uses):								
Transfers in	32,616	-	-	931,512	556,337	-	-	-
Transfers out	-	(1,467,870)	(165,568)	-	-	-	-	-
Total other financing sources (uses)	32,616	(1,467,870)	(165,568)	931,512	556,337	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,465,164	(4,056,910)	(338,604)	1,172,148	(1,002,641)	(170,587)	-	(14,227)
Cash and investments - ending	\$ (4,524,662)	\$ 7,866,084	\$ 530,270	\$ 1,611,110	\$ 5,383,573	\$ 931,549	\$ 6,000,000	\$ 4,376

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Construction 2011-1	Construction 2012-1	Construction 2012-2	School Lunch	Textbook Rental	Educational License Plates	Alternative Education 2013	Alternative Education 2014
Cash and investments - beginning	\$ 675,953	\$ 19,995	\$ 55,642	\$ 1,081,939	\$ 356,587	\$ 1,602	\$ -	\$ 5,778
Receipts:								
Local sources	-	-	-	154,501	708,104	-	-	-
Intermediate sources	-	-	-	-	-	825	-	-
State sources	-	-	-	14,054	-	-	-	-
Federal sources	-	-	-	3,083,793	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	13,004	-	3,002	726	-	-	-
Total receipts	-	13,004	-	3,255,350	708,830	825	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	5,778
Support services	-	-	-	15,479	667,881	-	-	-
Noninstructional services	-	-	-	2,469,961	-	1,204	-	-
Facilities acquisition and construction	488,624	19,170	50,218	6,371	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	357,161	-	-	-	-
Total disbursements	488,624	19,170	50,218	2,848,972	667,881	1,204	-	5,778
Excess (deficiency) of receipts over disbursements	(488,624)	(6,166)	(50,218)	406,378	40,949	(379)	-	(5,778)
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	(488,624)	(6,166)	(50,218)	406,378	40,949	(379)	-	(5,778)
Cash and investments - ending	\$ 187,329	\$ 13,829	\$ 5,424	\$ 1,488,317	\$ 397,536	\$ 1,223	\$ -	\$ -

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Alternative Education 2015	Early Intervention Joy 2015	Early Intervention 2015	Donations/ Trusts	Student Well Being	NIPSCO Energy	Hours for Ours 2008	Impact Pro/Donations
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 62,320	\$ 114	\$ 1,513
Receipts:								
Local sources	-	-	-	27,219	10,000	30,000	450	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	19,283	5,879	90,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>19,283</u>	<u>5,879</u>	<u>90,000</u>	<u>27,219</u>	<u>10,000</u>	<u>30,000</u>	<u>450</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	17,673	5,024	90,000	8,128	1,502	54,521	-	500
Support services	-	855	-	13,383	3,938	-	-	346
Noninstructional services	-	-	-	200	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>17,673</u>	<u>5,879</u>	<u>90,000</u>	<u>21,711</u>	<u>5,440</u>	<u>54,521</u>	<u>-</u>	<u>846</u>
Excess (deficiency) of receipts over disbursements	<u>1,610</u>	<u>-</u>	<u>-</u>	<u>5,508</u>	<u>4,560</u>	<u>(24,521)</u>	<u>450</u>	<u>(846)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,610</u>	<u>-</u>	<u>-</u>	<u>5,508</u>	<u>4,560</u>	<u>(24,521)</u>	<u>450</u>	<u>(846)</u>
Cash and investments - ending	<u>\$ 1,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,708</u>	<u>\$ 4,560</u>	<u>\$ 37,799</u>	<u>\$ 564</u>	<u>\$ 667</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Early Learning	United Way 2011-2012	United Way 2013-2014	United Way 2015-2016	Champion Program	Misc/ Fundraiser/ Superintendent	Wellness Grant 2013-2014	Lake Hills - PLTW
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,508	\$ -	\$ 6,863	\$ -	\$ -
Receipts:								
Local sources	-	-	-	49,811	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	49,811	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	27,457	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	23,060	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	50,517	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(706)	-	-	-	-
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	-	-	-	(706)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 802	\$ -	\$ 6,863	\$ -	\$ -

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Wellness Grant 2015	After School 2008	MC Enrichment 2013-2014	MC Enrichment 2014-2015	MC Enrichment 2015-2016	Unity 2013	Unity 2014-2015	Gifted and Talented 2012-2013
Cash and investments - beginning	\$ -	\$ 4,825	\$ -	\$ 10,501	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	95,842	-	-	24,500	5,000	2,600	-
Intermediate sources	2,340	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>2,340</u>	<u>95,842</u>	<u>-</u>	<u>-</u>	<u>24,500</u>	<u>5,000</u>	<u>2,600</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	7,450	-	-	350	-
Support services	1,661	-	-	-	-	2,412	-	-
Noninstructional services	-	85,657	-	3,051	826	-	2,250	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>1,661</u>	<u>85,657</u>	<u>-</u>	<u>10,501</u>	<u>826</u>	<u>2,412</u>	<u>2,600</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>679</u>	<u>10,185</u>	<u>-</u>	<u>(10,501)</u>	<u>23,674</u>	<u>2,588</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	73,653	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>73,653</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>679</u>	<u>83,838</u>	<u>-</u>	<u>(10,501)</u>	<u>23,674</u>	<u>2,588</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 679</u>	<u>\$ 88,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,674</u>	<u>\$ 2,588</u>	<u>\$ -</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	High Ability 2014-2015	High Ability 2015-2016	Medicaid Reimbursement State 2009	Secured Schools Safety Grant	LLC - Drug Free Partnership 2015-2016	Duneland Health Council	Tobacco Grant	LLC - Drug Free Partnership 2013-2014
Cash and investments - beginning	\$ 15,257	\$ -	\$ 12,055	\$ (24,987)	\$ -	\$ -	\$ (406)	\$ -
Receipts:								
Local sources	-	-	-	-	-	6,000	-	-
Intermediate sources	-	-	-	-	4,683	-	-	-
State sources	-	47,727	31,917	74,987	-	-	2,878	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>47,727</u>	<u>31,917</u>	<u>74,987</u>	<u>4,683</u>	<u>6,000</u>	<u>2,878</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	12,238	17,480	-	-	-	-	-	-
Support services	3,019	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	600	-	2,638	-
Facilities acquisition and construction	-	-	-	50,000	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>15,257</u>	<u>17,480</u>	<u>-</u>	<u>50,000</u>	<u>600</u>	<u>-</u>	<u>2,638</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(15,257)</u>	<u>30,247</u>	<u>31,917</u>	<u>24,987</u>	<u>4,083</u>	<u>6,000</u>	<u>240</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(32,616)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(32,616)</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>(15,257)</u>	<u>30,247</u>	<u>(699)</u>	<u>24,987</u>	<u>4,083</u>	<u>6,000</u>	<u>240</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 30,247</u>	<u>\$ 11,356</u>	<u>\$ -</u>	<u>\$ 4,083</u>	<u>\$ 6,000</u>	<u>\$ (166)</u>	<u>\$ -</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	LLC - Drug Free Partnership 2014-2016	ISTA Settlement	Title I School Improvement 2010-2011	Title I School Improvement 2014-2015	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	McKinney Vento 2012-2013
Cash and investments - beginning	\$ 2,939	\$ 319,711	\$ -	\$ -	\$ -	\$ (160,828)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	900	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	5,028	-	541,140	1,829,756	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	900	-	-	5,028	-	541,140	1,829,756	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	242,303	1,149,710	-
Support services	-	-	-	5,582	-	121,602	862,828	-
Noninstructional services	3,542	-	-	-	-	6,407	19,482	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	10,000	-	-
Total disbursements	3,542	-	-	5,582	-	380,312	2,032,020	-
Excess (deficiency) of receipts over disbursements	(2,642)	-	-	(554)	-	160,828	(202,264)	-
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	(2,642)	-	-	(554)	-	160,828	(202,264)	-
Cash and investments - ending	\$ 297	\$ 319,711	\$ -	\$ (554)	\$ -	\$ -	\$ (202,264)	\$ -

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	McKinney Vento 2013-2014	McKinney Vento 2014-2015	Special Education 2011-2013	Special Education 2012-2014	Special Education 2013-2015	Special Education 2014-2016	Technical Assistance	Special Education Preschool 2012-2014
Cash and investments - beginning	\$ (4,649)	\$ -	\$ -	\$ (36)	\$ (144,379)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	15,361	12,923	-	419	249,358	1,391,099	15,551	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	15,361	12,923	-	419	249,358	1,391,099	15,551	-
Disbursements:								
Current:								
Instruction	-	-	-	383	104,979	1,504,376	15,551	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	10,712	17,223	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	10,712	17,223	-	383	104,979	1,504,376	15,551	-
Excess (deficiency) of receipts over disbursements	4,649	(4,300)	-	36	144,379	(113,277)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,649	(4,300)	-	36	144,379	(113,277)	-	-
Cash and investments - ending	\$ -	\$ (4,300)	\$ -	\$ -	\$ -	\$ (113,277)	\$ -	\$ -

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Special Education Preschool 2013-2015	Special Education Preschool 2014-2016	Adult Basic Education 2012-2013	Adult Basic Education 2013-2014	Adult Basic Education 2014-2015	Carl Perkins 2012-2013	Carl Perkins 2013-2014	Carl Perkins 2014-2015
Cash and investments - beginning	\$ (5,225)	\$ -	\$ -	\$ (14,820)	\$ -	\$ -	\$ (23,689)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	10,199	57,754	-	18,987	54,773	-	167,282	103,962
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>10,199</u>	<u>57,754</u>	<u>-</u>	<u>18,987</u>	<u>54,773</u>	<u>-</u>	<u>167,282</u>	<u>103,962</u>
Disbursements:								
Current:								
Instruction	4,974	62,920	-	4,167	72,479	-	143,593	156,417
Support services	-	-	-	-	9,642	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>4,974</u>	<u>62,920</u>	<u>-</u>	<u>4,167</u>	<u>82,121</u>	<u>-</u>	<u>143,593</u>	<u>156,417</u>
Excess (deficiency) of receipts over disbursements	<u>5,225</u>	<u>(5,166)</u>	<u>-</u>	<u>14,820</u>	<u>(27,348)</u>	<u>-</u>	<u>23,689</u>	<u>(52,455)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,225</u>	<u>(5,166)</u>	<u>-</u>	<u>14,820</u>	<u>(27,348)</u>	<u>-</u>	<u>23,689</u>	<u>(52,455)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (5,166)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,348)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,455)</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Donnelly Grant 2011-2013	Medicaid Reimbursement 2009-2010	INMAC	21st Century Learning Center 2014-2015	Adult Education	Afternoon Rocks 2008-2010	21st Century Cohort VI 2013-2014	21st Century Cohort 6 2014-2015
Cash and investments - beginning	\$ -	\$ 183,257	\$ 126,872	\$ -	\$ 23,892	\$ -	\$ -	\$ (9,550)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	58,318	134,190	297,681	65,700	-	-	340,962
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	58,318	134,190	297,681	65,700	-	-	340,962
Disbursements:								
Current:								
Instruction	-	116,615	3,992	-	22,239	-	-	-
Support services	-	60,755	145,695	-	-	-	-	-
Noninstructional services	-	-	-	323,309	-	-	-	335,768
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	15,423
Total disbursements	-	177,370	149,687	323,309	22,239	-	-	351,191
Excess (deficiency) of receipts over disbursements	-	(119,052)	(15,497)	(25,628)	43,461	-	-	(10,229)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(29,004)	-	-	-	(44,649)
Total other financing sources (uses)	-	-	-	(29,004)	-	-	-	(44,649)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(119,052)	(15,497)	(54,632)	43,461	-	-	(54,878)
Cash and investments - ending	\$ -	\$ 64,205	\$ 111,375	\$ (54,632)	\$ 67,353	\$ -	\$ -	\$ (64,428)

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	DNR/Natural Resources 2010-2011	DNR/Natural Resources 2014-2016	DNR/Natural Resources 2014-2015	21st Century Cohort V 2013-2014	Title II Part A 2012-2014	Title II Part A 2013-2015	Title II Part A 2014-2016
Cash and investments - beginning	\$ -	\$ (14,852)	\$ -	\$ -	\$ (18,182)	\$ (19,742)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	55,759	-	-	-	-	-
Federal sources	-	-	-	-	48,007	259,179	24,297
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>55,759</u>	<u>-</u>	<u>-</u>	<u>48,007</u>	<u>259,179</u>	<u>24,297</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	194,090	44,672
Support services	-	57,632	3,963	-	29,825	64,256	3,353
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>57,632</u>	<u>3,963</u>	<u>-</u>	<u>29,825</u>	<u>258,346</u>	<u>48,025</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,873)</u>	<u>(3,963)</u>	<u>-</u>	<u>18,182</u>	<u>833</u>	<u>(23,728)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(1,873)</u>	<u>(3,963)</u>	<u>-</u>	<u>18,182</u>	<u>833</u>	<u>(23,728)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (16,725)</u>	<u>\$ (3,963)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,909)</u>	<u>\$ (23,728)</u>

MICHIGAN CITY AREA SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Title II Part A 2011-2013	Math & Science Yr 1 2013-2014	Math & Science Yr 2 2014-2015	Math & Science Yr 1,2,3 2011-2013	Clearing Account - Payroll Withholding	Clearing Account - Food Service Prepaid Collections	Totals
Cash and investments - beginning	\$ -	\$ (58,785)	\$ -	\$ -	\$ -	\$ 25,120	\$ 23,242,270
Receipts:							
Local sources	-	-	-	-	-	-	19,212,916
Intermediate sources	-	-	-	-	-	-	185,879
State sources	-	-	-	-	-	-	40,881,701
Federal sources	-	133,229	37,470	-	-	-	8,956,418
Temporary loans	-	-	-	-	-	-	19,826,123
Other	-	-	-	-	9,852,079	269,214	10,947,882
Total receipts	-	133,229	37,470	-	9,852,079	269,214	100,010,919
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	31,828,866
Support services	-	74,444	39,029	-	-	-	23,112,960
Noninstructional services	-	-	-	-	-	-	3,731,441
Facilities acquisition and construction	-	-	-	-	-	-	1,096,187
Debt services	-	-	-	-	-	-	32,713,861
Nonprogrammed charges	-	-	-	-	9,852,079	271,856	10,506,519
Total disbursements	-	74,444	39,029	-	9,852,079	271,856	102,989,834
Excess (deficiency) of receipts over disbursements	-	58,785	(1,559)	-	-	(2,642)	(2,978,915)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	1,594,118
Transfers out	-	-	-	-	-	-	(1,739,707)
Total other financing sources (uses)	-	-	-	-	-	-	(145,589)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	58,785	(1,559)	-	-	(2,642)	(3,124,504)
Cash and investments - ending	\$ -	\$ -	\$ (1,559)	\$ -	\$ -	\$ 22,478	\$ 20,117,766

MICHIGAN CITY AREA SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
HP #95174	Computer Equipment	\$ 75,174	09/30/14	09/30/17
HP #95175	Computer Equipment	46,760	09/30/14	09/30/18
HP #95177	Computer Equipment	38,177	09/30/14	09/30/19
Michigan City Area Wide School Building Corporation	Buildings	6,005,000	01/08/03	01/15/22
Michigan City School Building Corporation	Buildings	3,122,000	06/28/07	01/15/25
Michigan City School Building Corporation	Buildings	49,000	06/28/12	01/15/27
Michigan City School Building Corporation	Buildings	262,000	06/28/12	01/15/27
Michigan City School Building Corporation	Buildings	<u>288,000</u>	11/20/13	12/31/26
Total of annual lease payments		<u>\$ 9,886,111</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	School Bonds	\$ 2,720,000    \$ 1,362,121
Revenue bonds	Retirement/Severance Bonds	7,395,000    1,013,901
Tax anticipation warrants	Temporary Loans	<u>14,551,123</u> <u>14,609,619</u>
Totals		<u>\$ 24,666,123</u> <u>\$ 16,985,641</u>

MICHIGAN CITY AREA SCHOOLS  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2015

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.

	Ending Balance
Governmental activities:	
Land	\$ 2,832,835
Buildings	128,992,700
Improvements other than buildings	5,888,800
Machinery, equipment, and vehicles	17,592,331
 Total capital assets	 \$ 155,306,666

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the Michigan City Area Schools' (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, 2013 to June 30, 2015. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in item 2015-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, 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 item 2015-002. Our opinion on each major federal program is not modified with respect to this matter.

The School Corporation's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

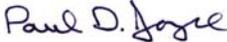
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-003, 2015-004, 2015-005, and 2015-006 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 12, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

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MICHIGAN CITY AREA SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education				
School Breakfast		10.553	FY13-14/FY14-15	\$ 761,465	\$ 767,990
National School Lunch Program	Indiana Department of Education				
School Lunch		10.555	FY13-14/FY14-15	2,623,735	2,373,716
School Snack		10.555	FY13-14/FY14-15	73,306	61,382
Total - National School Lunch Program				<u>2,697,041</u>	<u>2,435,098</u>
Summer Food Service Program for Children	Indiana Department of Education				
Summer Feeding		10.559	FY13-14/FY14-15	76,086	88,377
Total - Child Nutrition Cluster				<u>3,534,592</u>	<u>3,291,465</u>
Child and Adult Care Food Program	Indiana Department of Education				
School Supper		10.558	FY14-15	-	9,996
Total - Department of Agriculture				<u>3,534,592</u>	<u>3,301,461</u>
<u>Department of Commerce</u>					
Coastal Zone Management Administration Awards	Indiana Department of Natural Resources				
DNR Coastal Grant		11.419	CZ006	21,033	-
DNR Coastal Grant		11.419	CZ326	-	55,759
Total - Department of Commerce				<u>21,033</u>	<u>55,759</u>
<u>Department of Labor</u>					
WIA Cluster					
WIA/WIOA Adult Program	The Center of Workforce Innovations				
Employment Training Administration		17.258	FY13-14/FY14-15	17,058	22,240
<u>Department of Education</u>					
Special Education Cluster					
Special Education Grants to States	Indiana Department of Education				
FY 2011-2013		84.027	14212-040-PN01	10,121	-
FY 2012-2014		84.027	14213-040-PN01	370,167	419
FY 2013-2015		84.027	14214-040-PN01	1,436,525	249,358
FY 2014-2016		84.027	14215-040-PN01	-	1,391,099
Tech/Assistance		84.027	99914-040-TA01	39,833	15,551
Total - Special Education Grants to States				<u>1,856,646</u>	<u>1,656,427</u>
Special Education - Preschool Grants	Indiana Department of Education				
Preschool 2012-2014		84.173	45713-040-PN01	10,062	-
Preschool 2013-2015		84.173	45174-040-PN01	56,743	10,199
Preschool 2014-2016		84.173	45175-040-PN01	-	57,754
Total - Special Education - Preschool Grants				<u>66,805</u>	<u>67,953</u>
Total - Special Education Cluster				<u>1,923,451</u>	<u>1,724,380</u>

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

MICHIGAN CITY AREA SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Title I Grants to Local Educational Agencies					
Title I Grants to Local Educational Agencies					
	Indiana Department of Education				
	Title I	84.010	13-4925	560,123	-
	Title I	84.010	14-4925	1,771,998	541,140
	Title I	84.010	15-4925	-	1,829,756
	Title I School Improvement Michigan City High School	84.010	FY12-13	162,802	-
	Title I School Improvement Edgewood	84.010	FY14-15	-	5,028
Total - Title I Grants to Local Educational Agencies				<u>2,494,923</u>	<u>2,375,924</u>
Adult Education - Basic Grants to States					
	The Center of Workforce Innovations				
	FY 2012-2013	84.002	CWI-AE-05-PY12	22,639	-
	FY 2013-2014	84.002	CWI-AE-05-PY13	112,004	18,987
	FY 2014-2015	84.002	CWI-AE-05-PY14	-	54,773
Total - Adult Education - Basic Grants to States				<u>134,643</u>	<u>73,760</u>
Career and Technical Education - Basic Grants to States					
	Indiana Department of Education				
	Carl Perkins 2012-2013	84.048	13-4700-4925	218,608	-
	Carl Perkins 2013-2014	84.048	14-4700-4925	107,190	167,282
	Carl Perkins 2014-2015	84.048	15-4700-4925	-	103,962
Total - Career and Technical Education - Basic Grants to States				<u>325,798</u>	<u>271,244</u>
Education and Homeless Children and Youth					
	Indiana Department of Education				
	McKinney Vento 12-13	84.196	A58-3-13SS-1026	39,535	-
	McKinney Vento 13-14	84.196	A58-4-14SS-1793	28,139	15,361
	McKinney Vento 14-15	84.196	A58-5-15SS-2325	-	12,923
Total - Education and Homeless Children and Youth				<u>67,674</u>	<u>28,284</u>
Fund for the Improvement of Education					
	Direct Grant				
	Donnelly 2010-2013	84.215	U215K100144	7,931	-
Twenty-First Century Community Learning Centers					
	Indiana Department of Education				
	21st Century	84.287	13-14 Cohort V	361,250	-
	21st Century	84.287	13-14 Cohort VI	300,940	-
	21st Century	84.287	14-15 Cohort VI	-	340,962
	21st Century	84.287	14-15 Cohort VII	-	297,681
Total - Twenty-First Century Community Learning Centers				<u>662,190</u>	<u>638,643</u>
Mathematics and Science Partnerships					
	Indiana Department of Education				
	11-13 YR 2	84.366	A58-1-11CI-269	171,093	-
	13-14 YR 1	84.366	A58-4-14CI-1866	1,310	133,229
	14-15 YR 2	84.366	A58-5-15CI-2275	-	37,470
Total - Mathematics and Science Partnerships				<u>172,403</u>	<u>170,699</u>

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

MICHIGAN CITY AREA SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Improving Teacher Quality State Grants	Indiana Department of Education				
2011-2013		84.367	FY 2011	17,678	-
2012-2014		84.367	FY 2012	256,564	48,007
2013-2015		84.367	FY 2013	88,769	259,179
2014-2016		84.367	FY 2014	-	24,297
Total - Improving Teacher Quality State Grants				<u>363,011</u>	<u>331,483</u>
Total - Department of Education				<u>6,152,024</u>	<u>5,614,417</u>
<u>Department of Health and Human Services</u>					
Medicaid Cluster					
Medical Assistance Program	Indiana Office of Medicaid Policy and Planning				
Medicaid		93.778	FY13-14/FY14-15	38,351	177,371
INMAC		93.778	FY13-14/FY14-15	57,769	149,687
Total - Medicaid Cluster				<u>96,120</u>	<u>327,058</u>
Block Grants for Prevention and Treatment of Substance Abuse Afternoon Rocks	Swanson Center				
		93.959	FY09-10	713	-
Total - Department of Health and Human Services				<u>96,833</u>	<u>327,058</u>
Total federal awards expended				<u>\$ 9,821,540</u>	<u>\$ 9,320,935</u>

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

MICHIGAN CITY AREAS SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the 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 5-11-1-25), 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 ended June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 215,709	\$ 217,668

MICHIGAN CITY AREA SCHOOLS  
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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs, except for Child Nutrition Cluster, which was modified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.048	Career and Technical Education-Basic Grants to States
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs: \$574,274

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The following deficiencies were identified in the internal control system of the School Corporation related to financial transactions and reporting.

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, payroll disbursements, and financial close and reporting of the School Lunch fund. The failure to establish these controls could have enabled material misstatements or irregularities to remain undetected. Control activities should have been in place to reduce the risks of errors in financial reporting.
  - a. One person was solely responsible for all aspects of the receipt process at the School Corporation.
  - b. There was no review or approval of electronic disbursements related to the employer's share of employee benefits.
  - c. The School Lunch fund was maintained at the Food Service Department as an extra-curricular account (ECA). School Lunch fund receipts and disbursements were recorded separately from the School Corporation receipts and disbursements. Every six months, the Food Service Finance Manager completed a report of total receipts and disbursements from the ECA records and submitted the report to the School Corporation Treasurer for Indiana Department of Education reporting purposes. These six-month reports were not subjected to a review to ensure that receipts and disbursements totals were valid and accurate.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.

*Criteria*

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

*Cause*

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial reporting and transactions.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

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

**FINDING 2015-002 - CASH MANAGEMENT**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY13-14, FY14-15  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund's monthly cash balances were limited to the average expenditures for three months in compliance with Cash Management requirements. There was no oversight, review, or monitoring of the cash balances.

The School Corporation had not complied with the Cash Management requirements. The cash balance in the School Lunch fund exceeded average expenditures for three months during the audit period.

*Context*

The cash balance in the School Lunch fund exceeded the average expenditures for three months for 7 of the 24 months during the audit period. For the FY 2013-2014, the average expenditures for three months was \$1,130,378; the average ending cash balance exceeded this amount in the month of November 2013. For the FY 2014-2015, the average expenditures for three months was \$957,616; the average ending cash balance exceeded this amount for every month from January to June 2015. The largest difference occurred in June 2015 in which the excess cash balance was \$530,700.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR section 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

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

7 CFR 220.7(e)(1)(iv) states: "Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; and . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirement.

We also recommended that the School Corporation comply with the Cash Management requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

**FINDING 2015-003 - REPORTING**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY13-14, FY14-15

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accurate completion of the Annual Financial Report by the Food Service Director. The report was submitted to the Indiana Department of Education without review or oversight by another employee or official of the School Corporation.

The School Corporation had not fully complied with the Reporting requirements. The cash balances reported on the Annual Financial Reports for the years ended June 30, 2013, 2014, and 2015 were inaccurate by \$46,974, \$82,014, and \$413,962, respectively. The Indiana Department of Education (IDOE) commented that the amounts reported for indirect costs were above the maximum allowed. The 2014 indirect costs reported were amended to the maximum without explanation or documentation. This was an error in reporting. The School Corporation was not reimbursed indirect costs above the maximum allowed.

*Context*

This applies only to the Annual Financial Reports required by IDOE. The Annual Financial Report had been inaccurately submitted for three consecutive years.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *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.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

*Cause*

The School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the compliance requirement for Reporting.

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.

We also recommended that the School Corporation comply with the Reporting requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

**FINDING 2015-004 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY**

Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Years: FY13-14, FY14-15  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Paid Lunch Equity calculation was performed accurately in accordance with the compliance requirement.

*Context*

The calculation was made by one individual without oversight or review.

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

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

**FINDING 2015-005 - REPORTING**

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies,  
Career and Technical Education - Basic Grants to States

CFDA Numbers: 84.010, 84.048

Federal Award Numbers and Years: FY12-13, FY13-14, 13-4700-4925, 14-4700-4925

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accurate completion of the Annual Final Expenditure Report (84.010) by the Deputy Treasurer and the Annual Financial Status Report (84.048) by the Program Director. The reports were submitted to the Indiana Department of Education without oversight or review. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of properly implemented internal controls over reporting applies only to each program's Annual Financial Reports.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

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

***FINDING 2015-006 - ACTIVITIES ALLOWED OR UNALLOWED,  
ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Education  
Federal Program: Twenty-First Century Community Learning Centers  
CFDA Number: 84.287  
Federal Award Numbers and Years: 13-14 Cohort V, 13-14 Cohort VI, 14-15 Cohort VI, 14-15 Cohort VII  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that employees paid from grant funds were paid the correct rate or from the correct fund. There was an inadequate review and oversight process performed by the Grant Director over the completed payroll reports.

*Context*

The lack of properly implemented internal controls applied to all awards for both years in the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. The failure to establish internal controls could have enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



# Michigan City Area Schools

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4-12-16

## CORRECTIVE ACTION PLAN

### ***FINDING 2015-001***

Contact Person Responsible for Corrective Action: Lance E. Werner  
Contact Phone Number: 219-873-2000 x8343

#### Description of Corrective Action Plan:

The school corporation receipt process will have responsibilities separated among the following individuals: Payroll Manager, Payroll Assistant, Financial Assistant, and Financial Secretary.

Electronic Disbursements report will be reviewed and approved by Treasurer and School Board.

School Lunch fund report of total receipts and disbursements will be reviewed and approved by Food Service Director.

Anticipated Completion Date: 5-1-16

Lance E. Werner  
(Signature)

Treasurer / CFO  
(Title)

4-12-16  
(Date)



### **Corrective Action Plan**

Audit Contact Person                      Cynthia Licciardone  
Title of Contact Person                      Food Service Director  
Phone Number                                  219-873-2131

Date: 4/12/16

#### Finding Number 2015-002

The School Food Authority will establish systems of internal control over the School Lunch fund cash balance.

#### Action Plan:

The Finance Manager will print a monthly SA-5 report. Food Service Director will sign to approve the SA-5. The director will print an average three month expenditure total monthly and attach the tape to the SA-5, in order to maintain a cash balance that does not exceed three months average expenditures.

Anticipated Completion Date: April 15, 2016

#### Finding Number 2015-003

The School Food Authority will establish an internal control to review the Food Service Annual Financial Report for approval and corrections.

#### Action Plan:

The Finance Manager will fill out the Annual Financial Report. The Food Service Director will review for accuracy of figures before the report is submitted to the IDOE. Indirect cost will be calculated every six months and paid to the General Fund. The Food Service Director will revisit the Annual Financial Report for approval and periodically through the school year.

Anticipated Completion Date: April 30, 2016

Finding Number 2015-004

School Food Authority will establish an internal control to ensure accuracy of calculations on the Paid Lunch Equity form.

Action Plan:

The Food service Director will complete the IDOE Price Adjustment Calculator Form. The Finance Manager will review the form for accuracy of figures, sign and date the form.

Anticipated Completion Date: Completed

Cynthia Licciardone, FSD      4-12-16  
Cynthia Licciardone, FSD      Date



# Michigan City Area Schools

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4-12-16

## CORRECTIVE ACTION PLAN

### ***FINDING 2015-005***

Contact Person Responsible for Corrective Action: Lance E. Werner  
Contact Phone Number: 219-873-2000 x8343

#### Description of Corrective Action Plan:

The annual Final Expenditure report and Annual Financial Status report will be reviewed and approved by the appropriate Director.

Anticipated Completion Date: 5-1-16

Lance E Werner  
(Signature)

Treasurer / CFO  
(Title)

4-12-16  
(Date)



# Michigan City Area Schools

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4-12-16

## CORRECTIVE ACTION PLAN

### ***FINDING 2015-006***

Contact Person Responsible for Corrective Action: Lance E. Werner  
Contact Phone Number: 219-873-2000 x8343

#### Description of Corrective Action Plan:

The School Corporation will create a payroll report to be reviewed and approved by the Grant Director.

Anticipated Completion Date: 5-1-16

Lance E. Werner  
(Signature)

Treasurer / CFO  
(Title)

4-12-16  
(Date)

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.