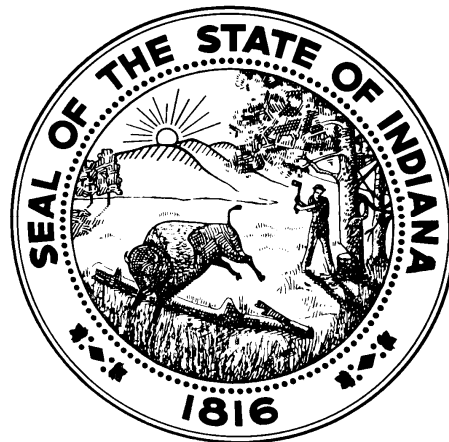


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
SMITH-GREEN COMMUNITY SCHOOLS
WHITLEY COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED

03/11/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynn A. Leininger	01-01-05 to 01-11-08
Superintendent of Schools	David G. Martin Jacqueline Beery (Interim) Carol A. Kaiser	07-01-05 to 04-07-06 04-10-06 to 07-31-06 08-01-06 to 06-30-08
President of the School Board	Ned Egolf Keith A. Wyss Robert C. Amber Paul Bowser	01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



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

TO: THE OFFICIALS OF SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Smith-Green Community Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 17, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

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

STATE BOARD OF ACCOUNTS

January 17, 2008



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

TO: THE OFFICIALS OF SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Smith-Green Community Schools (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

January 17, 2008

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,116,818	\$ -	\$ 57,272	\$ (4,059,546)
Support services	6,119,729	425,936	101,547	(5,592,246)
Community services	109,766	-	-	(109,766)
Nonprogrammed charges	287,867	-	-	(287,867)
Debt service	2,366,131	-	-	(2,366,131)
Total governmental activities	\$ 13,000,311	\$ 425,936	\$ 158,819	(12,415,556)
General receipts:				
Property taxes				4,897,833
Other local sources				959,218
State aid				5,761,117
Bonds and loans				440,240
Grants and contributions not restricted to specific programs				328,294
Sale of property, adjustments, and refunds				41,934
Investment earnings				74,857
Total general receipts				12,503,493
Change in net assets				87,937
Net assets - beginning				1,409,308
Net assets - ending				\$ 1,497,245
<u>Assets</u>				
Cash and investments				\$ 1,038,061
Restricted assets:				
Cash and investments				459,184
Total assets				\$ 1,497,245
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 459,184
Unrestricted				1,038,061
Total net assets				\$ 1,497,245

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

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,138,223	\$ -	\$ 55,486	\$ (4,082,737)
Support services	5,562,720	445,024	140,693	(4,977,003)
Community services	110,966	-	-	(110,966)
Nonprogrammed charges	301,485	-	-	(301,485)
Debt service	<u>1,378,372</u>	<u>-</u>	<u>-</u>	<u>(1,378,372)</u>
Total governmental activities	<u>\$ 11,491,766</u>	<u>\$ 445,024</u>	<u>\$ 196,179</u>	<u>(10,850,563)</u>
General receipts:				
Property taxes				2,224,844
Other local sources				589,177
State aid				5,658,531
Bonds and loans				964,008
Grants and contributions not restricted to specific programs				413,216
Sale of property, adjustments, and refunds				35,534
Investment earnings				<u>73,483</u>
Total general receipts				<u>9,958,793</u>
Change in net assets				(891,770)
Net assets - beginning				<u>1,497,245</u>
Net assets - ending				<u>\$ 605,475</u>
<u>Assets</u>				
Cash and investments				\$ 496,829
Restricted assets:				
Cash and investments				<u>108,646</u>
Total assets				<u>\$ 605,475</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 108,646
Unrestricted				<u>496,829</u>
Total net assets				<u>\$ 605,475</u>

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

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Retirement Severance Bond	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 2,829,960	\$ 508,193	\$ 1,069,134	\$ 188,004	\$ 1,255,523	\$ 64,071	\$ 442,554	\$ 6,357,439
Intermediate sources	83	-	-	-	-	-	319	402
State sources	5,805,737	-	-	-	-	-	67,675	5,873,412
Federal sources	-	-	-	-	-	-	374,821	374,821
Bonds and loans	309,928	130,312	-	-	-	-	-	440,240
Sale of property, adjustments and refunds	25,785	10,170	-	-	2,744	-	3,235	41,934
Total receipts	8,971,493	648,675	1,069,134	188,004	1,258,267	64,071	888,604	13,088,248
Disbursements:								
Current:								
Instruction	3,786,336	-	-	-	-	-	330,482	4,116,818
Support services	3,573,484	393,878	4,165	-	1,412,881	72,036	663,285	6,119,729
Community services	109,766	-	-	-	-	-	-	109,766
Nonprogrammed charges	278,565	-	-	-	-	-	9,302	287,867
Debt services	1,235,016	215,819	780,616	134,680	-	-	-	2,366,131
Total disbursements	8,983,167	609,697	784,781	134,680	1,412,881	72,036	1,003,069	13,000,311
Excess (deficiency) of receipts over disbursements	(11,674)	38,978	284,353	53,324	(154,614)	(7,965)	(114,465)	87,937
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	157,875	157,875
Transfers out	(68,177)	(13,501)	(27,672)	(5,005)	(30,700)	(978)	(11,842)	(157,875)
Total other financing sources (uses)	(68,177)	(13,501)	(27,672)	(5,005)	(30,700)	(978)	146,033	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(79,851)	25,477	256,681	48,319	(185,314)	(8,943)	31,568	87,937
Cash and investments - beginning	212,669	61,602	140,180	14,004	659,344	159,214	162,295	1,409,308
Cash and investments - ending	<u>\$ 132,818</u>	<u>\$ 87,079</u>	<u>\$ 396,861</u>	<u>\$ 62,323</u>	<u>\$ 474,030</u>	<u>\$ 150,271</u>	<u>\$ 193,863</u>	<u>\$ 1,497,245</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 132,818	\$ 87,079	\$ -	\$ -	\$ 474,030	\$ 150,271	\$ 193,863	\$ 1,038,061
Restricted assets:								
Cash and investments	-	-	396,861	62,323	-	-	-	459,184
Total cash and investment assets - ending	<u>\$ 132,818</u>	<u>\$ 87,079</u>	<u>\$ 396,861</u>	<u>\$ 62,323</u>	<u>\$ 474,030</u>	<u>\$ 150,271</u>	<u>\$ 193,863</u>	<u>\$ 1,497,245</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 396,861	\$ 62,323	\$ -	\$ -	\$ -	\$ 459,184
Unrestricted	132,818	87,079	-	-	474,030	150,271	193,863	1,038,061
Total cash and investment fund balance - ending	<u>\$ 132,818</u>	<u>\$ 87,079</u>	<u>\$ 396,861</u>	<u>\$ 62,323</u>	<u>\$ 474,030</u>	<u>\$ 150,271</u>	<u>\$ 193,863</u>	<u>\$ 1,497,245</u>

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

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Retirement Severance Bond	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,420,789	\$ 220,100	\$ 463,441	\$ 87,192	\$ 630,785	\$ 53,385	\$ 455,777	\$ 3,331,469
Intermediate sources	84	-	-	-	-	-	975	1,059
State sources	5,701,363	-	-	-	-	-	65,335	5,766,698
Federal sources	-	-	-	-	-	-	501,228	501,228
Bonds and loans	707,808	161,810	-	94,390	-	-	-	964,008
Sale of property, adjustments and refunds	28,096	-	-	-	-	-	7,438	35,534
Total receipts	7,858,140	381,910	463,441	181,582	630,785	53,385	1,030,753	10,599,996
Disbursements:								
Current:								
Instruction	3,786,177	-	-	-	-	-	352,046	4,138,223
Support services	3,528,441	377,139	-	-	791,054	151,651	714,435	5,562,720
Community services	110,196	-	-	-	-	-	770	110,966
Nonprogrammed charges	298,485	-	-	-	-	-	3,000	301,485
Debt services	309,928	128,956	774,432	165,056	-	-	-	1,378,372
Total disbursements	8,033,227	506,095	774,432	165,056	791,054	151,651	1,070,251	11,491,766
Excess (deficiency) of receipts over disbursements	(175,087)	(124,185)	(310,991)	16,526	(160,269)	(98,266)	(39,498)	(891,770)
Other financing sources (uses):								
Transfers in	68,177	102,252	27,672	5,005	30,700	978	11,513	246,297
Transfers out	-	-	(88,750)	-	-	-	(157,547)	(246,297)
Total other financing sources (uses)	68,177	102,252	(61,078)	5,005	30,700	978	(146,034)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(106,910)	(21,933)	(372,069)	21,531	(129,569)	(97,288)	(185,532)	(891,770)
Cash and investments - beginning	132,818	87,079	396,861	62,323	474,030	150,271	193,863	1,497,245
Cash and investments - ending	\$ 25,908	\$ 65,146	\$ 24,792	\$ 83,854	\$ 344,461	\$ 52,983	\$ 8,331	\$ 605,475
Cash and Investment Assets - Ending								
Cash and investments	\$ 25,908	\$ 65,146	\$ -	\$ -	\$ 344,461	\$ 52,983	\$ 8,331	\$ 496,829
Restricted assets:								
Cash and investments	-	-	24,792	83,854	-	-	-	108,646
Total cash and investment assets - ending	\$ 25,908	\$ 65,146	\$ 24,792	\$ 83,854	\$ 344,461	\$ 52,983	\$ 8,331	\$ 605,475
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 24,792	\$ 83,854	\$ -	\$ -	\$ -	\$ 108,646
Unrestricted	25,908	65,146	-	-	344,461	52,983	8,331	496,829
Total cash and investment fund balance - ending	\$ 25,908	\$ 65,146	\$ 24,792	\$ 83,854	\$ 344,461	\$ 52,983	\$ 8,331	\$ 605,475

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

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Pension Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 1,000,000	\$ -
Other	-	50,956
Total contributions	1,000,000	50,956
Investment earnings:		
Interest	37,919	-
Total additions	1,037,919	50,956
Deductions:		
Benefits	1,150,990	-
Administrative and general	-	58,790
Total deductions	1,150,990	58,790
Deficiency of total additions over total deductions	(113,071)	(7,834)
Cash and investment fund balance - beginning	957,483	19,445
Cash and investment fund balance - ending	\$ 844,412	\$ 11,611
Net assets:		
Cash and investments	\$ 844,412	\$ 11,611
Total net assets - cash and investment basis held in trust	\$ 844,412	\$ 11,611

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

SMITH-GREEN COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 19,789
Investment earnings:		
Interest	<u>38,093</u>	<u>-</u>
Total additions	<u>38,093</u>	<u>19,789</u>
Deductions:		
Benefits	93,811	-
Administrative and general	<u>-</u>	<u>40,693</u>
Total deductions	<u>93,811</u>	<u>40,693</u>
Deficiency of total additions over total deductions	(55,718)	(20,904)
Cash and investment fund balance - beginning	<u>844,412</u>	<u>11,611</u>
Cash and investment fund balance - ending	<u>\$ 788,694</u>	<u>\$ (9,293)</u>
Net assets:		
Cash and investments	<u>\$ 788,694</u>	<u>\$ (9,293)</u>
Total net assets - cash and investment basis held in trust	<u>\$ 788,694</u>	<u>\$ (9,293)</u>

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Smith-Green Community Schools

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

Joint Venture

The School Corporation is a participant with the Metropolitan School District of Southwest Allen County and Northwest Allen County School Corporation in a joint venture to operate Smith-Green West Allen Special Education Cooperative, which was created to develop and provide special education programs. The School Corporation is obligated by contract to remit its proportionate share of the total costs annually to supplement the program. The Smith-Green West Allen Special Education Cooperative's continued existence depends on continued funding by the School Corporations. Complete financial statements for the Smith-Green West Allen Special Education Cooperative can be obtained from the office of the Metropolitan School District of Southwest Allen County at 4824 Homestead Road, Fort Wayne, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation reports the following major governmental funds:

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

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

The retirement severance bond fund accounts for debt from funds borrowed or advanced for the payment of post employment benefits to certified personnel.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance fund which accumulate resources for pension benefit payments.

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at rates from 7 days to 12 days per year based on employee classification. Unused sick leave may be accumulated to a maximum of 185 days. A portion of accumulated sick leave is paid to employees upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated indefinitely for administrative employees. Accumulated vacation leave is paid to administrative employees upon termination. Vacation leave does not accumulate from year to year for all other employees.

c. Personal Leave

School Corporation employees earn personal leave at rates from 2 days to 3 days per year. Unused personal leave may be accumulated as sick leave.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

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

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	June 30, 2006	June 30, 2007
IDEA Grant	\$ 3,845	\$ 1,299
IDEA Grant Carryover	8,828	-
IDEA Grant 2006 Carryover	-	15,394
School Lunch	-	6,610
Textbook Rental	-	13,210
Title IV Drug Free 2006	-	4,359
Title II Part A 2005	-	11,532
Destination Imagination	-	3,816
DEKKO Smart Board Grant	-	10,000

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	July 1, 2005 to June 30, 2006	July 1, 2006 to June 30, 2007
General Fund	Other governmental funds	\$ 68,177	\$ -
Transportation Operating Fund	Other governmental funds	13,501	-
Debt Service Fund	Other governmental funds	27,672	-
Retirement Severance Bond Fund	Other governmental funds	5,005	-
Capital Projects Fund	Other governmental funds	30,700	-
School Bus Replacement Fund	Other governmental funds	978	-
Debt Service Fund	Transportation Operating Fund	-	88,750
Other governmental funds	General Fund	-	68,177
Other governmental funds	Transportation Operating Fund	-	13,502
Other governmental funds	Debt Service Fund	-	27,672
Other governmental funds	Retirement Severance Bond Fund	-	5,005
Other governmental funds	Capital Projects Fund	-	30,700
Other governmental funds	School Bus Replacement Fund	-	978
Other governmental funds	Other governmental funds	11,842	11,513
Totals		<u>\$ 157,875</u>	<u>\$ 246,297</u>

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees

During 1985 the School Corporation joined the School Employees' Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for 14 member governmental entities. This risk pool was formed in 1980. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$150,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$150,000 limit.

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with Smith-Green School House Holding Corporation (the lessor). The lessor was organized as a for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2007, totaled \$390,485.

C. Subsequent Events

The School Corporation entered into a capital lease with Smith-Green Multi-School Building Corporation (the lessor). The purpose of the lease is to replace the roof of the school building. The total estimated costs are \$1,950,000, of which \$1,550,000 will be debt of the holding corporation. The balance of \$400,000 will be paid from the School Corporation's Capital Projects Fund.

D. Postemployment Benefits

In addition to the pension benefits described below in "pension plans", the School Corporation provides postemployment medical insurance (single plan) benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 30 years of service. Currently, 15 retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$69,373 were recognized for postemployment benefits.

In addition to the postemployment benefit described below in "pension plans", the School Corporation provides a postemployment bridge benefit pay to all teachers who retire from the School Corporation on or after attaining age 55 with at least 30 years of service and at least 10 of those years of service must be with Smith-Green Community Schools. Currently, 13 retirees meet these eligibility requirements. The School Corporation pays 25% of the fixed difference between the zero step on the Bachelor's degree of the current salary schedule and the top step on the Masters' degree of the current salary schedule until the age of 65. During the year ended June 30, 2007, disbursements of \$72,209 were recognized for this postemployment benefit.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 94,054
Interest on net pension obligation	(13,386)
Adjustment to annual required contribution	15,255
Annual pension cost	95,923
Contributions made	99,226
Decrease in net pension obligation	(3,303)
Net pension obligation, beginning of year	(184,640)
Net pension obligation, end of year	\$ (187,943)
Contribution rates:	
School Corporation	6.25%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 64,686	159%	\$ (177,854)
	06-30-05	88,778	108%	(184,640)
	06-30-06	95,923	103%	(187,943)

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

Teachers' Retirement Fund

Plan Description

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

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

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$172,936, \$157,424, and \$146,392, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years, respectively.

SMITH-GREEN COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,605,613	\$ 1,726,763	\$ (121,150)	93%	\$ 1,492,073	(8%)
07-01-05	1,681,259	1,805,698	(124,439)	93%	1,589,344	(8%)
07-01-06	1,650,234	1,973,659	(323,425)	84%	1,675,514	(19%)

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational Plate Fee	Alternative Education	Safe School Haven
Receipts:							
Local sources	\$ 8,365	\$ 302,254	\$ 128,570	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	319	-	-
State sources	30,682	8,968	15,371	-	-	-	-
Federal sources	-	77,209	-	-	-	-	-
Sale of property, adjustments and refunds	3,235	-	-	-	-	-	-
Total receipts	42,282	388,431	143,941	-	319	-	-
Disbursements:							
Current:							
Instruction	27,867	-	-	-	-	13,619	-
Support services	-	392,845	139,869	-	463	-	-
Nonprogrammed charges	9,302	-	-	-	-	-	-
Total disbursements	37,169	392,845	139,869	-	463	13,619	-
Excess (deficiency) of receipts over disbursements	5,113	(4,414)	4,072	-	(144)	(13,619)	-
Other financing sources (uses):							
Transfers in	-	-	-	146,251	-	-	-
Transfers out	(218)	-	-	-	-	-	-
Total other financing sources (uses)	(218)	-	-	146,251	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,895	(4,414)	4,072	146,251	(144)	(13,619)	-
Cash and investments - beginning	5,372	19,198	4,845	-	518	13,619	52
Cash and investments - ending	<u>\$ 10,267</u>	<u>\$ 14,784</u>	<u>\$ 8,917</u>	<u>\$ 146,251</u>	<u>\$ 374</u>	<u>\$ -</u>	<u>\$ 52</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 10,267</u>	<u>\$ 14,784</u>	<u>\$ 8,917</u>	<u>\$ 146,251</u>	<u>\$ 374</u>	<u>\$ -</u>	<u>\$ 52</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 10,267</u>	<u>\$ 14,784</u>	<u>\$ 8,917</u>	<u>\$ 146,251</u>	<u>\$ 374</u>	<u>\$ -</u>	<u>\$ 52</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	<u>DEKKO Kindergarten</u>	<u>DEKKO Einstein Grants</u>	<u>DEKKO NWEA Program</u>	<u>DEKKO Teaching Excellence</u>	<u>DEKKO Guided Reading</u>	<u>Industrial Technology</u>
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Total receipts	-	-	-	2,000	-	-
Disbursements:						
Current:						
Instruction	1,061	366	-	1,593	1,233	-
Support services	-	-	3,913	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	1,061	366	3,913	1,593	1,233	-
Excess (deficiency) of receipts over disbursements	<u>(1,061)</u>	<u>(366)</u>	<u>(3,913)</u>	<u>407</u>	<u>(1,233)</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,061)	(366)	(3,913)	407	(1,233)	-
Cash and investments - beginning	<u>4,031</u>	<u>366</u>	<u>3,913</u>	<u>3,021</u>	<u>1,589</u>	<u>155</u>
Cash and investments - ending	<u>\$ 2,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,428</u>	<u>\$ 356</u>	<u>\$ 155</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 2,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,428</u>	<u>\$ 356</u>	<u>\$ 155</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 2,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,428</u>	<u>\$ 356</u>	<u>\$ 155</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	DEKKO Copernicus Project	Gifted and Talented 2005-2006	Gifted and Talented 2004-2005	Tech Plan Grant	Indiana School Academic Improvement	Co-op Special Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,365
Intermediate sources	-	-	-	-	-	-
State sources	-	12,654	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	12,654	-	-	-	1,365
Disbursements:						
Current:						
Instruction	-	12,654	4,353	-	-	309
Support services	-	-	-	71,663	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	12,654	4,353	71,663	-	309
Excess (deficiency) of receipts over disbursements	-	-	(4,353)	(71,663)	-	1,056
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	-	-	(4,353)	(71,663)	-	1,056
Cash and investments - beginning	5,800	-	4,353	71,663	285	(1,056)
Cash and investments - ending	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Title VI Part A 04-05	Title V Part A 03-04	IDEA Grant	IDEA Grant Carryover
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	76,424	5,390	-	171,744	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	76,424	5,390	-	171,744	-
Disbursements:						
Current:						
Instruction	-	70,889	-	-	149,855	8,828
Support services	5,137	13,363	3,336	6,962	25,734	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	5,137	84,252	3,336	6,962	175,589	8,828
Excess (deficiency) of receipts over disbursements	(5,137)	(7,828)	2,054	(6,962)	(3,845)	(8,828)
Other financing sources (uses):						
Transfers in	-	11,624	-	-	-	-
Transfers out	(11,624)	-	-	-	-	-
Total other financing sources (uses)	(11,624)	11,624	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,761)	3,796	2,054	(6,962)	(3,845)	(8,828)
Cash and investments - beginning	16,761	-	-	6,962	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,796</u>	<u>\$ 2,054</u>	<u>\$ -</u>	<u>\$ (3,845)</u>	<u>\$ (8,828)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 3,796</u>	<u>\$ 2,054</u>	<u>\$ -</u>	<u>\$ (3,845)</u>	<u>\$ (8,828)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 3,796</u>	<u>\$ 2,054</u>	<u>\$ -</u>	<u>\$ (3,845)</u>	<u>\$ (8,828)</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Title IV Drug Free 2004	Title II Part A	Title II Part D	Title II Part A	Title II Part D	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,554
Intermediate sources	-	-	-	-	-	319
State sources	-	-	-	-	-	67,675
Federal sources	4,607	-	-	37,080	2,367	374,821
Sale of property, adjustments and refunds	-	-	-	-	-	3,235
Total receipts	<u>4,607</u>	<u>-</u>	<u>-</u>	<u>37,080</u>	<u>2,367</u>	<u>888,604</u>
Disbursements:						
Current:						
Instruction	-	3,796	1,659	32,400	-	330,482
Support services	-	-	-	-	-	663,285
Nonprogrammed charges	-	-	-	-	-	9,302
Total disbursements	<u>-</u>	<u>3,796</u>	<u>1,659</u>	<u>32,400</u>	<u>-</u>	<u>1,003,069</u>
Excess (deficiency) of receipts over disbursements	<u>4,607</u>	<u>(3,796)</u>	<u>(1,659)</u>	<u>4,680</u>	<u>2,367</u>	<u>(114,465)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	157,875
Transfers out	-	-	-	-	-	(11,842)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,033</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,607</u>	<u>(3,796)</u>	<u>(1,659)</u>	<u>4,680</u>	<u>2,367</u>	<u>31,568</u>
Cash and investments - beginning	<u>(4,607)</u>	<u>3,796</u>	<u>1,659</u>	<u>-</u>	<u>-</u>	<u>162,295</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,680</u>	<u>\$ 2,367</u>	<u>\$ 193,863</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,680</u>	<u>\$ 2,367</u>	<u>\$ 193,863</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,680</u>	<u>\$ 2,367</u>	<u>\$ 193,863</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational Plate Fee	Safe School Haven	DEKKO Kindergarten
Receipts:							
Local sources	\$ 3,789	\$ 310,967	\$ 140,021	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	975	-	-
State sources	33,063	8,592	11,026	-	-	-	-
Federal sources	-	121,075	-	-	-	-	-
Sale of property, adjustments and refunds	5,850	1,588	-	-	-	-	-
Total receipts	42,702	442,222	151,047	-	975	-	-
Disbursements:							
Current:							
Instruction	27,349	-	-	-	-	-	-
Support services	-	463,616	173,174	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	3,000	-	-	-	-	-	-
Total disbursements	30,349	463,616	173,174	-	-	-	-
Excess (deficiency) of receipts over disbursements	12,353	(21,394)	(22,127)	-	975	-	-
Other financing sources (uses):							
Transfers in	218	-	-	-	-	-	-
Transfers out	-	-	-	(146,251)	-	-	-
Total other financing sources (uses)	218	-	-	(146,251)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,571	(21,394)	(22,127)	(146,251)	975	-	-
Cash and investments - beginning	10,267	14,784	8,917	146,251	374	52	2,970
Cash and investments - ending	<u>\$ 22,838</u>	<u>\$ (6,610)</u>	<u>\$ (13,210)</u>	<u>\$ -</u>	<u>\$ 1,349</u>	<u>\$ 52</u>	<u>\$ 2,970</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 22,838</u>	<u>\$ (6,610)</u>	<u>\$ (13,210)</u>	<u>\$ -</u>	<u>\$ 1,349</u>	<u>\$ 52</u>	<u>\$ 2,970</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 22,838</u>	<u>\$ (6,610)</u>	<u>\$ (13,210)</u>	<u>\$ -</u>	<u>\$ 1,349</u>	<u>\$ 52</u>	<u>\$ 2,970</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	DEKKO Teaching Excellence	DEKKO Guided Reading	Industrial Technology	DEKKO Copernicus Project	Gifted and Talented 2006-2007	Non-English Speaking	Indiana School Academic Improvement
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	12,654	-	-
Federal sources	-	-	-	-	-	39	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	-	-	12,654	39	-
Disbursements:							
Current:							
Instruction	1,120	-	-	-	12,654	-	-
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,120	-	-	-	12,654	-	-
Excess (deficiency) of receipts over disbursements	(1,120)	-	-	-	-	39	-
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	(1,120)	-	-	-	-	39	-
Cash and investments - beginning	3,428	356	155	5,800	-	-	285
Cash and investments - ending	\$ 2,308	\$ 356	\$ 155	\$ 5,800	\$ -	\$ 39	\$ 285
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 2,308	\$ 356	\$ 155	\$ 5,800	\$ -	\$ 39	\$ 285
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 2,308	\$ 356	\$ 155	\$ 5,800	\$ -	\$ 39	\$ 285

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title I 2005-2006	Title I 2006-2007	Title VI Part A 2005-2006	Title VI Part A 2004-2005	IDEA Grant	IDEA Grant Carryover	IDEA Grant 2006 Carryover
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	7,500	88,745	3,546	-	203,463	28,720	5,854
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	<u>7,500</u>	<u>88,745</u>	<u>3,546</u>	<u>-</u>	<u>203,463</u>	<u>28,720</u>	<u>5,854</u>
Disbursements:							
Current:							
Instruction	-	74,744	-	-	162,798	459	20,912
Support services	-	21,566	3,146	2,054	38,119	-	336
Community services	-	770	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>97,080</u>	<u>3,146</u>	<u>2,054</u>	<u>200,917</u>	<u>459</u>	<u>21,248</u>
Excess (deficiency) of receipts over disbursements	<u>7,500</u>	<u>(8,335)</u>	<u>400</u>	<u>(2,054)</u>	<u>2,546</u>	<u>28,261</u>	<u>(15,394)</u>
Other financing sources (uses):							
Transfers in	-	11,295	-	-	-	-	-
Transfers out	(11,296)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(11,296)</u>	<u>11,295</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>(3,796)</u>	<u>2,960</u>	<u>400</u>	<u>(2,054)</u>	<u>2,546</u>	<u>28,261</u>	<u>(15,394)</u>
Cash and investments - beginning	<u>3,796</u>	<u>-</u>	<u>-</u>	<u>2,054</u>	<u>(3,845)</u>	<u>(8,828)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,960</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ (1,299)</u>	<u>\$ 19,433</u>	<u>\$ (15,394)</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ -</u>	<u>\$ 2,960</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ (1,299)</u>	<u>\$ 19,433</u>	<u>\$ (15,394)</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ -</u>	<u>\$ 2,960</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ (1,299)</u>	<u>\$ 19,433</u>	<u>\$ (15,394)</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title IV Drug Free 2005	Title IV Drug Free 2006	Title II Part A 2005	Title II Part D	Title II Part A	Title II Part D	Totals
Receipts:							
Local sources	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 455,777
Intermediate sources	-	-	-	-	-	-	975
State sources	-	-	-	-	-	-	65,335
Federal sources	4,698	-	35,798	1,790	-	-	501,228
Sale of property, adjustments and refunds	-	-	-	-	-	-	7,438
Total receipts	<u>4,698</u>	<u>1,000</u>	<u>35,798</u>	<u>1,790</u>	<u>-</u>	<u>-</u>	<u>1,030,753</u>
Disbursements:							
Current:							
Instruction	-	-	47,330	-	4,680	-	352,046
Support services	4,698	5,359	-	-	-	2,367	714,435
Community services	-	-	-	-	-	-	770
Nonprogrammed charges	-	-	-	-	-	-	3,000
Total disbursements	<u>4,698</u>	<u>5,359</u>	<u>47,330</u>	<u>-</u>	<u>4,680</u>	<u>2,367</u>	<u>1,070,251</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(4,359)</u>	<u>(11,532)</u>	<u>1,790</u>	<u>(4,680)</u>	<u>(2,367)</u>	<u>(39,498)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	11,513
Transfers out	-	-	-	-	-	-	(157,547)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,034)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(4,359)</u>	<u>(11,532)</u>	<u>1,790</u>	<u>(4,680)</u>	<u>(2,367)</u>	<u>(185,532)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,680</u>	<u>2,367</u>	<u>193,863</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (4,359)</u>	<u>\$ (11,532)</u>	<u>\$ 1,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,331</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ -</u>	<u>\$ (4,359)</u>	<u>\$ (11,532)</u>	<u>\$ 1,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,331</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ -</u>	<u>\$ (4,359)</u>	<u>\$ (11,532)</u>	<u>\$ 1,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,331</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	<u>Destination Imagination</u>	<u>DEKKO Musical RFP</u>	<u>Novell Project</u>	<u>Metzger Scholarship</u>	<u>School Board Scholarship</u>	<u>DEKKO - Arrowsmith Scholarship</u>
Additions:						
Contributions:						
Other	\$ 5,626	\$ 340	\$ -	\$ -	\$ 500	\$ -
Deductions:						
Administrative and general	<u>4,699</u>	<u>2,653</u>	<u>300</u>	<u>-</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	927	(2,313)	(300)	-	-	-
Cash and investment fund balance - beginning	<u>-</u>	<u>2,313</u>	<u>995</u>	<u>65</u>	<u>-</u>	<u>1</u>
Cash and Investments - June 30	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 1</u>
Net assets:						
Cash and investments	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 1</u>
Total net assets - cash and investment basis held in trust	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 1</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Lincoln Finance Park	Information Literacy	Indiana Next Leadership	Inquiry Learning Math	Building Construction Donation	Interdiscipline- Science
Additions:						
Contributions:						
Other	\$ 1,100	\$ 32,100	\$ -	\$ -	\$ 10,000	\$ -
Deductions:						
Administrative and general	1,100	29,314	-	2,473	4,793	11,038
Excess (deficiency) of total additions over total deductions	-	2,786	-	(2,473)	5,207	(11,038)
Cash and investment fund balance - beginning	-	-	25	2,473	-	12,133
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ 2,786</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 5,207</u>	<u>\$ 1,095</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 2,786</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 5,207</u>	<u>\$ 1,095</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 2,786</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 5,207</u>	<u>\$ 1,095</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Smart Tech Education	Hands Foundation Grant	Hands Foundation Tech Grant	Hands - Healthy Choice	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 990	\$ 300	\$ 50,956
Deductions:					
Administrative and general	740	-	947	233	58,790
Excess (deficiency) of total additions over total deductions	(740)	-	43	67	(7,834)
Cash and investment fund balance - beginning	740	700	-	-	19,445
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 67</u>	<u>\$ 11,611</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 67</u>	<u>\$ 11,611</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 67</u>	<u>\$ 11,611</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	<u>Destination Imagination</u>	<u>DEKKO Musical RFP</u>	<u>Novell Project</u>	<u>DEKKO Smart Board Grant</u>	<u>Elementary Picnic Table Donation</u>	<u>Metzger Scholarship</u>
Additions:						
Contributions:						
Other	\$ 7,143	\$ 2,256	\$ -	\$ 8,381	\$ 200	\$ -
Deductions:						
Administrative and general	<u>11,886</u>	<u>1,736</u>	<u>30</u>	<u>18,381</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(4,743)	520	(30)	(10,000)	200	-
Cash and investment fund balance - beginning	<u>927</u>	<u>-</u>	<u>695</u>	<u>-</u>	<u>-</u>	<u>65</u>
Cash and Investments - June 30	<u>\$ (3,816)</u>	<u>\$ 520</u>	<u>\$ 665</u>	<u>\$ (10,000)</u>	<u>\$ 200</u>	<u>\$ 65</u>
Net assets:						
Cash and investments	<u>\$ (3,816)</u>	<u>\$ 520</u>	<u>\$ 665</u>	<u>\$ (10,000)</u>	<u>\$ 200</u>	<u>\$ 65</u>
Total net assets - cash and investment basis held in trust	<u>\$ (3,816)</u>	<u>\$ 520</u>	<u>\$ 665</u>	<u>\$ (10,000)</u>	<u>\$ 200</u>	<u>\$ 65</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	<u>School Board Scholarship</u>	<u>DEKKO - Arrowsmith Scholarship</u>	<u>Information Literacy</u>	<u>Indiana Next Leadership</u>	<u>Building Construction Donation</u>
Additions:					
Contributions:					
Other	\$ 500	\$ -	\$ -	\$ -	\$ -
Deductions:					
Administrative and general	-	1	2,506	25	5,121
Excess (deficiency) of total additions over total deductions	500	(1)	(2,506)	(25)	(5,121)
Cash and investment fund balance - beginning	-	1	2,786	25	5,207
Cash and Investments - June 30	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 86</u>
Net assets:					
Cash and investments	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 86</u>
Total net assets - cash and investment basis held in trust	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 86</u>

SMITH-GREEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Interdiscipline- Science	Hands Foundation Grant	Hands Foundation Tech Grant	Hands - Healthy Choice	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ 1,309	\$ 19,789
Deductions:					
Administrative and general	-	-	-	1,007	40,693
Excess (deficiency) of total additions over total deductions	-	-	-	302	(20,904)
Cash and investment fund balance - beginning	1,095	700	43	67	11,611
Cash and Investments - June 30	<u>\$ 1,095</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 369</u>	<u>\$ (9,293)</u>
Net assets:					
Cash and investments	<u>\$ 1,095</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 369</u>	<u>\$ (9,293)</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,095</u>	<u>\$ 700</u>	<u>\$ 43</u>	<u>\$ 369</u>	<u>\$ (9,293)</u>

SMITH-GREEN COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School building	\$ 190,000	\$ 195,225
Notes and loans payable:		
Common school fund loan of 1996	1,337,145	148,041
Common school fund loan of 2002	1,667,647	184,632
Bonds payable:		
General obligation bonds:		
Pension bonds of 2003	780,000	129,882
Pension bonds of 2006	<u>1,000,000</u>	<u>132,575</u>
 Total governmental activities debt	 <u>\$ 4,974,792</u>	 <u>\$ 790,355</u>

SMITH-GREEN COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

EXCESSIVE OR UNREASONABLE COSTS

The School Lunch Fund paid \$30,614 for commodities and \$813 for storage of the commodities during 2005-2006, but never received the products. The commodities expenditures were incurred through deductions from the School Corporation's monthly federal school lunch reimbursements. The storage fees were paid directly to vendors from the school lunch funds.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the School Lunch Fund and Textbook Rental Fund were overdrawn June 30, 2007.

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

CAPITAL ASSET RECORDS

The School Corporation had a private vendor prepare the capital asset records. The capital asset records did not include land or land improvements and was prepared as of June 30, 2006. No additions or deletions have been made to this report for the school year ending June 30, 2007. A similar comment appeared in prior Report B26566.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF SMITH-GREEN COMMUNITY SCHOOLS, WHITLEY COUNTY, INDIANA

Compliance

We have audited the compliance of Smith-Green Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 17, 2008

SMITH-GREEN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 10,449	\$ 10,797
National School Lunch Program	10.555		<u>106,911</u>	<u>133,315</u>
Total for federal grantor agency			<u>117,360</u>	<u>144,112</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass Through MSD of Southwest Allen County Special Education Cluster				
Special Education - Grants to States	84.027	14205-054-PY02	8,828	459
		14206-054-PN01	175,589	-
		14206-054-PY02	-	21,248
		14207-054-PN01	<u>-</u>	<u>200,917</u>
Total for cluster			<u>184,417</u>	<u>222,624</u>
Pass Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	05-8625	5,137	-
		06-8625	84,252	-
		07-8625	<u>-</u>	<u>97,081</u>
Total for program			<u>89,389</u>	<u>97,081</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	03-265	-	5,359
		05-174	<u>-</u>	<u>4,698</u>
Total for program			<u>-</u>	<u>10,057</u>
State Grants for Innovative Programs	84.298	03-304	6,962	-
		04-300	3,336	2,054
		05-038	<u>-</u>	<u>3,146</u>
Total for program			<u>10,298</u>	<u>5,200</u>
Education Technology State Grants	84.318	FY04-05	1,658	-
		FY05-06	<u>-</u>	<u>2,367</u>
Total for program			<u>1,658</u>	<u>2,367</u>
Improving Teacher Quality State Grants	84.367	03-151	3,795	-
		04-194	32,400	4,680
		05-148	<u>-</u>	<u>35,798</u>
Total for program			<u>36,195</u>	<u>40,478</u>
Total for federal grantor agency			<u>321,957</u>	<u>377,807</u>
Total federal awards expended			<u>\$ 439,317</u>	<u>\$ 521,919</u>

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

SMITH-GREEN COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Smith-Green Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Year Ended June 30, 2006	Year Ended June 30, 2007
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ -	\$ 1,503
National School Lunch Program	10.555	42,597	30,457
Total for cluster		<u>\$ 42,597</u>	<u>\$ 31,960</u>

SMITH-GREEN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards:

Internal control over major programs:

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

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

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

CFDA Number	Name of Federal Program or Cluster
84.010	Special Education Cluster Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SMITH-GREEN COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SMITH-GREEN COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2008, with Carol A. Kaiser, Superintendent of Schools; and Adam Skiles, Director of Technology. The official response has been made a part of this report and may be found on page 51.

Smith-Green Community Schools

222 West Tulley Street, Churubusco, Indiana 46723 • 260-693-2007 • 260-693-6434 • www.sgcs.k12.in.us

January 21, 2008

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

To Whom It May Concern:

This letter serves as a response to the results and comments listed on the audit recently completed for the years July 1, 2005 through June 30, 2007.

Excessive or Unreasonable Costs

Steps have been taken to implement internal controls. The School Lunch Fund is operating with a positive cash balance.

Overdrawn Cash Balances

The School Lunch Fund is operating with a positive cash balance.

Steps have been taken to insure the Textbook Rental Fund operates with a positive cash balance.

Capital Assets Records

Capital Assets Records will be updated on a two-year cycle.

Sincerely,



Carol A. Kaiser
Superintendent

CAK/paw