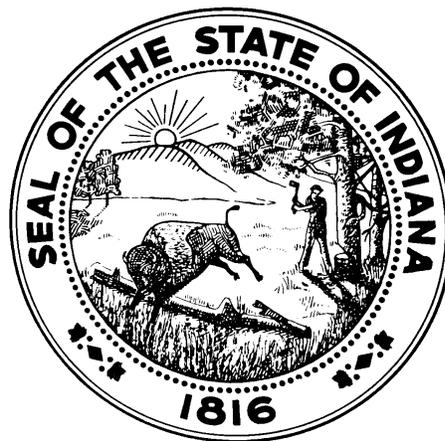


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
ALLEN COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/27/2008

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | James W. Coplen | 07-01-05 to 06-30-08 |
| Superintendent of Schools | Dr. Brian F. Smith | 07-01-05 to 06-30-08 |
| President of the School Board | John F. Blum John S. Bloom John F. Blum | 07-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 06-30-08 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of Southwest Allen County (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 24, 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.

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

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.

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 Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 24, 2008



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of Southwest Allen County (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 24, 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 findings 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, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 24, 2008

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <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 | \$ 24,986,863 | \$ - | \$ 150,641 | \$ (24,836,222) |
| Support services | 31,416,323 | 2,014,230 | 327,832 | (29,074,261) |
| Community services | 379,788 | - | 142,847 | (236,941) |
| Nonprogrammed charges | 859,515 | - | - | (859,515) |
| Debt service | 15,729,311 | - | - | (15,729,311) |
| | <u>\$ 73,371,800</u> | <u>\$ 2,014,230</u> | <u>\$ 621,320</u> | <u>(70,736,250)</u> |
| | | | | |
| General receipts: | | | | |
| Property taxes | | | | 42,590,032 |
| Other local sources | | | | 5,085,084 |
| State aid | | | | 13,007,470 |
| Bonds and loans | | | | 5,081,193 |
| Grants and contributions not restricted to specific programs | | | | 2,560,800 |
| Sale of property, adjustments, and refunds | | | | 1,458,268 |
| Investment earnings | | | | <u>758,918</u> |
| Total general receipts | | | | <u>70,541,765</u> |
| | | | | |
| Change in net assets | | | | (194,485) |
| | | | | |
| Net assets - beginning | | | | <u>30,399,582</u> |
| | | | | |
| Net assets - ending | | | | <u>\$ 30,205,097</u> |
| | | | | |
| <u>Assets</u> | | | | |
| | | | | |
| Cash and investments | | | | \$ 18,908,070 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>11,297,027</u> |
| | | | | |
| Total assets | | | | <u>\$ 30,205,097</u> |
| | | | | |
| <u>Net Assets</u> | | | | |
| | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 6,904,583 |
| Other purposes | | | | 4,392,444 |
| Unrestricted | | | | <u>18,908,070</u> |
| | | | | |
| Total net assets | | | | <u>\$ 30,205,097</u> |

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

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <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 | \$ 26,317,020 | \$ - | \$ 152,567 | \$ (26,164,453) |
| Support services | 32,377,643 | 2,111,044 | 392,723 | (29,873,876) |
| Community services | 470,953 | - | 144,507 | (326,446) |
| Nonprogrammed charges | 1,576,802 | - | - | (1,576,802) |
| Debt service | 16,979,504 | - | - | (16,979,504) |
| Total governmental activities | <u>\$ 77,721,922</u> | <u>\$ 2,111,044</u> | <u>\$ 689,797</u> | <u>(74,921,081)</u> |
| General receipts: | | | | |
| Property taxes | | | | 25,334,137 |
| Other local sources | | | | 5,154,045 |
| State aid | | | | 13,103,208 |
| Bonds and loans | | | | 17,127,647 |
| Grants and contributions not restricted to specific programs | | | | 2,801,530 |
| Sale of property, adjustments, and refunds | | | | 1,384,806 |
| Investment earnings | | | | <u>814,558</u> |
| Total general receipts | | | | <u>65,719,931</u> |
| Change in net assets | | | | (9,201,150) |
| Net assets - beginning | | | | <u>30,205,097</u> |
| Net assets - ending | | | | <u>\$ 21,003,947</u> |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 11,678,083 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>9,325,864</u> |
| Total assets | | | | <u>\$ 21,003,947</u> |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 4,694,217 |
| Other purposes | | | | 4,631,647 |
| Unrestricted | | | | <u>11,678,083</u> |
| Total net assets | | | | <u>\$ 21,003,947</u> |

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

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 | Capital Projects | School Bus Replacement | Other | Totals |
|--|---------------------|-----------------------------|---------------------|---------------------|---------------------------|---------------------|----------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 24,085,415 | \$ 2,102,866 | \$ 10,658,694 | \$ 7,345,414 | \$ 691,767 | \$ 5,425,276 | \$ 50,309,432 |
| Intermediate sources | 16,805 | - | - | - | - | 2,138 | 18,943 |
| State sources | 13,135,573 | - | - | - | - | 441,064 | 13,576,637 |
| Federal sources | 7,087 | - | - | - | - | 2,605,867 | 2,612,954 |
| Bonds and loans | 5,071,000 | - | 10,193 | - | - | - | 5,081,193 |
| Sale of property, adjustments and refunds | 221,394 | 5,978 | 122,726 | 9,867 | - | - | 359,965 |
| Total receipts | 42,537,274 | 2,108,844 | 10,791,613 | 7,355,281 | 691,767 | 8,474,345 | 71,959,124 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 20,264,367 | - | - | - | - | 4,722,496 | 24,986,863 |
| Support services | 15,652,375 | 2,238,059 | - | 7,925,913 | 672,684 | 4,927,292 | 31,416,323 |
| Community services | 205,333 | - | - | - | - | 174,455 | 379,788 |
| Nonprogrammed charges | 393,131 | - | - | - | - | 130,790 | 523,921 |
| Debt services | 3,864,000 | - | 11,434,460 | - | - | 430,851 | 15,729,311 |
| Total disbursements | 40,379,206 | 2,238,059 | 11,434,460 | 7,925,913 | 672,684 | 10,385,884 | 73,036,206 |
| Excess (deficiency) of receipts over disbursements | 2,158,068 | (129,215) | (642,847) | (570,632) | 19,083 | (1,911,539) | (1,077,082) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 139,683 | - | - | 184,783 | - | 1,522,046 | 1,846,512 |
| Transfers out | (750,000) | - | - | - | - | (1,096,512) | (1,846,512) |
| Total other financing sources (uses) | (610,317) | - | - | 184,783 | - | 425,534 | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,547,751 | (129,215) | (642,847) | (385,849) | 19,083 | (1,486,005) | (1,077,082) |
| Cash and investments - beginning | 7,328,208 | 732,204 | 7,337,978 | 5,258,448 | 358,081 | 5,874,816 | 26,889,735 |
| Cash and investments - ending | \$ 8,875,959 | \$ 602,989 | \$ 6,695,131 | \$ 4,872,599 | \$ 377,164 | \$ 4,388,811 | 25,812,653 |
| Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: | | | | | | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | | | |
| | | | | | | | 4,392,444 |
| Net assets of governmental activities | | | | | | | \$ 30,205,097 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 8,875,959 | \$ 602,989 | \$ - | \$ 4,872,599 | \$ 377,164 | \$ 4,179,359 | \$ 18,908,070 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | 6,695,131 | - | - | 209,452 | 6,904,583 |
| Total cash and investment assets - ending | \$ 8,875,959 | \$ 602,989 | \$ 6,695,131 | \$ 4,872,599 | \$ 377,164 | \$ 4,388,811 | \$ 25,812,653 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ 6,695,131 | \$ - | \$ - | \$ 209,452 | \$ 6,904,583 |
| Unrestricted | 8,875,959 | 602,989 | - | 4,872,599 | 377,164 | 4,179,359 | 18,908,070 |
| Total cash and investment fund balance - ending | \$ 8,875,959 | \$ 602,989 | \$ 6,695,131 | \$ 4,872,599 | \$ 377,164 | \$ 4,388,811 | \$ 25,812,653 |

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

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 | Capital Projects | School Bus Replacement | Other | Totals |
|--|---------------------|-----------------------------|---------------------|---------------------|---------------------------|---------------------|----------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 15,574,475 | \$ 1,349,777 | \$ 5,845,014 | \$ 4,759,286 | \$ 437,773 | \$ 5,135,919 | \$ 33,102,244 |
| Intermediate sources | 43,036 | - | - | - | - | 2,418 | 45,454 |
| State sources | 13,235,239 | - | - | - | - | 396,297 | 13,631,536 |
| Federal sources | 4,429 | - | - | - | - | 2,958,571 | 2,963,000 |
| Bonds and loans | 10,399,244 | 818,000 | 3,578,403 | 2,332,000 | - | - | 17,127,647 |
| Sale of property, adjustments and refunds | 173,205 | 4,153 | - | 19,838 | - | 5,000 | 202,196 |
| Total receipts | <u>39,429,628</u> | <u>2,171,930</u> | <u>9,423,417</u> | <u>7,111,124</u> | <u>437,773</u> | <u>8,498,205</u> | <u>67,072,077</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 21,304,544 | - | - | - | - | 4,920,658 | 26,225,202 |
| Support services | 16,568,405 | 2,293,879 | - | 9,413,331 | 576,270 | 3,525,758 | 32,377,643 |
| Community services | 305,431 | - | - | - | - | 165,522 | 470,953 |
| Nonprogrammed charges | 328,332 | - | - | - | - | 130,796 | 459,128 |
| Debt services | 5,071,000 | - | 11,477,753 | - | - | 430,751 | 16,979,504 |
| Total disbursements | <u>43,577,712</u> | <u>2,293,879</u> | <u>11,477,753</u> | <u>9,413,331</u> | <u>576,270</u> | <u>9,173,485</u> | <u>76,512,430</u> |
| Deficiency of receipts over disbursements | (4,148,084) | (121,949) | (2,054,336) | (2,302,207) | (138,497) | (675,280) | (9,440,353) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | 91,818 | 91,818 |
| Transfers out | - | - | - | - | - | (91,818) | (91,818) |
| 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 | (4,148,084) | (121,949) | (2,054,336) | (2,302,207) | (138,497) | (675,280) | (9,440,353) |
| Cash and investments - beginning | 8,875,959 | 602,989 | 6,695,131 | 4,872,599 | 377,164 | 4,388,811 | 25,812,653 |
| Cash and investments - ending | <u>\$ 4,727,875</u> | <u>\$ 481,040</u> | <u>\$ 4,640,795</u> | <u>\$ 2,570,392</u> | <u>\$ 238,667</u> | <u>\$ 3,713,531</u> | 16,372,300 |
| Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: | | | | | | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | | | |
| | | | | | | | 4,631,647 |
| Net assets of governmental activities | | | | | | | <u>\$ 21,003,947</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 4,727,875 | \$ 481,040 | \$ - | \$ 2,570,392 | \$ 238,667 | \$ 3,660,109 | \$ 11,678,083 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | 4,640,795 | - | - | 53,422 | 4,694,217 |
| Total cash and investment assets - ending | <u>\$ 4,727,875</u> | <u>\$ 481,040</u> | <u>\$ 4,640,795</u> | <u>\$ 2,570,392</u> | <u>\$ 238,667</u> | <u>\$ 3,713,531</u> | <u>\$ 16,372,300</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ 4,640,795 | \$ - | \$ - | \$ 53,422 | \$ 4,694,217 |
| Unrestricted | 4,727,875 | 481,040 | - | 2,570,392 | 238,667 | 3,660,109 | 11,678,083 |
| Total cash and investment fund balance - ending | <u>\$ 4,727,875</u> | <u>\$ 481,040</u> | <u>\$ 4,640,795</u> | <u>\$ 2,570,392</u> | <u>\$ 238,667</u> | <u>\$ 3,713,531</u> | <u>\$ 16,372,300</u> |

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

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS
 PROPRIETARY FUND
 For the Year Ended June 30, 2006

| | Internal Service Fund |
|--|-----------------------------|
| Operating receipts: | |
| Miscellaneous | \$ 4,775,593 |
| Operating disbursements: | |
| Support services | 3,892,996 |
| Change in net assets | 882,597 |
| Cash and investment fund balance - beginning | 3,509,847 |
| Cash and investment fund balance - ending | \$ 4,392,444 |
| <u>Cash and Investment Assets - Ending</u> | |
| Restricted assets: | |
| Cash and investments | \$ 4,392,444 |
| Total cash and investment assets - ending | \$ 4,392,444 |
| <u>Cash and Investment Fund Balance - Ending</u> | |
| Restricted for: | |
| Other purposes | \$ 4,392,444 |
| Total cash and investment fund balance - ending | \$ 4,392,444 |

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

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS
 PROPRIETARY FUND
 For the Year Ended June 30, 2007

| | Internal Service Fund |
|--|-----------------------------|
| Operating receipts: | |
| Miscellaneous | \$ 5,217,774 |
| Operating disbursements: | |
| Support services | <u>4,978,571</u> |
| Change in net assets | 239,203 |
| Cash and investment fund balance - beginning | <u>4,392,444</u> |
| Cash and investment fund balance - ending | <u>\$ 4,631,647</u> |
| <u>Cash and Investment Assets - Ending</u> | |
| Restricted assets: | |
| Cash and investments | <u>\$ 4,631,647</u> |
| Total cash and investment assets - ending | <u>\$ 4,631,647</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | |
| Restricted for: | |
| Other purposes | <u>\$ 4,631,647</u> |
| Total cash and investment fund balance - ending | <u>\$ 4,631,647</u> |

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

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2006

| | Pension Trust Funds | Agency Funds |
|--|------------------------|-----------------|
| Investment earnings: | | |
| Interest | \$ 179,043 | |
| Deductions: | | |
| Benefits | 204,323 | |
| Deficiency of total additions over total deductions | (25,280) | |
| Cash and investment fund balance - beginning | 3,996,515 | |
| Cash and investment fund balance - ending | \$ 3,971,235 | |
| Net assets: | | |
| Cash and investments | \$ 3,971,235 | \$ 232,073 |
| Total net assets - cash and investment basis held in trust | \$ 3,971,235 | \$ 232,073 |

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

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2007

| | Pension Trust Funds | Agency Funds |
|--|------------------------|-----------------|
| Investment earnings: | | |
| Interest | \$ 220,628 | |
| Deductions: | | |
| Benefits | 64,924 | |
| Excess of total additions over total deductions | 155,704 | |
| Cash and investment fund balance - beginning | 3,971,235 | |
| Cash and investment fund balance - ending | \$ 4,126,939 | |
| Net assets: | | |
| Cash and investments | \$ 4,126,939 | \$ 202,641 |
| Total net assets - cash and investment basis held in trust | \$ 4,126,939 | \$ 202,641 |

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

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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: Metropolitan School District of Southwest Allen County

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 Smith-Green Community Schools and Northwest Allen County Schools in a joint venture to operate Smith-Green West Allen Special Education Cooperative (Co-op) which was created to operate a comprehensive program of special education for special needs children. The School Corporation is obligated by contract to pay its proportionate share annually to supplement the Co-op. The Co-op's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for its proportionate share of the debts of the Co-op. The School Corporation maintains the treasury function for the Co-op and has responsibility for the accountability of all fiscal matters.

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, fund balance, 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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

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

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

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 internal service fund accounts for medical, dental and vision benefits provided to employees on a cost reimbursement basis.

The pension trust funds account for receipts and disbursements authorized by Indiana Code 20-42-4.

Agency funds account for assets held by the School Corporation as an agent for the School Corporation and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 enterprise 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 the rate of 7 to 120 days per year. Unused sick leave may be accumulated to a maximum of 90 to 145 days. Fifty percent of accumulated sick leave is paid to employees with 10 years experience with the School Corporation upon separation.

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 does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 to 3 days per year. Personal leave does not accumulate from year to year for nonteaching, administrative, and noncertified employees. Unused teachers' personal leave may be accumulated to a maximum of 5 days. Unused personal leave above the maximum 5 day accumulation is added to accumulated sick days. Accumulated teachers' personal leave is not paid to employees upon separation.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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. Proprietary fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary fund result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 January 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 or highway use taxes are received 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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 for all budgeted funds.

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 | 2006 | 2007 |
|------------------------|------------|-----------|
| Textbook Rental | \$ 204,539 | \$ 12,380 |
| Alternative Education | 122,055 | - |
| Spartan Mentor | - | 680 |
| Preschool Co-op | - | 5,570 |
| Smith Green W. A. | 116,841 | - |
| IDEA | 140,027 | 294,189 |
| IDEA C/O | 24,175 | 27,087 |
| Preschool Flow Through | 2,221 | - |
| Drug Testing | 4,592 | 47 |

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. At June 30, 2007, the bank balances held at Wells Fargo for the Internal Service Fund in the amount of \$4,578,466 was uncollateralized, the remaining 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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had the following investments:

| Investment Type | Primary Government Market Value |
|----------------------------------|--|
| U.S. treasuries and securities | \$ 1,588,868 |
| Government sponsored enterprises | 2,989,598 |
| Total | <u>\$ 4,578,466</u> |

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.

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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. At June 30, 2007, the School Corporation held investments in Wells Fargo in the amount of \$4,578,466. Of these investments \$4,578,466 were held by the counterparty's trust department or agent but not in the School Corporation's name.

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.

| Investment Type | Investment Maturities (in Years) | | |
|----------------------------------|----------------------------------|-------------------|---------------------|
| | Less Than 1 | 1-2 | More Than 2 |
| U.S. treasuries and securities | \$ 1,189,712 | \$ 399,156 | \$ - |
| Government sponsored enterprises | - | 348,908 | 2,640,690 |
| Totals | <u>\$ 1,189,712</u> | <u>\$ 748,064</u> | <u>\$ 2,640,690</u> |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

| Standard and Poor's Rating | Moody's Rating | Government Sponsored Enterprise |
|----------------------------------|-------------------|---------------------------------------|
| AAA | Aaa | <u>\$ 2,989,598</u> |

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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 | 2006 | 2007 |
|--------------------------|--------------------------|---------------------|------------------|
| General Fund | Other governmental funds | \$ 750,000 | \$ - |
| Other governmental funds | General Fund | 139,683 | - |
| Other governmental funds | Capital Projects Fund | 184,783 | - |
| Other governmental funds | Other governmental funds | <u>772,046</u> | <u>91,818</u> |
| Totals | | <u>\$ 1,846,512</u> | <u>\$ 91,818</u> |

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

C. Short Term Liabilities

Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in anticipation of property tax collections. The outstanding principal balance at June 30, 2007, was \$17,113,000.

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, Dental and Vision Benefits

The School Corporation has chosen to establish a risk financing fund for risks associated with medical, dental, and vision benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$80,000 and an aggregating/specific of \$245,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund's gross wages, and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with Southwest Allen Multi School Building Corporation and Southwest Allen High School Building Corporation (the lessors). The lessors were organized as 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 ending June 30, 2006 and 2007, totaled \$7,780,950 and \$6,884,815, respectively.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

a. 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 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.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

| | PERF |
|--|--|
| Annual required contribution | \$ 387,553 |
| Interest on net pension obligation | (22,175) |
| Adjustment to annual required contribution | 25,270 |
| Annual pension cost | 390,648 |
| Contributions made | 378,043 |
| Increase in net pension obligation | 12,605 |
| Net pension obligation, beginning of year | (305,864) |
| Net pension obligation, end of year | \$ (293,259) |
| Contribution rates: | |
| School Corporation | 6% |
| 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 |

Actuarial Assumptions

| | |
|------------------------------------|-------|
| 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 | \$ 265,753 | 137% | \$ (270,212) |
| | 06-30-05 | 331,821 | 111% | (305,864) |
| | 06-30-06 | 390,648 | 97% | (293,259) |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

Plan members are required to contribute 3% of their salary (the 3% share is contributed by the School Corporation). 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 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2005, 2006, and 2007, were \$635,261, \$716,753, and \$788,959, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 | \$ 5,286,496 | \$ 5,804,209 | \$ (517,713) | 91% | \$ 5,589,509 | (9%) |
| 07-01-05 | 5,578,015 | 6,493,769 | (915,754) | 86% | 5,856,220 | (16%) |
| 07-01-06 | 6,160,015 | 6,921,336 | (761,321) | 89% | 6,241,268 | (12%) |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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

| | Referendum | Special Education Preschool | Rainy Day | Cafeteria | Textbook Rental | Education License Plate |
|---|---------------------|-----------------------------------|---------------------|-------------------|---------------------|-------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ 2,203,035 | \$ 112,809 | \$ 33,758 | \$ 1,654,486 | \$ 381,538 | \$ - |
| Intermediate sources | - | - | - | - | - | 2,138 |
| State sources | - | 104,589 | - | - | 29,190 | - |
| Federal sources | - | - | - | 291,555 | - | - |
| Total receipts | 2,203,035 | 217,398 | 33,758 | 1,946,041 | 410,728 | 2,138 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 1,552,945 | 162,360 | - | - | 430,484 | - |
| Support services | 609,910 | 21,873 | - | 1,881,644 | - | 1,650 |
| Community services | 2,717 | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 2,165,572 | 184,233 | - | 1,881,644 | 430,484 | 1,650 |
| Excess (deficiency) of receipts over disbursements | 37,463 | 33,165 | 33,758 | 64,397 | (19,756) | 488 |
| Other financing sources (uses): | | | | | | |
| Transfers in | 750,000 | - | 750,000 | - | - | - |
| Transfers out | (750,000) | - | - | - | (184,783) | - |
| Total other financing sources (uses) | - | - | 750,000 | - | (184,783) | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 37,463 | 33,165 | 783,758 | 64,397 | (204,539) | 488 |
| Cash and investments - beginning | 1,489,739 | 255,930 | 757,444 | 847,379 | - | 825 |
| Cash and investments - ending | \$ 1,527,202 | \$ 289,095 | \$ 1,541,202 | \$ 911,776 | \$ (204,539) | \$ 1,313 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 1,527,202 | \$ 289,095 | \$ 1,541,202 | \$ 911,776 | \$ (204,539) | \$ 1,313 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 1,527,202 | \$ 289,095 | \$ 1,541,202 | \$ 911,776 | \$ (204,539) | \$ 1,313 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 1,527,202 | 289,095 | 1,541,202 | 911,776 | (204,539) | 1,313 |
| Total cash and investment fund balance - ending | \$ 1,527,202 | \$ 289,095 | \$ 1,541,202 | \$ 911,776 | \$ (204,539) | \$ 1,313 |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Alternative Education | Early Intervention | Peters Donation | JP & Justin Donation | Huber Memorial | Donation One |
|---|--------------------------|-----------------------|--------------------|-------------------------|-------------------|-----------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ 4,596 | \$ 7,868 | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | 117,190 | 117,395 | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Total receipts | <u>117,190</u> | <u>117,395</u> | <u>4,596</u> | <u>7,868</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 90,851 | 117,395 | - | - | 108 | - |
| Support services | 35,788 | - | - | - | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 8,018 | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | <u>126,639</u> | <u>117,395</u> | <u>-</u> | <u>8,018</u> | <u>108</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | (9,449) | - | 4,596 | (150) | (108) | - |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (112,606) | - | - | - | - | (1,049) |
| Total other financing sources (uses) | <u>(112,606)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,049)</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (122,055) | - | 4,596 | (150) | (108) | (1,049) |
| Cash and investments - beginning | - | - | - | 150 | 1,955 | 1,049 |
| Cash and investments - ending | <u>\$ (122,055)</u> | <u>\$ -</u> | <u>\$ 4,596</u> | <u>\$ -</u> | <u>\$ 1,847</u> | <u>\$ -</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ (122,055) | \$ - | \$ 4,596 | \$ - | \$ 1,847 | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ (122,055)</u> | <u>\$ -</u> | <u>\$ 4,596</u> | <u>\$ -</u> | <u>\$ 1,847</u> | <u>\$ -</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (122,055) | - | 4,596 | - | 1,847 | - |
| Total cash and investment fund balance - ending | <u>\$ (122,055)</u> | <u>\$ -</u> | <u>\$ 4,596</u> | <u>\$ -</u> | <u>\$ 1,847</u> | <u>\$ -</u> |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Literacy Aide | Ted Rogers Memorial | Donations Two | HHS Literacy | Sams Club Award | Allen County Educational |
|---|------------------|------------------------|------------------|-----------------|--------------------|--------------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ 1,000 | \$ 5,616 |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Total receipts | - | - | - | - | 1,000 | 5,616 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | - | 64 | 103 | 5,424 |
| Support services | - | - | - | (40) | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | - | - | - | 24 | 103 | 5,424 |
| Excess (deficiency) of receipts over disbursements | - | - | - | (24) | 897 | 192 |
| 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 | - | - | - | (24) | 897 | 192 |
| Cash and investments - beginning | 3,000 | 188 | 750 | 24 | 761 | - |
| Cash and investments - ending | <u>\$ 3,000</u> | <u>\$ 188</u> | <u>\$ 750</u> | <u>\$ -</u> | <u>\$ 1,658</u> | <u>\$ 192</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 3,000 | \$ 188 | \$ 750 | \$ - | \$ 1,658 | \$ 192 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 3,000</u> | <u>\$ 188</u> | <u>\$ 750</u> | <u>\$ -</u> | <u>\$ 1,658</u> | <u>\$ 192</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 3,000 | 188 | 750 | - | 1,658 | 192 |
| Total cash and investment fund balance - ending | <u>\$ 3,000</u> | <u>\$ 188</u> | <u>\$ 750</u> | <u>\$ -</u> | <u>\$ 1,658</u> | <u>\$ 192</u> |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 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)

| | Everybody Reads | Project Lead The Way | Schwab Foundation | School Safety | LEF Grant | Vetter Memorial |
|--|--------------------|----------------------------|----------------------|------------------|--------------|--------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Total receipts | - | - | - | - | - | - |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 7,245 | 50 | - | - | - |
| Support services | - | 554 | - | - | - | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | - | 7,799 | 50 | - | - | - |
| Excess (deficiency) of receipts over disbursements | - | (7,799) | (50) | - | - | - |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | (7,799) | (50) | - | - | - |
| Cash and investments - beginning | 2,838 | 10,635 | 50 | 103 | 33 | 1,272 |
| Cash and investments - ending | \$ 2,838 | \$ 2,836 | \$ - | \$ 103 | \$ 33 | \$ 1,272 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 2,838 | \$ 2,836 | \$ - | \$ 103 | \$ 33 | \$ 1,272 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 2,838 | \$ 2,836 | \$ - | \$ 103 | \$ 33 | \$ 1,272 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 2,838 | 2,836 | - | 103 | 33 | 1,272 |
| Total cash and investment fund balance - ending | \$ 2,838 | \$ 2,836 | \$ - | \$ 103 | \$ 33 | \$ 1,272 |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 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)

| | Center School Project | Sprunger Legacy | Project Educate | LCE Scholarship | Education Foundation | Gifted/ Talented |
|---|-----------------------------|--------------------|--------------------|--------------------|-------------------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ 647 | \$ - | \$ - | \$ - | \$ 26,912 | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | 21,860 |
| Federal sources | - | - | - | - | - | - |
| Total receipts | 647 | - | - | - | 26,912 | 21,860 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | - | 9 | 500 | - | 21,860 |
| Support services | - | - | (9) | - | 1,063 | - |
| Community services | 389 | - | - | - | 26,570 | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 389 | - | - | 500 | 27,633 | 21,860 |
| Excess (deficiency) of receipts over disbursements | 258 | - | - | (500) | (721) | - |
| 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 | 258 | - | - | (500) | (721) | - |
| Cash and investments - beginning | 3,756 | 79 | 1,361 | 3,000 | 930 | - |
| Cash and investments - ending | <u>\$ 4,014</u> | <u>\$ 79</u> | <u>\$ 1,361</u> | <u>\$ 2,500</u> | <u>\$ 209</u> | <u>\$ -</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 4,014 | \$ 79 | \$ 1,361 | \$ 2,500 | \$ 209 | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 4,014</u> | <u>\$ 79</u> | <u>\$ 1,361</u> | <u>\$ 2,500</u> | <u>\$ 209</u> | <u>\$ -</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 4,014 | 79 | 1,361 | 2,500 | 209 | - |
| Total cash and investment fund balance - ending | <u>\$ 4,014</u> | <u>\$ 79</u> | <u>\$ 1,361</u> | <u>\$ 2,500</u> | <u>\$ 209</u> | <u>\$ -</u> |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 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)

| | Economic Education | Special Program Special Ed | CBI Preschool | Non-English Speaking Grant | Library Meetings | Child Care Program |
|---|-----------------------|----------------------------------|------------------|----------------------------------|---------------------|-----------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ 1,800 | \$ 870 | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | 2,000 | - | - | 679 | - | - |
| Federal sources | - | - | - | - | - | 142,847 |
| Total receipts | 2,000 | 1,800 | 870 | 679 | - | 142,847 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 2,778 | 1,557 | 509 | 679 | - | 81 |
| Support services | - | - | - | - | 77 | 9,652 |
| Community services | - | - | - | - | - | 144,779 |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 2,778 | 1,557 | 509 | 679 | 77 | 154,512 |
| Excess (deficiency) of receipts over disbursements | (778) | 243 | 361 | - | (77) | (11,665) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | (17,994) |
| Total other financing sources (uses) | - | - | - | - | - | (17,994) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (778) | 243 | 361 | - | (77) | (29,659) |
| Cash and investments - beginning | 784 | 3,217 | 424 | - | 77 | 33,828 |
| Cash and investments - ending | \$ 6 | \$ 3,460 | \$ 785 | \$ - | \$ - | \$ 4,169 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 6 | \$ 3,460 | \$ 785 | \$ - | \$ - | \$ 4,169 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 6 | \$ 3,460 | \$ 785 | \$ - | \$ - | \$ 4,169 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 6 | 3,460 | 785 | - | - | 4,169 |
| Total cash and investment fund balance - ending | \$ 6 | \$ 3,460 | \$ 785 | \$ - | \$ - | \$ 4,169 |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Preschool Co-op | Safe Haven | Juvenile Center | Smith Green W. A. | Title V | Serve America |
|---|--------------------|-----------------|--------------------|----------------------|---------------|------------------|
| Receipts: | | | | | | |
| Local sources | \$ 98,827 | \$ - | \$ 10,263 | \$ 433,753 | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | 12,813 | - | - | - | - |
| Federal sources | - | - | - | - | 12,043 | 5,000 |
| Total receipts | 98,827 | 12,813 | 10,263 | 433,753 | 12,043 | 5,000 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 99,152 | 21,767 | 12,433 | 328,251 | - | 4,915 |
| Support services | 49,739 | (781) | 952 | 78,976 | 24,087 | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 122,485 | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 148,891 | 20,986 | 13,385 | 529,712 | 24,087 | 4,915 |
| Excess (deficiency) of receipts over disbursements | (50,064) | (8,173) | (3,122) | (95,959) | (12,044) | 85 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | (20,882) | - | - |
| Total other financing sources (uses) | - | - | - | (20,882) | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (50,064) | (8,173) | (3,122) | (116,841) | (12,044) | 85 |
| Cash and investments - beginning | 88,520 | 9,384 | 7,280 | - | 12,044 | 812 |
| Cash and investments - ending | \$ 38,456 | \$ 1,211 | \$ 4,158 | \$ (116,841) | \$ - | \$ 897 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 38,456 | \$ 1,211 | \$ 4,158 | \$ (116,841) | \$ - | \$ 897 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 38,456 | \$ 1,211 | \$ 4,158 | \$ (116,841) | \$ - | \$ 897 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 38,456 | 1,211 | 4,158 | (116,841) | - | 897 |
| Total cash and investment fund balance - ending | \$ 38,456 | \$ 1,211 | \$ 4,158 | \$ (116,841) | \$ - | \$ 897 |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | IDEA | IDEA C/O | Preschool Flow Through | Sliver | Drug Free | Drug Testing |
|---|---------------------|--------------------|---------------------------|---------------|------------------|-------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | 35,348 |
| Federal sources | 1,907,300 | 46,400 | 61,029 | 25,625 | 12,784 | - |
| Total receipts | 1,907,300 | 46,400 | 61,029 | 25,625 | 12,784 | 35,348 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 1,701,923 | 67,994 | 55,002 | 25,187 | 870 | - |
| Support services | 454,220 | 2,679 | 7,084 | 748 | (711) | 39,940 |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 2,156,143 | 70,673 | 62,086 | 25,935 | 159 | 39,940 |
| Excess (deficiency) of receipts over disbursements | (248,843) | (24,273) | (1,057) | (310) | 12,625 | (4,592) |
| Other financing sources (uses): | | | | | | |
| Transfers in | 22,046 | - | - | - | - | - |
| Transfers out | - | - | (1,164) | - | - | - |
| Total other financing sources (uses) | 22,046 | - | (1,164) | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (226,797) | (24,273) | (2,221) | (310) | 12,625 | (4,592) |
| Cash and investments - beginning | 86,770 | 98 | - | 700 | 1,356 | - |
| Cash and investments - ending | <u>\$ (140,027)</u> | <u>\$ (24,175)</u> | <u>\$ (2,221)</u> | <u>\$ 390</u> | <u>\$ 13,981</u> | <u>\$ (4,592)</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ (140,027) | \$ (24,175) | \$ (2,221) | \$ 390 | \$ 13,981 | \$ (4,592) |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ (140,027)</u> | <u>\$ (24,175)</u> | <u>\$ (2,221)</u> | <u>\$ 390</u> | <u>\$ 13,981</u> | <u>\$ (4,592)</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (140,027) | (24,175) | (2,221) | 390 | 13,981 | (4,592) |
| Total cash and investment fund balance - ending | <u>\$ (140,027)</u> | <u>\$ (24,175)</u> | <u>\$ (2,221)</u> | <u>\$ 390</u> | <u>\$ 13,981</u> | <u>\$ (4,592)</u> |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Emergency Impact Aid | Title II | Title III | Severance Bonds | Construction | Totals |
|---|-------------------------|------------------|-----------------|--------------------|-------------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 447,498 | \$ - | \$ 5,425,276 |
| Intermediate sources | - | - | - | - | - | 2,138 |
| State sources | - | - | - | - | - | 441,064 |
| Federal sources | 10,000 | 77,700 | 13,584 | - | - | 2,605,867 |
| Total receipts | 10,000 | 77,700 | 13,584 | 447,498 | - | 8,474,345 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 10,000 | - | - | - | - | 4,722,496 |
| Support services | - | - | 9,621 | - | 1,698,576 | 4,927,292 |
| Community services | - | - | - | - | - | 174,455 |
| Nonprogrammed charges | - | 287 | - | - | - | 130,790 |
| Debt services | - | - | - | 430,851 | - | 430,851 |
| Total disbursements | 10,000 | 287 | 9,621 | 430,851 | 1,698,576 | 10,385,884 |
| Excess (deficiency) of receipts over disbursements | - | 77,413 | 3,963 | 16,647 | (1,698,576) | (1,911,539) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 1,522,046 |
| Transfers out | - | (8,034) | - | - | - | (1,096,512) |
| Total other financing sources (uses) | - | (8,034) | - | - | - | 425,534 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 69,379 | 3,963 | 16,647 | (1,698,576) | (1,486,005) |
| Cash and investments - beginning | - | 8,034 | - | 192,805 | 2,045,432 | 5,874,816 |
| Cash and investments - ending | \$ - | \$ 77,413 | \$ 3,963 | \$ 209,452 | \$ 346,856 | \$ 4,388,811 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ - | \$ 77,413 | \$ 3,963 | \$ - | \$ 346,856 | \$ 4,179,359 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | 209,452 | - | 209,452 |
| Total cash and investment assets - ending | \$ - | \$ 77,413 | \$ 3,963 | \$ 209,452 | \$ 346,856 | \$ 4,388,811 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ 209,452 | \$ - | \$ 209,452 |
| Unrestricted | - | 77,413 | 3,963 | - | 346,856 | 4,179,359 |
| Total cash and investment fund balance - ending | \$ - | \$ 77,413 | \$ 3,963 | \$ 209,452 | \$ 346,856 | \$ 4,388,811 |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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

| | Referendum | Special Education Preschool | Rainy Day | Cafeteria | Textbook Rental | Education License Plate | Alternative Education |
|---|--------------------------|-----------------------------------|----------------------------|--------------------------|---------------------------|-------------------------------|--------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 1,687,801 | \$ 27,130 | \$ 62,022 | \$ 1,746,602 | \$ 397,781 | \$ - | \$ 240,716 |
| Intermediate sources | - | - | - | - | - | 2,418 | - |
| State sources | - | 140,385 | - | - | 35,745 | - | 5,435 |
| Federal sources | - | - | - | 352,549 | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - | - |
| Total receipts | 1,687,801 | 167,515 | 62,022 | 2,099,151 | 433,526 | 2,418 | 246,151 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 2,002,664 | 198,329 | - | - | 241,215 | - | 95,452 |
| Support services | 422,102 | 44,763 | - | 2,055,003 | 152 | - | 28,644 |
| Community services | 2,718 | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | 2,427,484 | 243,092 | - | 2,055,003 | 241,367 | - | 124,096 |
| Excess (deficiency) of receipts over disbursements | (739,683) | (75,577) | 62,022 | 44,148 | 192,159 | 2,418 | 122,055 |
| 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 | (739,683) | (75,577) | 62,022 | 44,148 | 192,159 | 2,418 | 122,055 |
| Cash and investments - beginning | 1,527,202 | 289,095 | 1,541,202 | 911,776 | (204,539) | 1,313 | (122,055) |
| Cash and investments - ending | <u>\$ 787,519</u> | <u>\$ 213,518</u> | <u>\$ 1,603,224</u> | <u>\$ 955,924</u> | <u>\$ (12,380)</u> | <u>\$ 3,731</u> | <u>\$ -</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 787,519 | \$ 213,518 | \$ 1,603,224 | \$ 955,924 | \$ (12,380) | \$ 3,731 | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 787,519</u> | <u>\$ 213,518</u> | <u>\$ 1,603,224</u> | <u>\$ 955,924</u> | <u>\$ (12,380)</u> | <u>\$ 3,731</u> | <u>\$ -</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 787,519 | 213,518 | 1,603,224 | 955,924 | (12,380) | 3,731 | - |
| Total cash and investment fund balance - ending | <u>\$ 787,519</u> | <u>\$ 213,518</u> | <u>\$ 1,603,224</u> | <u>\$ 955,924</u> | <u>\$ (12,380)</u> | <u>\$ 3,731</u> | <u>\$ -</u> |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Peters Donation | Huber Memorial | Donation One | Literacy Aide | Ted Rogers Memorial | Donations Two | Sams Club Award |
|---|--------------------|-------------------|-----------------|------------------|------------------------|------------------|--------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ 7,951 | \$ 1,475 | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - | - |
| Total receipts | - | 7,951 | 1,475 | - | - | - | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 8,626 | 1,165 | 3,000 | - | - | 1,252 |
| Support services | - | - | - | - | - | - | - |
| Community services | 4,596 | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | 4,596 | 8,626 | 1,165 | 3,000 | - | - | 1,252 |
| Excess (deficiency) of receipts over disbursements | (4,596) | (675) | 310 | (3,000) | - | - | (1,252) |
| 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 | (4,596) | (675) | 310 | (3,000) | - | - | (1,252) |
| Cash and investments - beginning | 4,596 | 1,847 | - | 3,000 | 188 | 750 | 1,658 |
| Cash and investments - ending | \$ - | \$ 1,172 | \$ 310 | \$ - | \$ 188 | \$ 750 | \$ 406 |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ - | \$ 1,172 | \$ 310 | \$ - | \$ 188 | \$ 750 | \$ 406 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ - | \$ 1,172 | \$ 310 | \$ - | \$ 188 | \$ 750 | \$ 406 |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | - | 1,172 | 310 | - | 188 | 750 | 406 |
| Total cash and investment fund balance - ending | \$ - | \$ 1,172 | \$ 310 | \$ - | \$ 188 | \$ 750 | \$ 406 |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 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)

| | Bob Evans | Allen County Educational | Everybody Reads | Project Lead The Way | Spencer Grant | Spartan Mentor | School Safety |
|---|---------------|--------------------------------|--------------------|----------------------------|------------------|-------------------|------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 240 | \$ - | \$ - | \$ - | \$ 1,831 | \$ 8,321 | \$ 5,000 |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - | - |
| Total receipts | 240 | - | - | - | 1,831 | 8,321 | 5,000 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 119 | 2,642 | 3,328 | 1,831 | 9,001 | - |
| Support services | - | - | - | (492) | - | - | 5,103 |
| Community services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | - | 119 | 2,642 | 2,836 | 1,831 | 9,001 | 5,103 |
| Excess (deficiency) of receipts over disbursements | 240 | (119) | (2,642) | (2,836) | - | (680) | (103) |
| 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 | 240 | (119) | (2,642) | (2,836) | - | (680) | (103) |
| Cash and investments - beginning | - | 192 | 2,838 | 2,836 | - | - | 103 |
| Cash and investments - ending | \$ 240 | \$ 73 | \$ 196 | \$ - | \$ - | \$ (680) | \$ - |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 240 | \$ 73 | \$ 196 | \$ - | \$ - | \$ (680) | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 240 | \$ 73 | \$ 196 | \$ - | \$ - | \$ (680) | \$ - |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 240 | 73 | 196 | - | - | (680) | - |
| Total cash and investment fund balance - ending | \$ 240 | \$ 73 | \$ 196 | \$ - | \$ - | \$ (680) | \$ - |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | LEF Grant | Vex Robotics | ITT Award | Band Uniforms | Vetter Memorial | Center School Project | Sprunger Legacy |
|---|--------------|-----------------|--------------|------------------|--------------------|-----------------------------|--------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ 7,951 | \$ 12 | \$ - | \$ 861 | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | - | 5,000 | - | - | - |
| Sale of property, adjustments and refunds | - | 5,000 | - | - | - | - | - |
| Total receipts | - | 5,000 | 7,951 | 5,012 | - | 861 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 5,000 | 7,951 | - | - | - | - |
| Support services | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | 4,112 | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | - | 5,000 | 7,951 | - | - | 4,112 | - |
| Excess (deficiency) of receipts over disbursements | - | - | - | 5,012 | - | (3,251) | - |
| 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 | - | - | - | 5,012 | - | (3,251) | - |
| Cash and investments - beginning | 33 | - | - | - | 1,272 | 4,014 | 79 |
| Cash and investments - ending | <u>\$ 33</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,012</u> | <u>\$ 1,272</u> | <u>\$ 763</u> | <u>\$ 79</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 33 | \$ - | \$ - | \$ 5,012 | \$ 1,272 | \$ 763 | \$ 79 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 33</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,012</u> | <u>\$ 1,272</u> | <u>\$ 763</u> | <u>\$ 79</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 33 | - | - | 5,012 | 1,272 | 763 | 79 |
| Total cash and investment fund balance - ending | <u>\$ 33</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,012</u> | <u>\$ 1,272</u> | <u>\$ 763</u> | <u>\$ 79</u> |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Project Educate | Target Scholar | LCE Scholarship | Education Foundation | Indiana Youth Institute | Gifted/ Talented |
|---|--------------------|-------------------|--------------------|-------------------------|-------------------------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ 1,000 | \$ - | \$ 20,702 | \$ 750 | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | 21,860 |
| Federal sources | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | - | 1,000 | - | 20,702 | 750 | 21,860 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 1,354 | 180 | 500 | - | - | - |
| Support services | - | - | - | 1,359 | 680 | - |
| Community services | - | - | - | 17,762 | - | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 1,354 | 180 | 500 | 19,121 | 680 | - |
| Excess (deficiency) of receipts over disbursements | (1,354) | 820 | (500) | 1,581 | 70 | 21,860 |
| 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 | (1,354) | 820 | (500) | 1,581 | 70 | 21,860 |
| Cash and investments - beginning | 1,361 | - | 2,500 | 209 | - | - |
| Cash and investments - ending | \$ 7 | \$ 820 | \$ 2,000 | \$ 1,790 | \$ 70 | \$ 21,860 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 7 | \$ 820 | \$ 2,000 | \$ 1,790 | \$ 70 | \$ 21,860 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 7 | \$ 820 | \$ 2,000 | \$ 1,790 | \$ 70 | \$ 21,860 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 7 | 820 | 2,000 | 1,790 | 70 | 21,860 |
| Total cash and investment fund balance - ending | \$ 7 | \$ 820 | \$ 2,000 | \$ 1,790 | \$ 70 | \$ 21,860 |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Economic Foundation | Special Program Special Ed | CBI Preschool | Non-English Speaking Grant | Child Care Program | Preschool Co-op |
|---|------------------------|----------------------------------|------------------|----------------------------------|-----------------------|--------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ 1,905 | \$ 420 | \$ - | \$ - | \$ 104,497 |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | 977 | - | - |
| Federal sources | - | - | - | - | 144,507 | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | - | 1,905 | 420 | 977 | 144,507 | 104,497 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 1,408 | - | 977 | - | (66,311) |
| Support services | - | - | - | - | 9,234 | 31,198 |
| Community services | - | - | - | - | 136,334 | - |
| Nonprogrammed charges | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | - | 1,408 | - | 977 | 145,568 | (35,113) |
| Excess (deficiency) of receipts over disbursements | - | 497 | 420 | - | (1,061) | 139,610 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | (91,818) |
| Total other financing sources (uses) | - | - | - | - | - | (91,818) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 497 | 420 | - | (1,061) | 47,792 |
| Cash and investments - beginning | 6 | 3,460 | 785 | - | 4,170 | 38,456 |
| Cash and investments - ending | \$ 6 | \$ 3,957 | \$ 1,205 | \$ - | \$ 3,109 | \$ 86,248 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 6 | \$ 3,957 | \$ 1,205 | \$ - | \$ 3,109 | \$ (5,570) |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 6 | \$ 3,957 | \$ 1,205 | \$ - | \$ 3,109 | \$ (5,570) |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 6 | 3,957 | 1,205 | - | 3,109 | (5,570) |
| Total cash and investment fund balance - ending | \$ 6 | \$ 3,957 | \$ 1,205 | \$ - | \$ 3,109 | \$ (5,570) |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 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)

| | Safe Haven | Juvenile Center | Smith Green W. A. | Title V | Serve America | IDEA |
|---|------------------------|--------------------|-------------------------|--------------------|--------------------|----------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ 452,053 | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | 15,600 | - | - | - | - | - |
| Federal sources | - | - | - | 24,417 | - | 1,853,055 |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 15,600 | - | 452,053 | 24,417 | - | 1,853,055 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 8,340 | 3,905 | 258,805 | 24,417 | 897 | 1,526,693 |
| Support services | 313 | 253 | 67,234 | - | - | 480,524 |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | 129,941 | - | - | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 8,653 | 4,158 | 455,980 | 24,417 | 897 | 2,007,217 |
| Excess (deficiency) of receipts over disbursements | 6,947 | (4,158) | (3,927) | - | (897) | (154,162) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | 91,818 | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 91,818 | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 6,947 | (4,158) | 87,891 | - | (897) | (154,162) |
| Cash and investments - beginning | 1,211 | 4,158 | (116,841) | - | 897 | (140,027) |
| Cash and investments - ending | <u>\$ 8,158</u> | <u>\$ -</u> | <u>\$ (28,950)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (294,189)</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ 8,158 | \$ - | \$ 62,868 | \$ - | \$ - | \$ (294,189) |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 8,158</u> | <u>\$ -</u> | <u>\$ 62,868</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (294,189)</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 8,158 | - | 62,868 | - | - | (294,189) |
| Total cash and investment fund balance - ending | <u>\$ 8,158</u> | <u>\$ -</u> | <u>\$ 62,868</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (294,189)</u> |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 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)

| | IDEA C/O | Preschool Flow Through | Sliver | Drug Free | Drug Testing | Emergency Impact Aid |
|---|--------------------|---------------------------|--------------|-----------------|-----------------|-------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | 119,648 | - |
| Federal sources | 398,744 | 69,770 | 7,466 | 5,000 | - | 20,000 |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 398,744 | 69,770 | 7,466 | 5,000 | 119,648 | 20,000 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 339,312 | 62,265 | 7,335 | 16,784 | - | 20,000 |
| Support services | 62,344 | 5,197 | 520 | 137 | 114,248 | - |
| Community services | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | 855 | - |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 401,656 | 67,462 | 7,855 | 16,921 | 115,103 | 20,000 |
| Excess (deficiency) of receipts over disbursements | (2,912) | 2,308 | (389) | (11,921) | 4,545 | - |
| 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 | (2,912) | 2,308 | (389) | (11,921) | 4,545 | - |
| Cash and investments - beginning | (24,175) | (2,221) | 389 | 13,981 | (4,592) | - |
| Cash and investments - ending | <u>\$ (27,087)</u> | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ 2,060</u> | <u>\$ (47)</u> | <u>\$ -</u> |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ (27,087) | \$ 87 | \$ - | \$ 2,060 | \$ (47) | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ (27,087)</u> | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ 2,060</u> | <u>\$ (47)</u> | <u>\$ -</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (27,087) | 87 | - | 2,060 | (47) | - |
| Total cash and investment fund balance - ending | <u>\$ (27,087)</u> | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ 2,060</u> | <u>\$ (47)</u> | <u>\$ -</u> |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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)

| | Small Learning Communities | Title II | Title III | Severance Bonds | Construction | Totals |
|---|----------------------------------|------------------|--------------|--------------------|-------------------|---------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 274,721 | \$ 84,177 | \$ 5,135,919 |
| Intermediate sources | - | - | - | - | - | 2,418 |
| State sources | 56,647 | - | - | - | - | 396,297 |
| Federal sources | - | 78,063 | - | - | - | 2,958,571 |
| Sale of property, adjustments and refunds | - | - | - | - | - | 5,000 |
| Total receipts | 56,647 | 78,063 | - | 274,721 | 84,177 | 8,498,205 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 54,809 | 77,413 | - | - | - | 4,920,658 |
| Support services | 1,838 | - | 3,963 | - | 191,441 | 3,525,758 |
| Community services | - | - | - | - | - | 165,522 |
| Nonprogrammed charges | - | - | - | - | - | 130,796 |
| Debt services | - | - | - | 430,751 | - | 430,751 |
| Total disbursements | 56,647 | 77,413 | 3,963 | 430,751 | 191,441 | 9,173,485 |
| Excess (deficiency) of receipts over disbursements | - | 650 | (3,963) | (156,030) | (107,264) | (675,280) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 91,818 |
| Transfers out | - | - | - | - | - | (91,818) |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 650 | (3,963) | (156,030) | (107,264) | (675,280) |
| Cash and investments - beginning | - | 77,413 | 3,963 | 209,452 | 346,856 | 4,388,811 |
| Cash and investments - ending | \$ - | \$ 78,063 | \$ - | \$ 53,422 | \$ 239,592 | \$ 3,713,531 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | |
| Cash and investments | \$ - | \$ 78,063 | \$ - | \$ - | \$ 239,592 | \$ 3,660,109 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | 53,422 | - | 53,422 |
| Total cash and investment assets - ending | \$ - | \$ 78,063 | \$ - | \$ 53,422 | \$ 239,592 | \$ 3,713,531 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ 53,422 | \$ - | \$ 53,422 |
| Unrestricted | - | 78,063 | - | - | 239,592 | 3,660,109 |
| Total cash and investment fund balance - ending | \$ - | \$ 78,063 | \$ - | \$ 53,422 | \$ 239,592 | \$ 3,713,531 |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

| | <u>Payroll Withholding</u> | <u>Cafeteria Payroll</u> | <u>Totals</u> |
|--|--------------------------------|------------------------------|-------------------|
| Net assets: | | | |
| Cash and investments | \$ 147,277 | \$ 84,796 | \$ 232,073 |
| Total net assets - cash and investment basis held in trust | <u>\$ 147,277</u> | <u>\$ 84,796</u> | <u>\$ 232,073</u> |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

| | <u>Payroll Withholding</u> | <u>Cafeteria Payroll</u> | <u>Totals</u> |
|--|--------------------------------|------------------------------|-------------------|
| Net assets: | | | |
| Cash and investments | \$ 117,419 | \$ 85,222 | \$ 202,641 |
| Total net assets - cash and investment basis held in trust | <u>\$ 117,419</u> | <u>\$ 85,222</u> | <u>\$ 202,641</u> |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 3,604,300 |
| Buildings | 113,597,424 |
| Improvements other than buildings | 6,708,330 |
| Machinery and equipment | <u>7,946,445</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 131,856,499</u> |

METROPOLITAN SCHOOL DISTRICT
 OF SOUTHWEST ALLEN COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The School has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|-------------------------------------|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| Buildings | \$ 92,135,000 | \$ 11,596,850 |
| Synthetic turf | 65,968 | 68,788 |
| Notes and loans payable | 72,466 | 11,149 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Retirement or severance liabilities | 3,315,000 | 429,331 |
| Total governmental activities debt | <u>\$ 95,588,434</u> | <u>\$ 12,106,118</u> |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Textbook Rental Fund, Alternative Education Fund, Smith Green W. A. Fund, IDEA Fund, IDEA C/O Fund, Preschool Flow Through Fund and Drug Testing Fund were overdrawn in FY 2006. The Textbook Rental Fund, Spartan Mentor Fund, Preschool Co-op Fund, IDEA Fund, IDEA C/O Fund and Drug Testing Fund were overdrawn in FY 2007.

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

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The prior audit reported that students receiving honors diplomas were over reported to the State for the 2003-2004 school year. The School Corporation reported in September 2004 that 279 students received honors diplomas. We noted that the documentation indicated only 218 students received honors diplomas. The School Corporation claimed 166 students according to the Form 30A filed with the Indiana Department of Education (IDOE).

The School Corporation sent a letter on September 19, 2005, to IDOE reporting the error. A reply was sent from IDOE on September 27, 2005, requesting a new file be submitted. No documentation was presented for audit to verify the submission.

The information presented, during the 2005-2006 and 2006-2007 audit, indicates students receiving honors diplomas were over reported to the State.

| <u>School Year</u> | <u>Grade</u> | <u>Count as Reported on Form Number 30A</u> | <u>Actual Enrollment Figures</u> | <u>Difference</u> |
|--------------------|----------------|---|----------------------------------|-------------------|
| 2005-2006 | Honors Diploma | 194 | 188 | 6 |

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

DISBURSEMENT DOCUMENTATION (Woodside Middle School)

Disbursements examined showed the following problems:

- (1) One disbursement was made from the In/Out Fund that was not posted to the correct fund.
- (2) One disbursement was for gift cards to give to chaperones as a thank you gift.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(3) One disbursement was lacking an SA-1.

(4) Two disbursements did not have any receipts attached to validate the purchase.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

TICKET SALE DEPOSITS (Homestead High School)

Ticket sale receipts were not always remitted within a reasonable time. Receipts, in some instances, were held for periods in excess of 26 days before being remitted to the Extra-Curricular Treasurer.

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

EXCESSIVE OR UNREASONABLE COSTS (Homestead High School)

The Athletic Fund disbursements examined showed the following: \$600 for retirement gifts for the outgoing Athletic Director, which included a golf bag at \$200 and membership dues to Fort Wayne Elks Lodge at \$400; \$6,000 paid to a California choreographer for the Cheer Team; a parent was paid \$2,400 for helping with a fundraiser; and a golf coach and six golfers had dinner at Eddie Merlot's for \$353.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
SOUTHWEST ALLEN COUNTY, ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of the Metropolitan School District of Southwest Allen County (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.

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

STATE BOARD OF ACCOUNTS

January 24, 2008

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 National School Lunch Program | 10.555 | | \$ 369,477 | \$ 447,229 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Pass-Through Indiana Department of Education Special Education Cluster (IDEA) Special Education - Grants to States | 84.027 | | | |
| | | 14204-054-PY02 | 98 | - |
| | | 14205-054-PN01 | 349,816 | - |
| | | 14205-054-PY02 | 70,575 | 28,569 |
| | | 14205-054-YY01 | 25,236 | 7,855 |
| | | 14205-054-SN01 | 700 | - |
| | | 14206-054-PN01 | 1,806,327 | 152,537 |
| | | 14206-054-PY02 | - | 372,803 |
| | | 14207-054-PN01 | - | 1,834,473 |
| Total for program | | | <u>2,252,752</u> | <u>2,396,237</u> |
| Special Education - Preschool Grants | 84.173 | | | |
| | | 45705-054-PN01 | 7,065 | - |
| | | 45706-054-PN01 | 55,021 | 12,890 |
| | | 45707-054-PN01 | - | 54,573 |
| Total for program | | | <u>62,086</u> | <u>67,463</u> |
| Total for cluster | | | <u>2,314,838</u> | <u>2,463,700</u> |
| Direct Grant | | | | |
| Grants for School - Based Student Drug Testing Programs | 84.184 | | | |
| | | Q184D050032-06 | 39,940 | 27,304 |
| | | Q184D050032-07 | - | 87,799 |
| Total for program | | | <u>39,940</u> | <u>115,103</u> |
| Direct Grant | | | | |
| Smaller Learning Communities | 84.215 | | | |
| | | S2156060087 | - | 56,647 |
| Pass-Through Fort Wayne Community Schools Vocational Education - Basic Grants to States | 84.048 | | | |
| | | FY 07 | - | 9,001 |
| Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities - State Grants | 84.186 | | | |
| | | 04-108 | 1,356 | - |
| | | 05-074 | - | 12,784 |
| | | 06-0125 | - | 2,940 |
| Total for program | | | <u>1,356</u> | <u>15,724</u> |

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

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007
(Continued)

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended 06-30-06 | Total Federal Awards Expended 06-30-07 |
|---|---------------------------|--|---|---|
| <u>U.S. DEPARTMENT OF EDUCATION (continued)</u> | | | | |
| Pass-Through Indiana Department of Education Innovative Education Program Strategies | 84.298 | | | |
| | | 04-066 | 24,087 | - |
| | | 05-306 | - | 16,256 |
| | | 06-0125 | - | 8,161 |
| Total for program | | | <u>24,087</u> | <u>24,417</u> |
| Pass-Through Indiana Department of Education Title III, Language Instruction for Limited English Proficient and Immigrant Students | 84.365 | | | |
| | | FY 06 | <u>9,621</u> | <u>3,963</u> |
| Pass-Through Indiana Department of Education Title II, Improving Teacher Quality - State Grants | 84.367 | | | |
| | | 05-065 | <u>287</u> | <u>77,413</u> |
| Pass-Through Indiana Department of Education Elementary and Secondary Education Hurricane Relief Program Emergency Impact Aid | 84.938 | | | |
| | | FY 06 | 10,000 | - |
| | | FY 07 | - | 20,000 |
| Total for program | | | <u>10,000</u> | <u>20,000</u> |
| Total for federal grantor agency | | | <u>2,400,129</u> | <u>2,785,968</u> |
| <u>U.S. CORPORATION FOR NATIONAL SERVICE</u> | | | | |
| Pass-Through Indiana Department of Education Learn and Serve America - School and Community Based Programs | 94.004 | | | |
| | | FY 05 | 812 | - |
| | | FY 06 | <u>4,103</u> | <u>897</u> |
| Total for federal grantor agency | | | <u>4,915</u> | <u>897</u> |
| Total federal awards expended | | | <u>\$ 2,774,521</u> | <u>\$ 3,234,094</u> |

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

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 Metropolitan School District of Southwest Allen County (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 School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2006 and 2007:

| Program Title | Federal CFDA Number | 2006 | 2007 |
|--------------------------------------|---------------------------|------------|--------------|
| Special Education – Grants to States | 84.027 | \$ 798,736 | \$ 1,043,713 |

III. 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 | 2006 | 2007 |
|-------------------------------|---------------------------|------------|------------|
| National School Lunch Program | 10.555 | \$ 109,767 | \$ 135,282 |

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
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 |
| Reportable conditions 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 |
| Reportable conditions 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

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| | National School Lunch Program Special Education Cluster (IDEA) |

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT
OF SOUTHWEST ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2008, with James W. Coplen, Treasurer; and Dr. Brian F. Smith, Superintendent of Schools. The official response has been made a part of this report and may be found on page 62.



Southwest Allen County Schools

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Fort Wayne, Indiana 46814
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Jim Coplen
Business Manager

January 24, 2008

Indiana State Board of Accounts
Mr. Bruce A. Hartman, CPA
302 West Washington St.
4th Floor, Room E418
Indianapolis, IN 46204-2738

Dear Mr. Hartman,

The following is a response to the preliminary draft of the Audit Results and Comments that were presented as a part of the M.S.D. of Southwest Allen County audit report for the period of July 1, 2005 to June 30, 2007.

ACADEMIC HONORS DIPLOMA STUDENTS

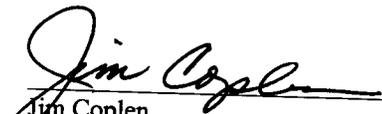
M.S.D. of Southwest Allen County will contact the Indiana Department of Education to determine steps to correct information given to the State on the number of Academic Honors Diploma Students.

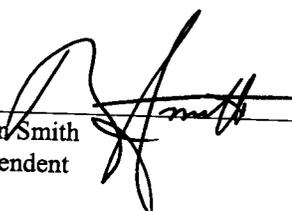
EXCESSIVE OR UNREASONABLE COSTS (Homestead High School)

M.S.D. of Southwest Allen County will make every effort to ensure reasonable expenditures are made for the function or purpose of the school district. Some expenditures during this audit period were made from booster funds held within our extra-curricular account. We will work with this group to separate booster funds from the extra-curricular account.

OTHER AUDIT RESULTS AND COMMENTS

It is our intention to comply with all other audit results and comments discussed at the exit conference.


Jim Coplen
Business Manager


Dr. Brian Smith
Superintendent