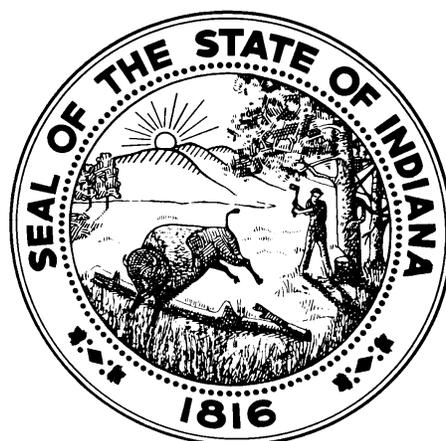


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP
PORTER COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

04/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Beverly Hindes	07-01-05 to 06-30-08
Superintendent of Schools	George Letz	07-01-05 to 06-30-08
President of the School Board	Donald R. Fry Richard D. Bell	07-01-05 to 06-30-07 07-01-07 to 06-30-08



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Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF METROPOLITAN SCHOOL DISTRICT
OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of Metropolitan School District of Boone Township (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedule, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. The Combining Schedule, as listed in the Table of Contents, has been subjected to the examination procedures applied to the basic financial information taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 29, 2008

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,274,383	\$ -	\$ 35,110	\$ (3,239,273)
Support services	11,151,150	389,330	94,097	(10,667,723)
Community services	110,968	-	-	(110,968)
Nonprogrammed charges	351,610	-	-	(351,610)
Debt service	3,908,866	-	-	(3,908,866)
Total governmental activities	\$ 18,796,977	\$ 389,330	\$ 129,207	(18,278,440)
General receipts:				
Property taxes				2,533,109
Other local sources				709,736
State aid				4,589,047
Bonds and loans				2,679,000
Grants and contributions not restricted to specific programs				197,256
Sale of property, adjustments, and refunds				6,422,419
Investment earnings				137,905
Total general receipts				17,268,472
Change in net assets				(1,009,968)
Net assets - beginning				3,245,208
Net assets - ending				\$ 2,235,240
<u>Assets</u>				
Cash and investments				\$ 1,985,957
Restricted assets:				
Cash and investments				249,283
Total assets				\$ 2,235,240
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 249,283
Unrestricted				1,985,957
Total net assets				\$ 2,235,240

The accompanying notes are an integral part of the financial information.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE 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 (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,302,367	\$ -	\$ 37,417	\$ (3,264,950)
Support services	5,970,775	414,403	105,050	(5,451,322)
Community services	109,937	-	-	(109,937)
Nonprogrammed charges	449,473	-	-	(449,473)
Debt service	<u>4,847,709</u>	<u>-</u>	<u>-</u>	<u>(4,847,709)</u>
Total governmental activities	<u>\$ 14,680,261</u>	<u>\$ 414,403</u>	<u>\$ 142,467</u>	<u>(14,123,391)</u>
General receipts:				
Property taxes				5,102,906
Other local sources				739,844
State aid				4,596,650
Bonds and loans				3,600,919
Grants and contributions not restricted to specific programs				126,195
Sale of property, adjustments, and refunds				405,992
Investment earnings				<u>169,825</u>
Total general receipts				<u>14,742,331</u>
Change in net assets				618,940
Net assets - beginning				<u>2,235,240</u>
Net assets - ending				<u>\$ 2,854,180</u>
<u>Assets</u>				
Cash and investments				\$ 2,082,125
Restricted assets:				
Cash and investments				<u>772,055</u>
Total assets				<u>\$ 2,854,180</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 772,055
Unrestricted				<u>2,082,125</u>
Total net assets				<u>\$ 2,854,180</u>

The accompanying notes are an integral part of the financial information.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE 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	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 1,421,365	\$ 246,347	\$ -	\$ 1,061,485	\$ 453,005	\$ 110,762	\$ -	\$ 476,544	\$ 3,769,508
Intermediate sources	65	-	-	-	-	-	-	506	571
State sources	4,611,910	-	-	-	-	-	-	135,379	4,747,289
Federal sources	-	-	-	-	-	-	-	168,222	168,222
Bonds and loans	1,900,000	98,000	-	375,000	260,000	46,000	-	-	2,679,000
Sale of property, adjustments and refunds	13,362	5,548	-	-	-	-	6,401,989	1,520	6,422,419
Total receipts	7,946,702	349,895	-	1,436,485	713,005	156,762	6,401,989	782,171	17,787,009
Disbursements:									
Current:									
Instruction	3,142,232	-	-	-	-	-	-	132,151	3,274,383
Support services	3,163,482	402,645	-	-	715,013	168,625	6,054,092	647,293	11,151,150
Community services	110,550	-	-	-	-	-	-	418	110,968
Nonprogrammed charges	351,610	-	-	-	-	-	-	-	351,610
Debt services	1,700,000	100,000	-	1,623,312	330,000	50,000	-	105,554	3,908,866
Total disbursements	8,467,874	502,645	-	1,623,312	1,045,013	218,625	6,054,092	885,416	18,796,977
Excess (deficiency) of receipts over disbursements	(521,172)	(152,750)	-	(186,827)	(332,008)	(61,863)	347,897	(103,245)	(1,009,968)
Other financing sources (uses):									
Transfers in	-	39,069	45,000	-	-	-	-	4,625	88,694
Transfers out	-	(45,000)	-	(30,671)	(13,023)	-	-	-	(88,694)
Total other financing sources (uses)	-	(5,931)	45,000	(30,671)	(13,023)	-	-	4,625	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(521,172)	(158,681)	45,000	(217,498)	(345,031)	(61,863)	347,897	(98,620)	(1,009,968)
Cash and investments - beginning	1,674,046	144,432	188,839	466,781	335,374	32,458	323,626	79,652	3,245,208
Cash and investments - ending	\$ 1,152,874	\$ (14,249)	\$ 233,839	\$ 249,283	\$ (9,657)	\$ (29,405)	\$ 671,523	\$ (18,968)	\$ 2,235,240
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,152,874	\$ (14,249)	\$ 233,839	\$ -	\$ (9,657)	\$ (29,405)	\$ 671,523	\$ (18,968)	\$ 1,985,957
Restricted assets:									
Cash and investments	-	-	-	249,283	-	-	-	-	249,283
Total cash and investment assets - ending	\$ 1,152,874	\$ (14,249)	\$ 233,839	\$ 249,283	\$ (9,657)	\$ (29,405)	\$ 671,523	\$ (18,968)	\$ 2,235,240
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 249,283	\$ -	\$ -	\$ -	\$ -	\$ 249,283
Unrestricted	1,152,874	(14,249)	233,839	-	(9,657)	(29,405)	671,523	(18,968)	1,985,957
Total cash and investment fund balance - ending	\$ 1,152,874	\$ (14,249)	\$ 233,839	\$ 249,283	\$ (9,657)	\$ (29,405)	\$ 671,523	\$ (18,968)	\$ 2,235,240

The accompanying notes are an integral part of the financial information.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
SCHEDULE 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	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:									
Local sources	\$ 2,301,292	\$ 380,780	\$ -	\$ 2,370,298	\$ 693,427	\$ 125,303	\$ -	\$ 555,035	\$ 6,426,135
Intermediate sources	-	-	-	-	-	-	-	844	844
State sources	4,621,907	-	-	-	-	-	-	93,884	4,715,791
Federal sources	-	-	-	-	-	-	-	149,521	149,521
Bonds and loans	2,000,000	155,000	-	580,000	280,000	35,000	-	550,919	3,600,919
Sale of property, adjustments and refunds	14,165	844	-	-	-	-	390,955	27	405,991
Total receipts	8,937,364	536,624	-	2,950,298	973,427	160,303	390,955	1,350,230	15,299,201
Disbursements:									
Current:									
Instruction	3,179,003	-	-	-	-	-	-	123,364	3,302,367
Support services	3,042,714	420,793	40,462	-	544,296	56,845	792,835	1,072,830	5,970,775
Community services	109,854	-	-	-	-	-	-	83	109,937
Nonprogrammed charges	352,495	-	96,978	-	-	-	-	-	449,473
Debt services	1,900,000	98,000	-	2,414,503	260,000	46,000	-	129,206	4,847,709
Total disbursements	8,584,066	518,793	137,440	2,414,503	804,296	102,845	792,835	1,325,483	14,680,261
Excess (deficiency) of receipts over disbursements	353,298	17,831	(137,440)	535,795	169,131	57,458	(401,880)	24,747	618,940
Other financing sources (uses):									
Transfers in	38,561	-	-	-	105,000	-	-	-	143,561
Transfers out	(105,000)	-	-	(13,023)	-	-	-	(25,538)	(143,561)
Total other financing sources (uses)	(66,439)	-	-	(13,023)	105,000	-	-	(25,538)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	286,859	17,831	(137,440)	522,772	274,131	57,458	(401,880)	(791)	618,940
Cash and investments - beginning	1,152,874	(14,249)	233,839	249,283	(9,657)	(29,405)	671,523	(18,968)	2,235,240
Cash and investments - ending	\$ 1,439,733	\$ 3,582	\$ 96,399	\$ 772,055	\$ 264,474	\$ 28,053	\$ 269,643	\$ (19,759)	\$ 2,854,180
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,439,733	\$ 3,582	\$ 96,399	\$ -	\$ 264,474	\$ 28,053	\$ 269,643	\$ (19,759)	\$ 2,082,125
Restricted assets:									
Cash and investments	-	-	-	772,055	-	-	-	-	772,055
Total cash and investment assets - ending	\$ 1,439,733	\$ 3,582	\$ 96,399	\$ 772,055	\$ 264,474	\$ 28,053	\$ 269,643	\$ (19,759)	\$ 2,854,180
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 772,055	\$ -	\$ -	\$ -	\$ -	\$ 772,055
Unrestricted	1,439,733	3,582	96,399	-	264,474	28,053	269,643	(19,759)	2,082,125
Total cash and investment fund balance - ending	\$ 1,439,733	\$ 3,582	\$ 96,399	\$ 772,055	\$ 264,474	\$ 28,053	\$ 269,643	\$ (19,759)	\$ 2,854,180

The accompanying notes are an integral part of the financial information.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules 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 Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

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

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

The rainy day fund can receive transfers of any unused and unencumbered balances in any fund raised by a general or special tax levy to be used during times of economic downturn in order to stabilize a political subdivision's budget.

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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

The construction fund is used to account for disbursements for capital outlay from receipts derived from loan proceeds or other outside sources.

B. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial schedules 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 schedules.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

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

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and 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.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Capital Projects Fund	\$ -	\$ 105,000
Transportation Operating Fund	Rainy Day Fund	45,000	-
Debt Service Fund	Transportation Operating Fund	30,671	-
Capital Projects Fund	General Fund	-	13,023
	Transportation Operating Fund	8,398	-
	Other governmental funds	4,625	-
Other governmental funds	General Fund	-	25,538
		-	25,538
Totals		\$ 88,694	\$ 143,561

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 7. 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 this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

B. 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 members' 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.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
NOTES TO FINANCIAL INFORMATION
(Continued)

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 Cost

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

Note 8. Subsequent Events

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2005 through 2007. Significant delays in the reassessment process have resulted in delays in billing taxes in 2005 through 2007. The late billing has delayed timely property tax distributions to the School Corporation. The 2007 tax bills were not sent out until December 10, 2007, with a due date of January 11, 2008.

Tax Anticipation Warrant

On November 15, 2007, the unit was issued a \$400,000 Tax Anticipation Warrant to be repaid within the next year.

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plates	School Safe Haven	Early Intervention
Receipts:						
Local sources	\$ 3,202	\$ 226,891	\$ 162,439	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	506	-	-
State sources	21,921	4,606	5,985	-	-	31,000
Federal sources	-	83,506	-	-	-	-
Sale of property, adjustments and refunds	-	1,520	-	-	-	-
Total receipts	<u>25,123</u>	<u>316,523</u>	<u>168,424</u>	<u>506</u>	<u>-</u>	<u>31,000</u>
Disbursements:						
Current:						
Instruction	24,497	-	-	-	3,679	23,640
Support services	-	336,119	195,360	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>24,497</u>	<u>336,119</u>	<u>195,360</u>	<u>-</u>	<u>3,679</u>	<u>23,640</u>
Excess (deficiency) of receipts over disbursements	<u>626</u>	<u>(19,596)</u>	<u>(26,936)</u>	<u>506</u>	<u>(3,679)</u>	<u>7,360</u>
Other financing sources:						
Transfers in	-	-	4,625	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	626	(19,596)	(22,311)	506	(3,679)	7,360
Cash and investments - beginning	<u>24,047</u>	<u>(19,964)</u>	<u>21,692</u>	<u>4,960</u>	<u>3,679</u>	<u>227</u>
Cash and investments - ending	<u>\$ 24,673</u>	<u>\$ (39,560)</u>	<u>\$ (619)</u>	<u>\$ 5,466</u>	<u>\$ -</u>	<u>\$ 7,587</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 24,673</u>	<u>\$ (39,560)</u>	<u>\$ (619)</u>	<u>\$ 5,466</u>	<u>\$ -</u>	<u>\$ 7,587</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 24,673</u>	<u>\$ (39,560)</u>	<u>\$ (619)</u>	<u>\$ 5,466</u>	<u>\$ -</u>	<u>\$ 7,587</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 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)

	Indiana Next Leadership Training	Instruction Support	Career Majors	Computer Consortium Advancements	Scholarships and Awards	Technology Equipment Grants
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	12,160	17,416	42,203	88	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	12,160	17,416	42,203	88	-
Disbursements:						
Current:						
Instruction	-	11,307	17,416	-	-	-
Support services	-	-	-	47,653	-	60,400
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	11,307	17,416	47,653	-	60,400
Excess (deficiency) of receipts over disbursements	-	853	-	(5,450)	88	(60,400)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	853	-	(5,450)	88	(60,400)
Cash and investments - beginning	2	751	-	5,450	97	60,400
Cash and investments - ending	<u>\$ 2</u>	<u>\$ 1,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 2</u>	<u>\$ 1,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 2</u>	<u>\$ 1,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Innovative Education Program Strategies 2004-2005	Innovative Education Program Strategies 2005-2006	Drug Free Schools 2003-2004	Drug Free Schools 2004-2005
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	4,000	31,026	4,082	2,824	-	3,536
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>4,000</u>	<u>31,026</u>	<u>4,082</u>	<u>2,824</u>	<u>-</u>	<u>3,536</u>
Disbursements:						
Current:						
Instruction	4,575	36,880	-	-	1,114	1,156
Support services	1,109	202	3,783	2,418	-	-
Community services	-	418	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>5,684</u>	<u>37,500</u>	<u>3,783</u>	<u>2,418</u>	<u>1,114</u>	<u>1,156</u>
Excess (deficiency) of receipts over disbursements	<u>(1,684)</u>	<u>(6,474)</u>	<u>299</u>	<u>406</u>	<u>(1,114)</u>	<u>2,380</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,684)</u>	<u>(6,474)</u>	<u>299</u>	<u>406</u>	<u>(1,114)</u>	<u>2,380</u>
Cash and investments - beginning	<u>1,684</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>1,114</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (6,474)</u>	<u>\$ 346</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 2,380</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ (6,474)</u>	<u>\$ 346</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 2,380</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ (6,474)</u>	<u>\$ 346</u>	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 2,380</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 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)

	Class Size Reduction	Improving Teacher Quality 2004-2005	Improving Teacher Quality 2005-2006	Pension Bond	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 84,012	\$ 476,544
Intermediate sources	-	-	-	-	506
State sources	-	-	-	-	135,379
Federal sources	-	38,207	1,041	-	168,222
Sale of property, adjustments and refunds	-	-	-	-	1,520
Total receipts	-	38,207	1,041	84,012	782,171
Disbursements:					
Current:					
Instruction	-	7,387	500	-	132,151
Support services	-	249	-	-	647,293
Community services	-	-	-	-	418
Debt services	-	-	-	105,554	105,554
Total disbursements	-	7,636	500	105,554	885,416
Excess (deficiency) of receipts over disbursements	-	30,571	541	(21,542)	(103,245)
Other financing sources:					
Transfers in	-	-	-	-	4,625
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	30,571	541	(21,542)	(98,620)
Cash and investments - beginning	160	8,810	1	(33,505)	79,652
Cash and investments - ending	<u>\$ 160</u>	<u>\$ 39,381</u>	<u>\$ 542</u>	<u>\$ (55,047)</u>	<u>\$ (18,968)</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 160</u>	<u>\$ 39,381</u>	<u>\$ 542</u>	<u>\$ (55,047)</u>	<u>\$ (18,968)</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 160</u>	<u>\$ 39,381</u>	<u>\$ 542</u>	<u>\$ (55,047)</u>	<u>\$ (18,968)</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plates	Early Intervention	Indiana Next Leadership Training	Instruction Support
Receipts:							
Local sources	\$ 4,626	\$ 243,259	\$ 171,144	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	844	-	-	-
State sources	34,813	5,183	11,996	-	5,950	-	12,160
Federal sources	-	87,871	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	27	-	-	-	-	-
Total receipts	39,439	336,340	183,140	844	5,950	-	12,160
Disbursements:							
Current:							
Instruction	35,173	-	-	-	13,536	-	13,263
Support services	-	351,328	173,097	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	35,173	351,328	173,097	-	13,536	-	13,263
Excess (deficiency) of receipts over disbursements	4,266	(14,988)	10,043	844	(7,586)	-	(1,103)
Other financing sources:							
Transfers out	(3,256)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,010	(14,988)	10,043	844	(7,586)	-	(1,103)
Cash and investments - beginning	24,673	(39,560)	(619)	5,466	7,587	2	1,604
Cash and investments - ending	<u>\$ 25,683</u>	<u>\$ (54,548)</u>	<u>\$ 9,424</u>	<u>\$ 6,310</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 501</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 25,683</u>	<u>\$ (54,548)</u>	<u>\$ 9,424</u>	<u>\$ 6,310</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 501</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 25,683</u>	<u>\$ (54,548)</u>	<u>\$ 9,424</u>	<u>\$ 6,310</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 501</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 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)

	Career Majors	Scholarships and Awards	Title I 2006-2007	Title I 2005-2006	Innovative Education Program Strategies 2004-2005	Innovative Education Program Strategies 2005-2006	Innovative Education Program Strategies 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	23,782	-	-	-	-	-	-
Federal sources	-	-	27,697	4,500	-	-	1,383
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	23,782	-	27,697	4,500	-	-	1,383
Disbursements:							
Current:							
Instruction	1,500	-	25,391	(1,974)	-	-	-
Support services	-	-	-	-	346	406	1,221
Community services	-	-	83	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	1,500	-	25,474	(1,974)	346	406	1,221
Excess (deficiency) of receipts over disbursements	22,282	-	2,223	6,474	(346)	(406)	162
Other financing sources:							
Transfers out	(22,282)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,223	6,474	(346)	(406)	162
Cash and investments - beginning	-	185	-	(6,474)	346	406	-
Cash and investments - ending	\$ -	\$ 185	\$ 2,223	\$ -	\$ -	\$ -	\$ 162
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 185	\$ 2,223	\$ -	\$ -	\$ -	\$ 162
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 185	\$ 2,223	\$ -	\$ -	\$ -	\$ 162

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 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)

	Drug Free Schools 2004-2005	Class Size Reduction	Improving Teacher Quality 2004-2005	Improving Teacher Quality 2005-2006	Pension Bond	Common School Construction	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 136,006	\$ -	\$ 555,035
Intermediate sources	-	-	-	-	-	-	844
State sources	-	-	-	-	-	-	93,884
Federal sources	-	-	27,258	812	-	-	149,521
Bonds and loans	-	-	-	-	-	550,919	550,919
Sale of property, adjustments and refunds	-	-	-	-	-	-	27
Total receipts	-	-	27,258	812	136,006	550,919	1,350,230
Disbursements:							
Current:							
Instruction	2,380	-	33,441	654	-	-	123,364
Support services	-	-	3,698	-	-	542,734	1,072,830
Community services	-	-	-	-	-	-	83
Debt services	-	-	-	-	129,206	-	129,206
Total disbursements	2,380	-	37,139	654	129,206	542,734	1,325,483
Excess (deficiency) of receipts over disbursements	(2,380)	-	(9,881)	158	6,800	8,185	24,747
Other financing sources:							
Transfers out	-	-	-	-	-	-	(25,538)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,380)	-	(9,881)	158	6,800	8,185	(791)
Cash and investments - beginning	2,380	160	39,381	542	(55,047)	-	(18,968)
Cash and investments - ending	\$ -	\$ 160	\$ 29,500	\$ 700	\$ (48,247)	\$ 8,185	\$ (19,759)
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 160	\$ 29,500	\$ 700	\$ (48,247)	\$ 8,185	\$ (19,759)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 160	\$ 29,500	\$ 700	\$ (48,247)	\$ 8,185	\$ (19,759)

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
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	\$ 355,110
Buildings	33,730,485
Improvements other than buildings	2,548,999
Machinery and equipment	<u>3,722,227</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 40,356,821</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Bus Lease	\$ 14,666	\$ 15,329
Bus Lease	10,834	11,323
High School Lease	11,170,000	866,388
Notes and loans payable	22,148,710	5,218,517
Bonds payable:		
General obligation bonds:		
Pension Bonds	1,355,000	128,214
Total governmental activities debt	<u>\$ 34,699,210</u>	<u>\$ 6,239,771</u>

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The following lists the funds which had overdrawn cash balances:

<u>Fund Name</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>
Transportation Operating	\$ 14,249	\$ -
Capital Projects	9,657	-
School Bus Replacement	29,405	-
School Lunch	39,560	54,548
Textbook Rental	619	-
Title I 2005-2006	6,474	-
Pension Bond	55,047	48,247

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

RECEIPT ISSUANCE

Receipts were not always issued when funds were received but were issued the day after the deposit was made. A similar comment appeared in the prior Reports B22444 and B26814.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS

Vendor invoices are processed for payment in the month received and approved for payment by the School Board the following month. Checks are written in the month the invoices are approved by the School Board. However, the computer system allows the checks to be back dated to the previous month in which the vendor invoices were processed which also causes checks to be written out of sequential order.

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

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
EXAMINATION RESULTS AND COMMENTS
(Continued)

SCHOOL LUNCH RECORDS

The annual financial reports are due July 30 following each school year. The annual financial report due July 30, 2006, was not submitted until March 27, 2007, and the report due July 30, 2007, has not been submitted as of January 17, 2008.

The Indiana Department of Education (IDOE) requires that the monthly reimbursement claims be submitted no more than sixty days after the end of the month in which payment could have been made; otherwise, payment will not be made. Six of the eighteen reimbursement claims filed during our examination period, were submitted later than sixty days; however, the IDOE still reimbursed the School Corporation for those claims. Also the reimbursement for the February 2005 claim has not been received despite the filing for an extension due to late submission.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSITS

The Middle and High School textbook rental receipts were deposited from 10 to 31 days after receipt issuance and the Elementary textbook rental receipts were held for 7 to 14 days before being deposited. The High School textbook rental receipts were not all designated cash or check.

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

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

ECA EDUCATIONAL FEES (Applies to Hebron Elementary)

Educational fees were received by the Extra-Curricular Treasurer for recorders, headphones, and special projects that were not remitted to the School Corporation office.

Indiana Code 20-5-3-1(c) concerning duties of the School Corporation Treasurer, states in part: "The treasurer shall be the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
EXAMINATION RESULTS AND COMMENTS
(Continued)

DISBURSEMENT DOCUMENTATION (Applies to Hebron Elementary)

Twenty-three percent of claims examined were missing supporting documentation.

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)

METROPOLITAN SCHOOL DISTRICT OF BOONE TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2008, with Beverly Hinder, Treasurer; George Letz, Superintendent of Schools; and Richard D. Bell, President of the School Board. The officials concurred with our findings.