

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

AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF DECATUR TOWNSHIP
MARION COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED
05/29/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Assistant Superintendent of Schools	Dr. Jeffrey S. Baer	07-01-05 to 06-30-08
Superintendent of Schools	Donald H. Stinson	07-01-05 to 06-30-08
President of the School Board	Judith A. Collins Cathy J. Wiseman Donald L. Huffman	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

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

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

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF DECATUR TOWNSHIP, MARION 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 Decatur Township (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 April 22, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, 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 Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of 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

April 22, 2008



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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

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 DECATUR TOWNSHIP, MARION 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 Decatur Township (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 April 22, 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.

We noted certain matters that we reported to management in a separate letter dated April 22, 2008.

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

April 22, 2008

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 19,565,192	\$ 143,949	\$ 228,038	\$ (19,193,205)
Support services	31,436,974	1,403,798	1,445,220	(28,587,956)
Community services	735,742	-	-	(735,742)
Nonprogrammed charges	2,521,577	-	-	(2,521,577)
Debt service	<u>12,521,499</u>	<u>-</u>	<u>-</u>	<u>(12,521,499)</u>
Total governmental activities	<u>\$ 66,780,984</u>	<u>\$ 1,547,747</u>	<u>\$ 1,673,258</u>	<u>(63,559,979)</u>
General receipts:				
Property taxes				19,667,871
Other local sources				2,590,052
State aid				25,061,803
Loans				6,565,000
Grants and contributions not restricted to specific programs				7,166,836
Sale of property, adjustments, and refunds				1,004,416
Investment earnings				<u>433,582</u>
Total general receipts				<u>62,489,560</u>
Change in net assets				(1,070,419)
Net assets - beginning				<u>12,055,876</u>
Net assets - ending				<u>\$ 10,985,457</u>
<u>Assets</u>				
Cash and investments				\$ 9,032,194
Restricted assets:				
Cash and investments				<u>1,953,263</u>
Total assets				<u>\$ 10,985,457</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,953,263
Unrestricted				<u>9,032,194</u>
Total net assets				<u>\$ 10,985,457</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 20,186,474	\$ 141,292	\$ 132,431	\$ (19,912,751)
Support services	34,959,047	1,562,063	1,613,158	(31,783,826)
Community services	728,848	-	-	(728,848)
Nonprogrammed charges	2,868,164	-	-	(2,868,164)
Debt service	<u>25,545,218</u>	<u>-</u>	<u>-</u>	<u>(25,545,218)</u>
Total governmental activities	<u>\$ 84,287,751</u>	<u>\$ 1,703,355</u>	<u>\$ 1,745,589</u>	<u>(80,838,807)</u>
General receipts:				
Property taxes				11,561,272
Other local sources				2,620,673
State aid				26,742,035
Loans and leases				32,537,017
Grants and contributions not restricted to specific programs				7,814,580
Sale of property, adjustments, and refunds				662,697
Investment earnings				<u>631,293</u>
Total general receipts				<u>82,569,567</u>
Change in net assets				1,730,760
Net assets - beginning				<u>10,985,457</u>
Net assets - ending				<u>\$ 12,716,217</u>
<u>Assets</u>				
Cash and investments				\$ 16,727,503
Restricted assets:				
Cash and investments				<u>(4,011,286)</u>
Total assets				<u>\$ 12,716,217</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (4,011,286)
Unrestricted				<u>16,727,503</u>
Total net assets				<u>\$ 12,716,217</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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	Rainy Day	School Lunch	Debt Service
Receipts:					
Local sources	\$ 8,637,100	\$ 1,817,254	\$ 450,787	\$ 1,191,314	\$ 6,337,431
State sources	28,979,182	1,763,118	-	26,842	-
Federal sources	-	-	-	1,316,870	-
Sale of property, adjustments and refunds	122,511	47,689	163,857	140	801
Total receipts	37,738,793	3,628,061	614,644	2,535,166	6,338,232
Disbursements:					
Current:					
Instruction	18,139,970	-	-	-	-
Support services	17,078,564	3,605,711	1,027,272	2,432,304	-
Community services	732,959	-	-	-	-
Nonprogrammed charges	2,406,296	-	64,015	-	-
Debt services	5,065,000	-	-	-	5,680,841
Total disbursements	43,422,789	3,605,711	1,091,287	2,432,304	5,680,841
Excess (deficiency) of receipts over disbursements	(5,683,996)	22,350	(476,643)	102,862	657,391
Other financing sources (uses):					
Loans	5,065,000	-	-	-	500,000
Transfers in	445,026	-	600,000	-	-
Transfers out	(147,969)	-	-	-	(600,000)
Total other financing sources (uses)	5,362,057	-	600,000	-	(100,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(321,939)	22,350	123,357	102,862	557,391
Cash and investments - beginning	5,358,154	(383,794)	536,095	149,579	989,711
Cash and investments - ending	\$ 5,036,215	\$ (361,444)	\$ 659,452	\$ 252,441	\$ 1,547,102
Cash and Investment Assets - Ending					
Cash and investments	\$ 5,036,215	\$ (361,444)	\$ 659,452	\$ 252,441	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	1,547,102
Total cash and investment assets - ending	\$ 5,036,215	\$ (361,444)	\$ 659,452	\$ 252,441	\$ 1,547,102
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,547,102
Unrestricted	5,036,215	(361,444)	659,452	252,441	-
Total cash and investment fund balance - ending	\$ 5,036,215	\$ (361,444)	\$ 659,452	\$ 252,441	\$ 1,547,102

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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
(Continued)

	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:					
Local sources	\$ 3,559,784	\$ 981,792	\$ -	\$ 1,263,789	\$ 24,239,251
State sources	-	-	-	451,395	31,220,537
Federal sources	-	-	-	1,364,491	2,681,361
Sale of property, adjustments and refunds	<u>256,125</u>	<u>-</u>	<u>-</u>	<u>413,293</u>	<u>1,004,416</u>
Total receipts	<u>3,815,909</u>	<u>981,792</u>	<u>-</u>	<u>3,492,968</u>	<u>59,145,565</u>
Disbursements:					
Current:					
Instruction	-	-	-	1,425,222	19,565,192
Support services	4,761,825	929,907	2,360	1,599,031	31,436,974
Community services	-	-	-	2,783	735,742
Nonprogrammed charges	6,872	-	-	44,394	2,521,577
Debt services	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>775,658</u>	<u>12,521,499</u>
Total disbursements	<u>5,768,697</u>	<u>929,907</u>	<u>2,360</u>	<u>3,847,088</u>	<u>66,780,984</u>
Excess (deficiency) of receipts over disbursements	<u>(1,952,788)</u>	<u>51,885</u>	<u>(2,360)</u>	<u>(354,120)</u>	<u>(7,635,419)</u>
Other financing sources (uses):					
Loans	1,000,000	-	-	-	6,565,000
Transfers in	-	-	-	391,125	1,436,151
Transfers out	<u>(278,987)</u>	<u>-</u>	<u>-</u>	<u>(409,195)</u>	<u>(1,436,151)</u>
Total other financing sources (uses)	<u>721,013</u>	<u>-</u>	<u>-</u>	<u>(18,070)</u>	<u>6,565,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,231,775)</u>	<u>51,885</u>	<u>(2,360)</u>	<u>(372,190)</u>	<u>(1,070,419)</u>
Cash and investments - beginning	<u>2,957,484</u>	<u>1,244,662</u>	<u>2,360</u>	<u>1,201,625</u>	<u>12,055,876</u>
Cash and investments - ending	<u>\$ 1,725,709</u>	<u>\$ 1,296,547</u>	<u>\$ -</u>	<u>\$ 829,435</u>	<u>\$ 10,985,457</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1,725,709	\$ 1,296,547	\$ -	\$ 423,274	\$ 9,032,194
Restricted assets:					
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,161</u>	<u>1,953,263</u>
Total cash and investment assets - ending	<u>\$ 1,725,709</u>	<u>\$ 1,296,547</u>	<u>\$ -</u>	<u>\$ 829,435</u>	<u>\$ 10,985,457</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 406,161	\$ 1,953,263
Unrestricted	<u>1,725,709</u>	<u>1,296,547</u>	<u>-</u>	<u>423,274</u>	<u>9,032,194</u>
Total cash and investment fund balance - ending	<u>\$ 1,725,709</u>	<u>\$ 1,296,547</u>	<u>\$ -</u>	<u>\$ 829,435</u>	<u>\$ 10,985,457</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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

	<u>General</u>	<u>Transportation Operating</u>	<u>Rainy Day</u>	<u>School Lunch</u>	<u>Debt Service</u>
Receipts:					
Local sources	\$ 6,742,547	\$ 1,031,818	\$ -	\$ 1,289,523	\$ 3,580,812
State sources	31,184,695	1,121,283	-	26,104	-
Federal sources	9,458	-	-	1,340,916	-
Sale of property, adjustments and refunds	<u>188,836</u>	<u>57,011</u>	<u>149,562</u>	<u>63</u>	<u>1,275</u>
Total receipts	<u>38,125,536</u>	<u>2,210,112</u>	<u>149,562</u>	<u>2,656,606</u>	<u>3,582,087</u>
Disbursements:					
Current:					
Instruction	19,207,291	-	-	-	-
Support services	18,231,165	3,923,156	1,401,107	2,677,158	-
Community services	719,887	-	-	-	-
Nonprogrammed charges	2,455,665	-	300,000	-	-
Debt services	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,690,405</u>
Total disbursements	<u>45,614,008</u>	<u>3,923,156</u>	<u>1,701,107</u>	<u>2,677,158</u>	<u>8,690,405</u>
Excess (deficiency) of receipts over disbursements	<u>(7,488,472)</u>	<u>(1,713,044)</u>	<u>(1,551,545)</u>	<u>(20,552)</u>	<u>(5,108,318)</u>
Other financing sources (uses):					
Lease proceeds	-	-	-	-	-
Loans	8,500,000	-	-	-	500,000
Interfund loans in	-	-	-	-	-
Interfund loans out	-	-	-	-	-
Transfers in	128,817	234,060	785,076	-	269,869
Transfers out	<u>(6,918)</u>	<u>-</u>	<u>(269,869)</u>	<u>-</u>	<u>(834,060)</u>
Total other financing sources (uses)	<u>8,621,899</u>	<u>234,060</u>	<u>515,207</u>	<u>-</u>	<u>(64,191)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,133,427	(1,478,984)	(1,036,338)	(20,552)	(5,172,509)
Cash and investments - beginning	<u>5,036,215</u>	<u>(361,444)</u>	<u>659,452</u>	<u>252,441</u>	<u>1,547,102</u>
Cash and investments - ending	<u>\$ 6,169,642</u>	<u>\$ (1,840,428)</u>	<u>\$ (376,886)</u>	<u>\$ 231,889</u>	<u>\$ (3,625,407)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 6,169,642	\$ (1,840,428)	\$ (376,886)	\$ 231,889	\$ -
Restricted assets:					
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,625,407)</u>
Total cash and investment assets - ending	<u>\$ 6,169,642</u>	<u>\$ (1,840,428)</u>	<u>\$ (376,886)</u>	<u>\$ 231,889</u>	<u>\$ (3,625,407)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ (3,625,407)
Unrestricted	<u>6,169,642</u>	<u>(1,840,428)</u>	<u>(376,886)</u>	<u>231,889</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 6,169,642</u>	<u>\$ (1,840,428)</u>	<u>\$ (376,886)</u>	<u>\$ 231,889</u>	<u>\$ (3,625,407)</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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
(Continued)

	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:					
Local sources	\$ 1,863,661	\$ 599,119	\$ 251,065	\$ 1,158,048	\$ 16,516,593
State sources	-	574,686	-	536,492	33,443,260
Federal sources	-	-	-	1,508,570	2,858,944
Sale of property, adjustments and refunds	78,468	-	-	187,482	662,697
Total receipts	<u>1,942,129</u>	<u>1,173,805</u>	<u>251,065</u>	<u>3,390,592</u>	<u>53,481,494</u>
Disbursements:					
Current:					
Instruction	-	-	-	979,183	20,186,474
Support services	4,663,482	1,180,421	1,132,446	1,750,112	34,959,047
Community services	-	-	-	8,961	728,848
Nonprogrammed charges	6,978	-	-	105,521	2,868,164
Debt services	1,000,000	-	10,080,000	774,813	25,545,218
Total disbursements	<u>5,670,460</u>	<u>1,180,421</u>	<u>11,212,446</u>	<u>3,618,590</u>	<u>84,287,751</u>
Excess (deficiency) of receipts over disbursements	<u>(3,728,331)</u>	<u>(6,616)</u>	<u>(10,961,381)</u>	<u>(227,998)</u>	<u>(30,806,257)</u>
Other financing sources (uses):					
Lease proceeds	-	-	22,537,017	-	22,537,017
Loans	1,000,000	-	-	-	10,000,000
Interfund loans in	-	979,144	979,144	-	1,958,288
Interfund loans out	-	(979,144)	(979,144)	-	(1,958,288)
Transfers in	251,787	-	-	71,446	1,741,055
Transfers out	(128,817)	-	-	(501,391)	(1,741,055)
Total other financing sources (uses)	<u>1,122,970</u>	<u>-</u>	<u>22,537,017</u>	<u>(429,945)</u>	<u>32,537,017</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,605,361)</u>	<u>(6,616)</u>	<u>11,575,636</u>	<u>(657,943)</u>	<u>1,730,760</u>
Cash and investments - beginning	<u>1,725,709</u>	<u>1,296,547</u>	<u>-</u>	<u>829,435</u>	<u>10,985,457</u>
Cash and investments - ending	<u>\$ (879,652)</u>	<u>\$ 1,289,931</u>	<u>\$ 11,575,636</u>	<u>\$ 171,492</u>	<u>\$ 12,716,217</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (879,652)	\$ 1,289,931	\$ 11,575,636	\$ 557,371	\$ 16,727,503
Restricted assets:					
Cash and investments	-	-	-	(385,879)	(4,011,286)
Total cash and investment assets - ending	<u>\$ (879,652)</u>	<u>\$ 1,289,931</u>	<u>\$ 11,575,636</u>	<u>\$ 171,492</u>	<u>\$ 12,716,217</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (385,879)	\$ (4,011,286)
Unrestricted	<u>(879,652)</u>	<u>1,289,931</u>	<u>11,575,636</u>	<u>557,371</u>	<u>16,727,503</u>
Total cash and investment fund balance - ending	<u>\$ (879,652)</u>	<u>\$ 1,289,931</u>	<u>\$ 11,575,636</u>	<u>\$ 171,492</u>	<u>\$ 12,716,217</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 409,759
Deductions:		
Benefits	375,715	-
Administrative and general	<u>-</u>	<u>323,703</u>
Total deductions	<u>375,715</u>	<u>323,703</u>
Excess (deficiency) of total additions over total deductions	(375,715)	86,056
Cash and investment fund balance - beginning	<u>375,715</u>	<u>(468,330)</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (382,274)</u>
Net assets:		
Cash and investments	<u>\$ -</u>	<u>\$ (382,274)</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ (382,274)</u>

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 248,674	
Deductions:		
Administrative and general	265,594	
Deficiency of total additions over total deductions	(16,920)	
Cash and investment fund balance - beginning	(382,274)	
Cash and investment fund balance - ending	<u>\$ (399,194)</u>	
Net assets:		
Cash and investments	\$ (399,194)	\$ 4,853
Total net assets - cash and investment basis held in trust	<u>\$ (399,194)</u>	<u>\$ 4,853</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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 Decatur Township

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

Joint Ventures

The School Corporation is a participant with Franklin Township Community School Corporation, School City of Beech Grove, and Metropolitan School District (MSD) of Perry Township in a joint venture to operate the Relating Individualism to Special Education (RISE) Learning Center which was created to provide special education for handicapped children. The School Corporation is obligated to remit funding based upon participation levels annually to supplement the RISE Learning Center. Complete financial statements for RISE Learning Center can be obtained from MSD Perry Township at 6548 Orinoco Ave, Indianapolis, Indiana, 46227.

The School Corporation is a participant with several other School Corporations in a joint venture to operate the Central Indiana Educational Services Center (CIESC) which was created to provide certain programs and services for participating school districts. The CIESC's continued existence depends on continued funding by the School Corporations. In order to participate in the CIESC, each school district is billed an amount based on each school district's student population. Complete financial statements for the CIESC can be obtained from their office at 6321 Lapas Trail, Indianapolis, Indiana, 46268.

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 equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

The school lunch fund is used to account for receipts and disbursements for the food service program.

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 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 the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit students and provide scholarships to students.

Agency funds account for assets held by the School Corporation as an agent for the federal government, state government, and various employee insurance companies.

C. Measurement Focus and Basis of Accounting

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected. However, a delay in the approval of the taxable property assessments resulted in May 2007 tax bills not being issued until November 2007. This caused a significant decrease in receipts from local sources/property taxes for the year 2006-2007.

3. Compensated Absences

a. Sick Leave

Noncertified employees earn sick leave at the rate of 9 to 12 days per year based on the number of months of service. Certified employees earn sick leave at the rate of 1 to 12 days per year based on the number of months of service. Unused sick leave may be

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

accumulated indefinitely. Accumulated sick leave is paid to employees through cash payments at the rate of 33% upon retirement if the employee has worked the last 10 years for the School Corporation and has met the PERF retirement criteria. Accumulated sick leave is not paid to employees upon separation except as stated for retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 25 days. Vacation leave in excess of 25 days is converted to sick leave. Accumulated vacation leave is paid to employees in good standing upon separation.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 1 to 3 days per year. Unused personal leave may be accumulated to a maximum of 4 days. Personal leave in excess of 4 days is converted to sick leave. Accumulated personal leave is not paid to employees upon separation.

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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
2. 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.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied 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 DECATUR TOWNSHIP
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 and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2005 and 2006, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2005	2006
General	\$ -	\$ 188,692
Transportation Operating	539,487	1,121,124
Rainy Day	311,915	763,388
Capital Projects	630,016	265,612
Pension Bond Debt	-	16,912
Totals	<u>\$ 1,481,418</u>	<u>\$ 2,355,728</u>

C. 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
Transportation Operating	\$ 361,444	\$ 1,840,428
Rainy Day	-	376,886
Debt Service	-	3,625,407
Capital Projects	-	879,652
Textbook Rental	749,901	758,841
Alternative Education	3,400	278
IU Reimbursable Grant	6,918	-
Gifted and Talented FY05/06	87	-
Early Childhood Center Preschool	22,194	55,382
Recycled Tire Grant	-	31,617
GQE Remediation Grant	992	-
Pension Bond Debt	-	385,879
Challenger Learning Center	376,667	434,520
Decatur Discovery Academy	48,765	-
Foundation Grants	10,631	18,886
Payroll Clearing	-	4,853

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.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation did not have investments.

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 DECATUR TOWNSHIP
 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 has a formal investment policy for custodial credit risk for investments.

B. Interfund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>2006</u>	<u>2007</u>
General Fund	Capital Projects Funds	\$ 278,987	\$ 128,817
	Other governmental funds	166,039	-
Transportation Operating Fund	Debt Service Fund	-	234,060
Rainy Day Fund	Debt Service Fund	600,000	600,000
	Other governmental funds	-	185,076
Debt Service Fund	Rainy Day Fund	-	269,869
Capital Projects Fund	Other governmental funds	-	251,787
Other governmental funds	General Fund	147,969	6,918
	Other governmental funds	243,156	64,528
Totals		<u>\$ 1,436,151</u>	<u>\$ 1,741,055</u>

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents

During 1992, the School Corporation joined together with other governmental entities to form the Hoosier School Benefit Trust, a public entity risk pool currently operating as a common risk management and insurance program for five member governmental entities. The purpose of the

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$10,000,000 per insured event.

B. Holding Corporations

The School Corporation has entered into a capital lease with the Decatur Township Marion County Middle School Building Corporation and the Decatur Township Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2006 and 2007, totaled \$4,008,199 and \$7,426,189, respectively.

C. Subsequent Events

On July 13, 2007, the School Corporation issued \$10,200,000 in tax anticipation warrants. This increased the amount issued in 2007 to a total of \$20,200,000 of which \$16,700,000 was repaid on December 31, 2007, and the remaining \$3,500,000 on January 31, 2008. On January 30, 2008, the School Corporation issued \$23,355,874 in tax anticipation warrants and the entire amount is currently outstanding.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment medical and dental benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 60 with at least 15 years of service, or age 55 to 59 where age plus years of service equals 85. Currently, 26 retirees meet these eligibility requirements. The School Corporation and retirees provide 86% and 100% and 14% and 0%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the years ended June 30, 2006 and 2007, disbursements of \$117,536 and \$124,677, respectively, were recognized for post-employment benefits.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 437,575
Interest on net pension obligation	(46,850)
Adjustment to annual required contribution	53,389
Annual pension cost	444,114
Contributions made	456,057
Increase in net pension obligation	(11,943)
Net pension obligation, beginning of year	(646,200)
Net pension obligation, end of year	\$ (658,143)
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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 302,741	129%	\$ (558,185)
	06-30-05	339,919	126%	(646,200)
	06-30-06	444,114	103%	(658,143)

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and 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 \$1,292,759, \$1,468,954, and \$1,607,857, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 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	\$ 5,912,024	\$ 6,197,962	\$ (285,938)	95%	\$ 5,960,373	(5%)
07-01-05	6,252,413	7,235,930	(983,517)	86%	6,661,953	(15%)
07-01-06	6,982,275	7,800,757	(818,482)	90%	7,238,507	(11%)

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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	Textbook Rental	Alternative Education	Early Intervention	Enhancing Security	Pepsi Donations	Autism Grant
Receipts:							
Local sources	\$ 28,738	\$ 231,908	\$ -	\$ -	\$ -	\$ 13,000	\$ -
State sources	157,194	101,509	9,684	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	3,213	-	-	-	-	-
Total receipts	<u>185,932</u>	<u>336,630</u>	<u>9,684</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	214,250	-	22,984	6,479	-	-	2,687
Support services	-	612,965	-	-	1,523	18,383	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	25,084	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>239,334</u>	<u>612,965</u>	<u>22,984</u>	<u>6,479</u>	<u>1,523</u>	<u>18,383</u>	<u>2,687</u>
Excess (deficiency) of receipts over disbursements	<u>(53,402)</u>	<u>(276,335)</u>	<u>(13,300)</u>	<u>(6,479)</u>	<u>(1,523)</u>	<u>(5,383)</u>	<u>(2,687)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	1,523	-	-
Transfers out	(166,039)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(166,039)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,523</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(219,441)</u>	<u>(276,335)</u>	<u>(13,300)</u>	<u>(6,479)</u>	<u>-</u>	<u>(5,383)</u>	<u>(2,687)</u>
Cash and investments - beginning	<u>283,021</u>	<u>(473,566)</u>	<u>9,900</u>	<u>6,479</u>	<u>-</u>	<u>18,108</u>	<u>2,687</u>
Cash and investments - ending	<u>\$ 63,580</u>	<u>\$ (749,901)</u>	<u>\$ (3,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,725</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 63,580	\$ (749,901)	\$ (3,400)	\$ -	\$ -	\$ 12,725	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 63,580</u>	<u>\$ (749,901)</u>	<u>\$ (3,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,725</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	63,580	(749,901)	(3,400)	-	-	12,725	-
Total cash and investment fund balance - ending	<u>\$ 63,580</u>	<u>\$ (749,901)</u>	<u>\$ (3,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,725</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Lily Grant	Remediation Grant	IU Reimbursable Grant	Gifted and Talented FY04/05	Gifted and Talented FY05/06	Professional Development Grant FY04/05	Professional Development Grant FY05/06
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	92,071	-	-	20,852	-	68,639
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	65	-	-	-	-	-	-
Total receipts	65	92,071	-	-	20,852	-	68,639
Disbursements:							
Current:							
Instruction	39,545	56,147	-	5,018	20,100	834	-
Support services	141,465	2,037	6,918	-	839	33,210	30,039
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	181,010	58,184	6,918	5,018	20,939	34,044	30,039
Excess (deficiency) of receipts over disbursements	(180,945)	33,887	(6,918)	(5,018)	(87)	(34,044)	38,600
Other financing sources (uses):							
Transfers in	-	58,184	-	-	-	34,044	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	58,184	-	-	-	34,044	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(180,945)	92,071	(6,918)	(5,018)	(87)	-	38,600
Cash and investments - beginning	529,200	-	-	5,018	-	-	-
Cash and investments - ending	\$ 348,255	\$ 92,071	\$ (6,918)	\$ -	\$ (87)	\$ -	\$ 38,600
Cash and Investment Assets - Ending							
Cash and investments	\$ 348,255	\$ 92,071	\$ (6,918)	\$ -	\$ (87)	\$ -	\$ 38,600
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 348,255	\$ 92,071	\$ (6,918)	\$ -	\$ (87)	\$ -	\$ 38,600
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	348,255	92,071	(6,918)	-	(87)	-	38,600
Total cash and investment fund balance - ending	\$ 348,255	\$ 92,071	\$ (6,918)	\$ -	\$ (87)	\$ -	\$ 38,600

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Early Childhood Center Preschool	Non-English Speaking Program	School Technology	Technology Plan Grant	Indiana Mathematics Initiative Grant	Indiana Mathematics Initiative Grant II
Receipts:						
Local sources	\$ 143,949	\$ -	\$ 67,220	\$ -	\$ -	\$ -
State sources	-	1,446	-	-	-	-
Federal sources	-	11,517	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>143,949</u>	<u>12,963</u>	<u>67,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	154,105	9,787	-	-	-	-
Support services	17,230	3,607	74,740	13,125	-	2,776
Community services	-	120	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>171,335</u>	<u>13,514</u>	<u>74,740</u>	<u>13,125</u>	<u>-</u>	<u>2,776</u>
Excess (deficiency) of receipts over disbursements	<u>(27,386)</u>	<u>(551)</u>	<u>(7,520)</u>	<u>(13,125)</u>	<u>-</u>	<u>(2,776)</u>
Other financing sources (uses):						
Transfers in	5,192	-	-	-	42	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(22,194)</u>	<u>(551)</u>	<u>(7,520)</u>	<u>(13,125)</u>	<u>42</u>	<u>(2,776)</u>
Cash and investments - beginning	-	867	82,567	13,125	(42)	7,629
Cash and investments - ending	<u>\$ (22,194)</u>	<u>\$ 316</u>	<u>\$ 75,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (22,194)	\$ 316	\$ 75,047	\$ -	\$ -	\$ 4,853
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (22,194)</u>	<u>\$ 316</u>	<u>\$ 75,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(22,194)</u>	<u>316</u>	<u>75,047</u>	<u>-</u>	<u>-</u>	<u>4,853</u>
Total cash and investment fund balance - ending	<u>\$ (22,194)</u>	<u>\$ 316</u>	<u>\$ 75,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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 Mathematics Initiative - EM Grant	GQE Remediation Grant	Refund of Insurance	Liability Insurance Claims	Title I FY05/06 and FY06/07	Title I FY04/05
Receipts:						
Local sources	\$ -	\$ -	\$ 197	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	696,612	89,000
Sale of property, adjustments and refunds	-	-	-	34,100	200	-
Total receipts	-	-	197	34,100	696,812	89,000
Disbursements:						
Current:						
Instruction	-	35,003	15	-	453,367	194,295
Support services	1,446	-	36,609	27,404	225,537	51,833
Community services	-	-	-	-	1,381	184
Nonprogrammed charges	-	-	-	-	8,025	-
Debt services	-	-	-	-	-	-
Total disbursements	1,446	35,003	36,624	27,404	688,310	246,312
Excess (deficiency) of receipts over disbursements	(1,446)	(35,003)	(36,427)	6,696	8,502	(157,312)
Other financing sources (uses):						
Transfers in	-	34,011	-	-	74,281	-
Transfers out	-	-	-	-	-	(74,281)
Total other financing sources (uses)	-	34,011	-	-	74,281	(74,281)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,446)	(992)	(36,427)	6,696	82,783	(231,593)
Cash and investments - beginning	6,750	-	351,922	14,030	-	231,593
Cash and investments - ending	<u>\$ 5,304</u>	<u>\$ (992)</u>	<u>\$ 315,495</u>	<u>\$ 20,726</u>	<u>\$ 82,783</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,304	\$ (992)	\$ 315,495	\$ 20,726	\$ 82,783	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 5,304</u>	<u>\$ (992)</u>	<u>\$ 315,495</u>	<u>\$ 20,726</u>	<u>\$ 82,783</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,304	(992)	315,495	20,726	82,783	-
Total cash and investment fund balance - ending	<u>\$ 5,304</u>	<u>\$ (992)</u>	<u>\$ 315,495</u>	<u>\$ 20,726</u>	<u>\$ 82,783</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	CSR Grant	Drug Free Schools	Title II Eisenhower Professional Development	Title III Educate Indiana	Title III, Part A Improving Teachers	Enhancing Education Through Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	192,700	28,698	-	-	161,893	39,672
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>192,700</u>	<u>28,698</u>	<u>-</u>	<u>-</u>	<u>161,893</u>	<u>39,672</u>
Disbursements:						
Current:						
Instruction	4,775	-	-	-	128,000	-
Support services	107,209	28,698	-	-	19,281	-
Community services	873	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>112,857</u>	<u>28,698</u>	<u>-</u>	<u>-</u>	<u>147,281</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>79,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,612</u>	<u>39,672</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(6,901)	(161,974)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,901)</u>	<u>(161,974)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>79,843</u>	<u>-</u>	<u>-</u>	<u>(6,901)</u>	<u>(147,362)</u>	<u>39,672</u>
Cash and investments - beginning	-	-	6,451	6,901	161,974	-
Cash and investments - ending	<u>\$ 79,843</u>	<u>\$ -</u>	<u>\$ 6,451</u>	<u>\$ -</u>	<u>\$ 14,612</u>	<u>\$ 39,672</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 79,843	\$ -	\$ 6,451	\$ -	\$ 14,612	\$ 39,672
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 79,843</u>	<u>\$ -</u>	<u>\$ 6,451</u>	<u>\$ -</u>	<u>\$ 14,612</u>	<u>\$ 39,672</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>79,843</u>	<u>-</u>	<u>6,451</u>	<u>-</u>	<u>14,612</u>	<u>39,672</u>
Total cash and investment fund balance - ending	<u>\$ 79,843</u>	<u>\$ -</u>	<u>\$ 6,451</u>	<u>\$ -</u>	<u>\$ 14,612</u>	<u>\$ 39,672</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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 II Improving Teachers	Title III English Proficiency	Reading First Part B	No Child Left Behind	Pension Bond Debt	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 778,777	\$ 1,263,789
State sources	-	-	-	-	-	451,395
Federal sources	-	-	36,557	107,842	-	1,364,491
Sale of property, adjustments and refunds	-	-	-	-	375,715	413,293
Total receipts	<u>-</u>	<u>-</u>	<u>36,557</u>	<u>107,842</u>	<u>1,154,492</u>	<u>3,492,968</u>
Disbursements:						
Current:						
Instruction	38,980	6,297	12,976	19,578	-	1,425,222
Support services	30,332	114	36,220	75,491	-	1,599,031
Community services	-	-	225	-	-	2,783
Nonprogrammed charges	-	-	4,945	6,340	-	44,394
Debt services	-	-	-	-	775,658	775,658
Total disbursements	<u>69,312</u>	<u>6,411</u>	<u>54,366</u>	<u>101,409</u>	<u>775,658</u>	<u>3,847,088</u>
Excess (deficiency) of receipts over disbursements	<u>(69,312)</u>	<u>(6,411)</u>	<u>(17,809)</u>	<u>6,433</u>	<u>378,834</u>	<u>(354,120)</u>
Other financing sources (uses):						
Transfers in	161,974	6,901	-	-	14,973	391,125
Transfers out	-	-	-	-	-	(409,195)
Total other financing sources (uses)	<u>161,974</u>	<u>6,901</u>	<u>-</u>	<u>-</u>	<u>14,973</u>	<u>(18,070)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	92,662	490	(17,809)	6,433	393,807	(372,190)
Cash and investments - beginning	<u>(92,662)</u>	<u>(490)</u>	<u>17,809</u>	<u>-</u>	<u>12,354</u>	<u>1,201,625</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,433</u>	<u>\$ 406,161</u>	<u>\$ 829,435</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 6,433	\$ -	\$ 423,274
Restricted assets:						
Cash and investments	-	-	-	-	406,161	406,161
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,433</u>	<u>\$ 406,161</u>	<u>\$ 829,435</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 406,161	\$ 406,161
Unrestricted	-	-	-	6,433	-	423,274
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,433</u>	<u>\$ 406,161</u>	<u>\$ 829,435</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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	Textbook Rental	Alternative Education	Collection Development Grant	Early Intervention	Pepsi Donations
Receipts:						
Local sources	\$ 15,800	\$ 244,625	\$ -	\$ 5,000	\$ -	\$ 13,000
State sources	166,635	103,294	30,348	-	21,800	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	15,817	-	-	1,934	-
Total receipts	182,435	363,736	30,348	5,000	23,734	13,000
Disbursements:						
Current:						
Instruction	16,593	-	27,226	-	20,013	-
Support services	-	372,676	-	4,156	3,721	12,725
Community services	-	-	-	-	-	-
Nonprogrammed charges	100,000	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	116,593	372,676	27,226	4,156	23,734	12,725
Excess (deficiency) of receipts over disbursements	65,842	(8,940)	3,122	844	-	275
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	65,842	(8,940)	3,122	844	-	275
Cash and investments - beginning	63,580	(749,901)	(3,400)	-	-	12,725
Cash and investments - ending	<u>\$ 129,422</u>	<u>\$ (758,841)</u>	<u>\$ (278)</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 13,000</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 129,422	\$ (758,841)	\$ (278)	\$ 844	\$ -	\$ 13,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 129,422</u>	<u>\$ (758,841)</u>	<u>\$ (278)</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 13,000</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>129,422</u>	<u>(758,841)</u>	<u>(278)</u>	<u>844</u>	<u>-</u>	<u>13,000</u>
Total cash and investment fund balance - ending	<u>\$ 129,422</u>	<u>\$ (758,841)</u>	<u>\$ (278)</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 13,000</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Lily Grant	Remediation Grant	IU Reimbursable Grant	Gifted and Talented FY06/07	Gifted and Talented FY05/06	Professional Development Grant FY05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	49,643	-	20,852	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	105	-	-	-	-	250
Total receipts	105	49,643	-	20,852	-	250
Disbursements:						
Current:						
Instruction	-	54,805	-	12,787	-	-
Support services	161,954	-	-	-	-	38,046
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	161,954	54,805	-	12,787	-	38,046
Excess (deficiency) of receipts over disbursements	(161,849)	(5,162)	-	8,065	-	(37,796)
Other financing sources (uses):						
Transfers in	-	-	6,918	-	87	-
Transfers out	-	(28,427)	-	(87)	-	-
Total other financing sources (uses)	-	(28,427)	6,918	(87)	87	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(161,849)	(33,589)	6,918	7,978	87	(37,796)
Cash and investments - beginning	348,255	92,071	(6,918)	-	(87)	38,600
Cash and investments - ending	\$ 186,406	\$ 58,482	\$ -	\$ 7,978	\$ -	\$ 804
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 186,406	\$ 58,482	\$ -	\$ 7,978	\$ -	\$ 804
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 186,406	\$ 58,482	\$ -	\$ 7,978	\$ -	\$ 804
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	186,406	58,482	-	7,978	-	804
Total cash and investment fund balance - ending	\$ 186,406	\$ 58,482	\$ -	\$ 7,978	\$ -	\$ 804

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Professional Development Grant FY06/07	Early Childhood Center Preschool	Non-English Speaking Program	School Technology	NGA Early College Grant	Building Trades School
Receipts:						
Local sources	\$ -	\$ 141,292	\$ -	\$ 135,321	\$ -	\$ 40,000
State sources	67,845	-	1,075	-	50,000	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	50	-	-	-	-
Total receipts	67,845	141,342	1,075	135,321	50,000	40,000
Disbursements:						
Current:						
Instruction	-	154,415	16	-	-	-
Support services	18,632	20,115	1,375	141,781	5,337	15,351
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	18,632	174,530	1,391	141,781	5,337	15,351
Excess (deficiency) of receipts over disbursements	49,213	(33,188)	(316)	(6,460)	44,663	24,649
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,213	(33,188)	(316)	(6,460)	44,663	24,649
Cash and investments - beginning	-	(22,194)	316	75,047	-	-
Cash and investments - ending	\$ 49,213	\$ (55,382)	\$ -	\$ 68,587	\$ 44,663	\$ 24,649
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 49,213	\$ (55,382)	\$ -	\$ 68,587	\$ 44,663	\$ 24,649
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 49,213	\$ (55,382)	\$ -	\$ 68,587	\$ 44,663	\$ 24,649
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	49,213	(55,382)	-	68,587	44,663	24,649
Total cash and investment fund balance - ending	\$ 49,213	\$ (55,382)	\$ -	\$ 68,587	\$ 44,663	\$ 24,649

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Indiana Mathematics Initiative Grant	Indiana Mathematics Initiative Grant II	Recycled Tire Grant	Indiana Mathematics Initiative - EM Grant	GQE Remediation Grant	Refund of Insurance
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,473
State sources	25,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	750	-	-	-
Total receipts	25,000	-	750	-	-	80,473
Disbursements:						
Current:						
Instruction	-	-	32,367	-	27,435	37
Support services	18,865	-	-	1,155	-	43,034
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	18,865	-	32,367	1,155	27,435	43,071
Excess (deficiency) of receipts over disbursements	6,135	-	(31,617)	(1,155)	(27,435)	37,402
Other financing sources (uses):						
Transfers in	-	-	-	-	28,427	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	28,427	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,135	-	(31,617)	(1,155)	992	37,402
Cash and investments - beginning	-	4,853	-	5,304	(992)	315,495
Cash and investments - ending	<u>\$ 6,135</u>	<u>\$ 4,853</u>	<u>\$ (31,617)</u>	<u>\$ 4,149</u>	<u>\$ -</u>	<u>\$ 352,897</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 6,135	\$ 4,853	\$ (31,617)	\$ 4,149	\$ -	\$ 352,897
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,135</u>	<u>\$ 4,853</u>	<u>\$ (31,617)</u>	<u>\$ 4,149</u>	<u>\$ -</u>	<u>\$ 352,897</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,135	4,853	(31,617)	4,149	-	352,897
Total cash and investment fund balance - ending	<u>\$ 6,135</u>	<u>\$ 4,853</u>	<u>\$ (31,617)</u>	<u>\$ 4,149</u>	<u>\$ -</u>	<u>\$ 352,897</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Liability Insurance Claims	Title I FY05/06 and FY06/07	School Improvement	CSR Grant	Title V FY05/06	Title V Part A
Receipts:						
Local sources	\$ 2,059	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	900,914	65,569	173,150	10,294	20,258
Sale of property, adjustments and refunds	168,513	63	-	-	-	-
Total receipts	170,572	900,977	65,569	173,150	10,294	20,258
Disbursements:						
Current:						
Instruction	-	569,296	-	19,295	10,294	-
Support services	159,830	300,176	13,707	80,540	-	4,885
Community services	-	8,546	-	415	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	159,830	878,018	13,707	100,250	10,294	4,885
Excess (deficiency) of receipts over disbursements	10,742	22,959	51,862	72,900	-	15,373
Other financing sources (uses):						
Transfers in	-	-	-	-	-	10,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	10,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,742	22,959	51,862	72,900	-	25,373
Cash and investments - beginning	20,726	82,783	-	79,843	-	-
Cash and investments - ending	\$ 31,468	\$ 105,742	\$ 51,862	\$ 152,743	\$ -	\$ 25,373
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 31,468	\$ 105,742	\$ 51,862	\$ 152,743	\$ -	\$ 25,373
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 31,468	\$ 105,742	\$ 51,862	\$ 152,743	\$ -	\$ 25,373
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31,468	105,742	51,862	152,743	-	25,373
Total cash and investment fund balance - ending	\$ 31,468	\$ 105,742	\$ 51,862	\$ 152,743	\$ -	\$ 25,373

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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	Title II Eisenhower Professional Development	Title III, Part A Improving Teachers	Enhancing Education Through Technology	Title II Improving Teachers
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	22,686	-	159,624	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	22,686	-	159,624	-	-
Disbursements:					
Current:					
Instruction	-	-	-	-	-
Support services	22,686	1,563	148,222	18,282	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	22,686	1,563	148,222	18,282	-
Excess (deficiency) of receipts over disbursements	-	(1,563)	11,402	(18,282)	-
Other financing sources (uses):					
Transfers in	-	-	-	-	26,014
Transfers out	-	-	(26,014)	(10,000)	-
Total other financing sources (uses)	-	-	(26,014)	(10,000)	26,014
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,563)	(14,612)	(28,282)	26,014
Cash and investments - beginning	-	6,451	14,612	39,672	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ -</u>	<u>\$ 11,390</u>	<u>\$ 26,014</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 4,888	\$ -	\$ 11,390	\$ 26,014
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ -</u>	<u>\$ 11,390</u>	<u>\$ 26,014</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,888	-	11,390	26,014
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 4,888</u>	<u>\$ -</u>	<u>\$ 11,390</u>	<u>\$ 26,014</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR 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)

	Title III English Proficiency	No Child Left Behind	Pension Bond Debt	Southwest Pavilion	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 419,636	\$ 60,842	\$ 1,158,048
State sources	-	-	-	-	536,492
Federal sources	23,697	132,378	-	-	1,508,570
Sale of property, adjustments and refunds	-	-	-	-	187,482
Total receipts	<u>23,697</u>	<u>132,378</u>	<u>419,636</u>	<u>60,842</u>	<u>3,390,592</u>
Disbursements:					
Current:					
Instruction	14,023	20,581	-	-	979,183
Support services	8,961	99,014	-	33,323	1,750,112
Community services	-	-	-	-	8,961
Nonprogrammed charges	-	5,521	-	-	105,521
Debt services	-	-	774,813	-	774,813
Total disbursements	<u>22,984</u>	<u>125,116</u>	<u>774,813</u>	<u>33,323</u>	<u>3,618,590</u>
Excess (deficiency) of receipts over disbursements	<u>713</u>	<u>7,262</u>	<u>(355,177)</u>	<u>27,519</u>	<u>(227,998)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	71,446
Transfers out	-	-	(436,863)	-	(501,391)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(436,863)</u>	<u>-</u>	<u>(429,945)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	713	7,262	(792,040)	27,519	(657,943)
Cash and investments - beginning	-	6,433	406,161	-	829,435
Cash and investments - ending	<u>\$ 713</u>	<u>\$ 13,695</u>	<u>\$ (385,879)</u>	<u>\$ 27,519</u>	<u>\$ 171,492</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 713	\$ 13,695	\$ -	\$ 27,519	\$ 557,371
Restricted assets:					
Cash and investments	-	-	(385,879)	-	(385,879)
Total cash and investment assets - ending	<u>\$ 713</u>	<u>\$ 13,695</u>	<u>\$ (385,879)</u>	<u>\$ 27,519</u>	<u>\$ 171,492</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ (385,879)	\$ -	\$ (385,879)
Unrestricted	<u>713</u>	<u>13,695</u>	<u>-</u>	<u>27,519</u>	<u>557,371</u>
Total cash and investment fund balance - ending	<u>\$ 713</u>	<u>\$ 13,695</u>	<u>\$ (385,879)</u>	<u>\$ 27,519</u>	<u>\$ 171,492</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	High School Library Grant	High School Media Center Tech Tools	High School Media Center Collection Development	Challenger Learning Center	Decatur Discovery Academy	Lions Club Grant Intermediate	Chris Evans Scholarship	Robert Moore Memorial
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ 8,000	\$ 378,710	\$ -	\$ -	\$ -	\$ -
Deductions:								
Administrative and general	-	5	6,897	266,100	14,582	2,500	-	2,554
Excess (deficiency) of total additions over total deductions	-	(5)	1,103	112,610	(14,582)	(2,500)	-	(2,554)
Cash and investment fund balance - beginning	13	5	(71)	(489,277)	(34,183)	2,500	1,004	2,596
Cash and investment fund balance - ending	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 1,032</u>	<u>\$ (376,667)</u>	<u>\$ (48,765)</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 42</u>
Net assets:								
Cash and investments	\$ 13	\$ -	\$ 1,032	\$ (376,667)	\$ (48,765)	\$ -	\$ 1,004	\$ 42
Total net assets - cash and investment basis held in trust	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 1,032</u>	<u>\$ (376,667)</u>	<u>\$ (48,765)</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 42</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Eugene Smith Scholarship	Exploratory Teaching Scholarship	Foundation Grants	Lumina Grant - Middle School	Lumina Foundation For Education	Gates Small High School Initiative	Retirement Banquet Donations	Totals
Additions:								
Contributions:								
Other	\$ 6,500	\$ -	\$ 4,321	\$ 15	\$ 10,213	\$ -	\$ 2,000	\$ 409,759
Deductions:								
Administrative and general	2,250	-	14,952	1,895	9,426	42	2,500	323,703
Excess (deficiency) of total additions over total deductions	4,250	-	(10,631)	(1,880)	787	(42)	(500)	86,056
Cash and investment fund balance - beginning	41,066	639	-	2,024	3,312	42	2,000	(468,330)
Cash and investment fund balance - ending	<u>\$ 45,316</u>	<u>\$ 639</u>	<u>\$ (10,631)</u>	<u>\$ 144</u>	<u>\$ 4,099</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ (382,274)</u>
Net assets:								
Cash and investments	\$ 45,316	\$ 639	\$ (10,631)	\$ 144	\$ 4,099	\$ -	\$ 1,500	\$ (382,274)
Total net assets - cash and investment basis held in trust	<u>\$ 45,316</u>	<u>\$ 639</u>	<u>\$ (10,631)</u>	<u>\$ 144</u>	<u>\$ 4,099</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ (382,274)</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	High School Library Grant	High School Media Center Collection Development	Challenger Learning Center	Decatur Discovery Academy	Chris Evans Scholarship	Robert Moore Memorial	Eugene Smith Scholarship
Additions:							
Contributions:							
Other	\$ -	\$ 13	\$ 163,103	\$ 48,765	\$ -	\$ -	\$ 6,546
Deductions:							
Administrative and general	13	1,045	220,956	-	-	-	5,546
Excess (deficiency) of total additions over total deductions	(13)	(1,032)	(57,853)	48,765	-	-	1,000
Cash and investment fund balance - beginning	13	1,032	(376,667)	(48,765)	1,004	42	45,316
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (434,520)</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 42</u>	<u>\$ 46,316</u>
Net assets:							
Cash and investments	\$ -	\$ -	\$ (434,520)	\$ -	\$ 1,004	\$ 42	\$ 46,316
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (434,520)</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 42</u>	<u>\$ 46,316</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Exploratory Teaching Scholarship	Foundation Grants	Lumina Grant - Middle School	Lumina Foundation For Education	Retirement Banquet Donations	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 19,187	\$ -	\$ 10,060	\$ 1,000	\$ 248,674
Deductions:						
Administrative and general	-	27,442	144	9,151	1,297	265,594
Excess (deficiency) of total additions over total deductions	-	(8,255)	(144)	909	(297)	(16,920)
Cash and investment fund balance - beginning	639	(10,631)	144	4,099	1,500	(382,274)
Cash and investment fund balance - ending	<u>\$ 639</u>	<u>\$ (18,886)</u>	<u>\$ -</u>	<u>\$ 5,008</u>	<u>\$ 1,203</u>	<u>\$ (399,194)</u>
Net assets:						
Cash and investments	\$ 639	\$ (18,886)	\$ -	\$ 5,008	\$ 1,203	\$ (399,194)
Total net assets - cash and investment basis held in trust	<u>\$ 639</u>	<u>\$ (18,886)</u>	<u>\$ -</u>	<u>\$ 5,008</u>	<u>\$ 1,203</u>	<u>\$ (399,194)</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 As of August 31, 2005

Capital assets were last inventoried as of August 31, 2005. No Capital Asset activity has been recorded since then therefore no current amounts are available.

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	\$ 5,115,030
Buildings	154,822,168
Improvements other than buildings	3,842,952
Machinery and equipment	<u>15,328,295</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 179,108,445</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The School Corporation has entered into the following long-term debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
RISE Interlocal	\$ 153,342	\$ 106,758
Decatur Middle School Phase I	3,990,000	764,250
Decatur Middle School Phase II & Technology Infrastructure	11,452,349	1,345,223
Decatur Central High School and Renovation	142,235,000	7,378,500
Southwest Pavilion	2,345,000	581,838
Notes and loans payable:		
Decatur Middle School Phase II (Common School Loan A0420)	1,110,147	113,688
Decatur Central High School (Common School Loan A0425)	3,083,333	322,000
Bonds payable:		
General obligation bonds:		
Pension, Bonds 2004	<u>6,790,000</u>	<u>776,159</u>
Total governmental activities long-term debt	<u>\$ 171,159,171</u>	<u>\$ 11,388,416</u>

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The Decatur Township Multi-School Building Corporation paid \$21,415,061 to the School Corporation in 2006. The funds were directly deposited into a Construction Trust Account on behalf of the School Corporation. The Construction Fund was omitted from the School Corporation's records and the Form 9 report to the Indiana Department of Education. The trust account balance at June 30, 2007, was \$11,586,126. The trust account activity has been incorporated into the financial statements.

Several funds within the School Corporation's records were combined with the General Fund in the Form 9 report to the Indiana Department of Education.

Numerous corrections and adjustments were made in the records by use of negative entries.

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

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

School Corporation:

June 30, 2006: The Transportation Operating, Textbook Rental, Alternative Education, Early Childhood Center Preschool, Challenger Learning Center, Decatur Discover Academy, and Foundation Grants Funds were overdrawn.

June 30, 2007: The Transportation Operating, Debt Service, Capital Projects, Rainy Day, Textbook Rental, Alternative Education, Early Childhood Center Preschool, Pension Bond Debt, Recycled Tire Grant, Challenger Learning Center, Foundation Grants, and Payroll Clearing Funds were overdrawn.

Extra-Curricular Accounts:

Lynwood Elementary School

June 30, 2006 and 2007: The Lilly Grant - Brosseau Fund was overdrawn by \$119.

June 30, 2007: The Fundraiser Fund was overdrawn by \$1,293.

Decatur Intermediate School - Blue Academy

June 30, 2006: The Student Council Fund and Dollars for Scholars Fund were overdrawn by \$223 and \$12, respectively.

June 30, 2007: The Champions Fund, Staff Flowers Fund, Yearbook Fund, and Art Fund were overdrawn by \$111, \$45, \$65, and \$16, respectively.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

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) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CAPITAL PROJECTS FUND - IMPROPER EXPENDITURES

The Custodial Director's salaries for FY05/06 and FY06/07 were paid from the Capital Projects Fund.

Indiana Code 20-40-8-16 states:

"(a) For purposes of this section, maintenance does not include janitorial or comparable routine services normally provided in the daily operation of the facilities or equipment.

(b) Subject to this section, money in the fund may be used to pay for services of school corporation employees who are:

- (1) bricklayers;
- (2) stone masons;
- (3) cement masons;
- (4) tile setters;
- (5) glaziers;
- (6) insulation workers;
- (7) asbestos removers;
- (8) painters;
- (9) paperhangers;
- (10) drywall applicators and tapers;
- (11) plasterers;
- (12) pipe fitters;
- (13) roofers;
- (14) structural and steel workers;
- (15) metal building assemblers;
- (16) heating and air conditioning installers;
- (17) welders;
- (18) carpenters;
- (19) electricians; or
- (20) plumbers;

as these occupations are defined in the United States Department of Labor, Employment and Training Administration, Dictionary of Occupational Titles, Fourth Edition, Revised 1991.

(c) Payment may be made under this section for employee services described in subsection (b) only if:

- (1) the employees perform:
 - (A) construction of;
 - (B) renovation of;
 - (C) remodeling of;
 - (D) repair of; or
 - (E) maintenance on;

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 AUDIT RESULTS AND COMMENTS
 (Continued)

the facilities and equipment specified in sections 10 and 11 of this chapter;

- (2) the total of all annual salaries and benefits paid by the school corporation to employees described in this section is at least six hundred thousand dollars (\$600,000); and
- (3) the payment of the employees described in this section is included as part of the school corporation's proposed plan.

(d) The number of employees covered by this section is limited to the number of employee positions described in this section that existed in the school corporation on January 1, 1993."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	2005	2006
General	\$ -	\$ 188,692
Transportation Operating	539,487	1,121,124
Rainy Day	311,915	763,388
Capital Projects	630,016	265,612
Pension Bond Debt	-	16,912

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSET RECORDS

The recording and accounting procedures for the financial activities related to capital assets are insufficient. The records presented for audit were compiled by an outside valuation company and were created after a physical inventory was performed. The inventory records were as of August 31, 2005. No other capital asset accounting records were presented for audit. A similar comment appeared in the prior Reports B23706 and B27957.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARD POLICY

The School Corporation is using credit cards in some instances to purchase items without an adequate approved credit card policy. A written credit card policy exists but does not specify the individuals authorized to use credit cards, the types of expenses which can be paid, and the internal control system over the credit cards. A similar comment appeared in the prior Reports B23706 and B27957.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DISBURSEMENTS

Several payments were not supported by evidence that goods or services were received and the majority were not certified by the fiscal officer. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TRAVEL EXPENSES

Records presented for audit included claims for travel related expenses paid for with a School Corporation credit card. Detailed documentation was not attached to the information presented for payment in all cases.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TEXTBOOK RENTAL CHARGES

The School Corporation uses the cost of the textbook, plus an additional 15% of that cost for shipping and handling, multiplied by the 25% allowable charge per year in calculating the textbook rental charges. However, the actual shipping and handling costs were less than the charged amount of 15%.

Indiana Code 20-26-12-2 states in part: "The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks."

Therefore, we are of the audit position that up to twenty-five (25%) percent of the retail price of a textbook may be collected annually (which could include actual shipping and handling) for each year of the original six year adoption period. (The School Administrator and Uniform Compliance Guidelines, Volume 145, March 1999)

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

STUDENT FEES

The School Corporation, at the time of charging and collecting textbook rental fees, requires other student fees to be paid including, but not limited to, a Community Fee (content area magazines, school pencils, presentation and group work project materials), a Technology Fee (compact discs), a Project Fee (used by teachers to purchase materials, i.e., ingredients for cooking activities, consumable items for science projects and special craft supplies), a Supplies Fee (construction paper, glue, paint, etc.) and an Activity Fee (student handbook, portfolio folders and spring conferences). The School Corporation Officials could not always provide documentation to verify students actually received consumable goods or services equal to the fee charged.

The Constitution of the State of Indiana, Article 8, Section 1 states: "Knowledge and learning, generally diffused throughout a community, being essential to the preservation of a free government; it shall be the duty of the General Assembly to encourage, by all suitable means, moral, intellectual, scientific, and agricultural improvement; and to provide, by law, for a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all."

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROVAL OF FORMS

The School Corporation's computer generated form titled "Daily Fee Payments" through RDS Software is utilized for the receipt of student fees but the form has not been approved for use in lieu of prescribed form "Official Receipt - Individual Textbook Rental List" (Form TBR-2).

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

REAL PROPERTY PURCHASES

The School Corporation purchased four real estate properties during the audit period but did not comply with Indiana Code 36-1-10.5-5 or Indiana Code 36-1-10.5-6. The School Corporation purchased the Southwest Pavilion Office Building for \$3,345,000, the Transportation Building for \$6,475,961, the 7900 Camby Road property for \$458,000, and the 4637 Yuma Drive property for \$39,643. There were no appraisals presented for the Southwest Pavilion Office Building and the Transportation Building and only one appraisal each presented for the 7900 Camby Road and 4637 Yuma Drive properties. Also, the \$458,000 purchase price for the 7900 Camby Road property exceeded the fair market value price of \$325,000 according to the single appraisal.

Indiana Code 36-1-10.5-5 states in part: "(2) The purchasing agent shall appoint two (2) appraisers to appraise the fair market value of land or structure. The appraisers must be professionally engaged in making appraisals. . . . (3) The appraisers shall return their separate appraisals to the purchasing agent within thirty (30) days after their appointment. The purchasing agent shall keep the appraisals on file . . . for five (5) years after they are given to the purchasing agent. (4) The purchasing agent shall give a copy of both appraisals to the fiscal body."

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-10.5-6 states: "A purchasing agent may not purchase any land or structure for a price greater than the average of the two (2) appraisals received under section 5 of this chapter."

LEASED PROPERTY

The School Corporation entered into a lease agreement with Mitchell Logistics Partners L.P. for the Decatur Discovery Academy. The original lease was signed by the Superintendent and was for a period of 127 months (10 years and 7 months). The School Corporation, in order to expand the Decatur Discovery Academy, paid \$584,460 in 2006 for the renovation of additional office space owned by Mitchell Logistics Partners L.P. The Renovation Agreement was signed by the Assistant Superintendent of Business. The subsequent lease amendment for the expanded Decatur Discovery Academy increased the term by another 12 months and also was signed by the Assistant Superintendent of Business. No documentation was provided regarding approval by the Department of Local Government Finance for the lease to exceed a term of 10 years.

Indiana Code 20-26-4-8 states:

"Notwithstanding any other law, the president and secretary of the governing body of a school corporation are entitled, on behalf of the school corporation, to sign any contract, including employment contracts and contracts for goods and services. However, each contract must be approved by a majority of all members of the governing body. In the absence of either the president or secretary of the governing body, the vice president is entitled to sign the contracts with the officer who is present."

Indiana Code 36-1-10-5 states in part:

"Notwithstanding sections 6, 12, 16, and 17 of this chapter, the following procedure shall be followed whenever a lease does not contain an option to purchase:

- (1) The term of the lease may not be longer than ten (10) years; however, a lease may be for a longer term if approved by the department of local government finance."

Indiana Code 36-1-10-10 states in part:

"(a) A lessor proposing to build, acquire, improve, remodel, or expand a structure for lease to a political subdivision or agency shall submit plans, specifications, and estimates to the leasing agent before executing a lease."

HONORS DIPLOMAS - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates honors diploma figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2005 and 2006.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 AUDIT RESULTS AND COMMENTS
 (Continued)

School Year	Honors Diplomas as reported on Form Number 30A	Actual Honors Diplomas Per School Records (Class of 04-05 Reported Fall of '05 Class of 05-06 Reported Fall of '06)	Difference
FY05/06	50	49	1
FY06/07	38	37	1

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)

COLLECTION OF AMOUNTS DUE (Applies to Extra-Curricular Accounts)

NSF checks have not been collected by the Schools as listed below:

School	Date Range	Amount Due
Lynwood Elementary	06-03-02 through 04-25-07	\$ 254.69
Stephen Decatur Elementary	04-30-01 through 03-22-07	1,094.83
West Newton Elementary	12-03-03 through 04-24-07	1,009.12
Decatur Intermediate – Blue Academy	03-21-07 through 06-30-07	122.46
Decatur Middle School	07-15-99 through 05-31-07	4,428.00
Decatur High School	12-02-02 through 05-16-07	2,091.65

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OLD OUTSTANDING CHECKS (Applies to Lynwood Elementary School)

Our review of the bank reconciliements as of May 31, 2007, revealed checks outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

RECEIPTS (Applies to Lynwood Elementary School)

Receipts were not classified to distinguish the amounts that were cash, check, M.O. etc. Some receipts could not be verified to the bank deposits because of incomplete information. Receipts were not always issued on the date of the transaction. The prescribed form, Receipt and Register of Receipts (Form SA-3), is not being used.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

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."

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 Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CONDITION OF RECORDS (Applies to Stephen Decatur Elementary School)

A nonprescribed fund ledger was maintained and receipts were not written for the period of November 2006 through February 2008. The Extra-Curricular Treasurer was not using prescribed forms, Extra-Curricular Ledger (Form SA-6) and Receipt and Register of Receipts (Form SA-3).

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 Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BANK ACCOUNT RECONCILIATIONS (Applies to Stephen Decatur Elementary School)

Depository reconciliations of the fund balances to the bank account balances were not in agreement by \$69.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

EXTRA-CURRICULAR ACCOUNT DEPOSITS (Applies to West Newton Elementary School)

Receipts were not always deposited within a reasonable time. Receipts in some instances were held for periods up to 10 days and accumulated to over \$1,654.63 before a deposit was made.

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE (Applies to Decatur Intermediate School - Blue Academy)

Receipts were not issued at time of the transaction. Receipts in most cases were written once a month.

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 Extra-Curricular Accounts, Chapter 7)

ATHLETIC DEPOSITS (Applies to Decatur Middle and Decatur Central High Schools)

Decatur Middle School

Collections from athletic events were not always deposited within a reasonable time. Athletic collections in some instances were held for periods in excess of eight days and accumulated to over \$5,507 before depositing.

Decatur Central High School

Collections from athletic events were not always deposited within a reasonable time. Athletic collections in some instances were held for periods in excess of eleven days and accumulated to over \$8,800 before depositing.

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

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

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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 DECATUR TOWNSHIP, MARION COUNTY, INDIANA

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

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

April 22, 2008

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY 05/06	\$ 224,280	\$ -
		FY 06/07	-	258,954
			<u>224,280</u>	<u>258,954</u>
Total for program			<u>224,280</u>	<u>258,954</u>
National School Lunch Program				
	10.555			
		FY 05/06	1,045,022	-
		FY 06/07	-	1,157,673
			<u>1,045,022</u>	<u>1,157,673</u>
Total for program			<u>1,045,022</u>	<u>1,157,673</u>
Summer Food Service Program for Children				
	10.559			
		FY 05/06	58,780	-
		FY 06/07	-	82,065
			<u>58,780</u>	<u>82,065</u>
Total for program			<u>58,780</u>	<u>82,065</u>
Total for cluster			<u>1,328,082</u>	<u>1,498,692</u>
Total for federal grantor agency			<u>1,328,082</u>	<u>1,498,692</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		FY 04/05	246,312	-
		FY 05/06	688,110	159,109
		FY 06/07	-	718,646
		FY 06/07	-	13,707
			<u>934,422</u>	<u>891,462</u>
Total for program			<u>934,422</u>	<u>891,462</u>
Safe and Drug Free Schools and Communities State Grants				
	84.186			
		FY 05/06	28,698	-
		FY 06/07	-	22,686
			<u>28,698</u>	<u>22,686</u>
Total for program			<u>28,698</u>	<u>22,686</u>
State Grants for Innovative Programs				
	84.298			
		FY 05/06	-	10,294
		FY 06/07	-	4,885
			<u>-</u>	<u>15,179</u>
Total for program			<u>-</u>	<u>15,179</u>
Education Technology State Grants				
	84.318			
		FY 04/05	-	1,563
		FY 05/06	-	18,282
			<u>-</u>	<u>19,845</u>
Total for program			<u>-</u>	<u>19,845</u>
Comprehensive School Reform Demonstration				
	84.332			
		FY 05/06	112,857	-
		FY 06/07	-	100,250
			<u>112,857</u>	<u>100,250</u>
Total for program			<u>112,857</u>	<u>100,250</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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 (continued)				
Reading First State Grants	84.357			
		FY 04/05	54,366	-
		FY 05/06	101,409	31,210
		FY 06/07	-	93,906
			<u>155,775</u>	<u>125,116</u>
Total for program				
English Language Acquisition Grants	84.365			
		FY 04/05	6,411	-
		FY 05/06	11,517	-
		FY 06/07	-	18,757
		FY 06/07	-	4,227
			<u>17,928</u>	<u>22,984</u>
Total for program				
Improving Teacher Quality State Grants	84.367			
		FY 04	69,312	-
		FY 05	147,281	14,612
		FY 06	-	133,610
			<u>216,593</u>	<u>148,222</u>
Total for program				
Total for federal grantor agency			<u>1,466,273</u>	<u>1,345,744</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance	97.036			
		FY 06/07	-	9,458
Total federal awards expended			<u>\$ 2,794,355</u>	<u>\$ 2,853,894</u>

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

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
 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 Decatur Township (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. 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
School Breakfast Program	10.553	\$ 20,200	\$ 29,026
National School Lunch Program	10.555	93,077	128,751

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
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
84.367	Child Nutrition Cluster Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

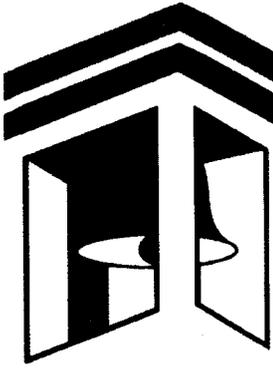
No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF DECATUR TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2008, with Dr. Jeffrey S. Baer, Treasurer/ Assistant Superintendent of Schools; Donald Stinson, Superintendent of Schools; and Debra Blessing, Deputy Treasurer. The official response has been made a part of this report and may be found on pages 68 through 70.



Metropolitan School District of Decatur Township

5275 Kentucky Avenue
Indianapolis, Indiana 46221

Phone: (317) 856-5265

Fax: (317) 856-2156

April 24, 2008

Indiana State Board of Accounts
302 West Washington Street, Room #E418
Indianapolis, Indiana 46204-2705

Re: Audit Summary Results and Comments
Audit Period: July 1, 2005 to June 30, 2007
MSD of Decatur Township

MSD of Decatur Township's response to the Exit interview of Tuesday April 22, 2008.

Item 1. Condition of Records:

- Responses: The balance of our safekeeping account will be incorporated into the school corporation's financial records and thus will be included in the next Form 9 (period ending June 30, 2008) and in reports necessary after that initial report
- This corporation's Fund Master Files have been changed so that all funds will be treated individually and there will be no combining of totals in the Form 9 future reports
- Corrections to records will be made in a timely manner to ensure adequate documentation and ensure that adequate documentation is available for paper trails.

Item 2.

Accounts will be maintained in balance while shortfalls of current distributions of tax monies are dealt with.

Item 3.

The form for "Daily Fee Payments" will be submitted to the Board of Accounts for review and approval while working with employees to ensure that forms used in lieu of prescribed forms are first approved by the State Board of Accounts.

Item 4.

All future purchases of land or property will follow prescribed requirements by the state Board of Accounts with respect to:

- Obtaining two (2) appraisals by appropriate appraisal firms.
- All files to be maintained that include these appraisals.
- Purchase of land or property will not occur for a price that exceeds the average of the two (2) appraisals
- In any future land or property purchases all Indiana codes will be complied with.

Item 5.

All Leases for land and/or property will be signed off on by the President of the current school board.

Item 6.

The office of the Custodial Director will be eliminated and replaced by an office entitled Director of Energy Management that will be appropriately paid from the corporation's Capital Projects Fund.

Item 7.

Staff will closely monitor all expenditures to ensure compliance with the appropriations approved by the DLGF and if necessary will do any added appropriations only after approval by the officers of DLGF.

Item 8.

The corporation's staff will work with an outside vendor to conduct any necessary change in our inventory on a bi-annual basis.

Current software will be reviewed to check for the capability of tracking the purchase of equipment to be added to the inventory total.

Item 9.

The staff of the Central Office's business management group will start immediately to work with others to develop a credit card use policy that will incorporate the eight (8) essentials from the audit team's response into a coherent policy for use by this corporation's employees when a credit card is necessary. This credit card use policy will ensure that employees of the Corporation understands their accountability to the school district.

Item 10.

The appropriate staff of the school district will work with all district department heads to ensure appropriate evidence of the receipt of goods and/or services are maintained in an appropriate manner.

Item 11.

The corporations's current policy on the collection of amounts due (ECA) was distributed in 2006. Copies will be forwarded to treasurers new to that position and also to those treasurers who have been here for some time. A copy of that policy is included with this letter.

Item 12.

School Corporation personnel will work with the High School personnel responsible for reporting the number of Honors Diplomas to the State and also with State personnel to correct any and all problems with this report.

Item 13.

We will work with building personnel to ensure that all deposits of school funds are done in a timely fashion. This must be done in a manner to ensure that neither monies nor personnel will be at risk.

Item 14.

Corporation business personnel will work with the building treasurers and building principals to ensure each State Board of Account audit comment is addressed by building personnel in an appropriate manner.

Item 15.

Textbook rental fees will be corrected to include real shipping costs instead of a percentage.

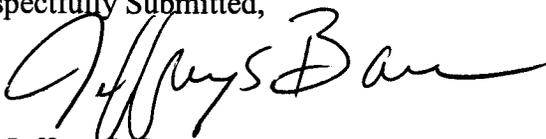
Item 16.

Student fees and their appropriate use and amounts will be discussed at length with building personnel.

Item 17.

Legal council will be brought into the discussion of leased property whereby a lease that exceeds the 10 year limit may be necessary

Respectfully Submitted,



Dr. Jeffrey S. Baer
Asst. Superintendent for Business
MSD of Decatur Township