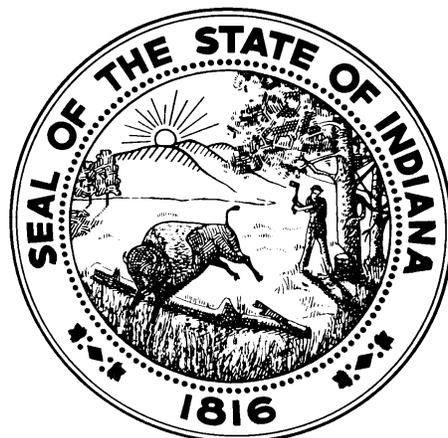


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

METROPOLITAN SCHOOL DISTRICT  
OF MOUNT VERNON  
POSEY COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

02/25/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary E. Buchanan	07-01-06 to 12-31-08
Superintendent of Schools	C. Keith Spurgeon	07-01-06 to 06-30-09
President of the School Board	Lucinda Bippus Jesse Montgomery Dennis Angel	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF MOUNT VERNON, POSEY 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 Mount Vernon (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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, 2007 and 2008, 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 December 18, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The 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

December 18, 2008



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF MOUNT VERNON, POSEY 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 Mount Vernon (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 18, 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.

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

STATE BOARD OF ACCOUNTS

December 18, 2008

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 14,811,742	\$ -	\$ 76,520	\$ (14,735,222)
Support services	11,670,727	787,539	394,277	(10,488,911)
Community services	251,226	-	-	(251,226)
Nonprogrammed charges	442,426	-	-	(442,426)
Debt service	7,407,174	-	-	(7,407,174)
Total governmental activities	\$ 34,583,295	\$ 787,539	\$ 470,797	(33,324,959)
General receipts:				
Property taxes				18,950,985
Other local sources				1,613,571
State aid				4,421,116
Bonds and loans				6,900,000
Grants and contributions not restricted to specific programs				1,754,591
Sale of property, adjustments, and refunds				145,109
Investment earnings				361,335
Total general receipts				34,146,707
Change in net assets				821,748
Net assets - beginning				8,812,993
Net assets - ending				\$ 9,634,741
<u>Assets</u>				
Cash and investments				\$ 7,160,940
Restricted assets:				
Cash and investments				2,473,801
Total assets				\$ 9,634,741
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,473,801
Unrestricted				7,160,940
Total net assets				\$ 9,634,741

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 14,144,619	\$ -	\$ 111,868	\$ (14,032,751)
Support services	12,684,302	784,030	419,380	(11,480,892)
Community services	263,279	-	-	(263,279)
Nonprogrammed charges	398,639	-	-	(398,639)
Debt service	17,110,146	-	-	(17,110,146)
Total governmental activities	\$ 44,600,985	\$ 784,030	\$ 531,248	(43,285,707)
General receipts:				
Property taxes				12,557,899
Other local sources				1,826,639
State aid				4,338,917
Bonds and loans				19,977,138
Grants and contributions not restricted to specific programs				1,740,837
Sale of property, adjustments, and refunds				2,059,556
Investment earnings				216,525
Total general receipts				42,717,511
Change in net assets				(568,196)
Net assets - beginning				9,634,741
Net assets - ending				\$ 9,066,545
 <u>Assets</u>				
Cash and investments				\$ 7,800,067
Restricted assets:				
Cash and investments				1,266,478
Total assets				\$ 9,066,545
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,266,478
Unrestricted				7,800,067
Total net assets				\$ 9,066,545

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 12,011,966	\$ 3,595,038	\$ 3,001,354	\$ 3,103,328	\$ 21,711,686
Intermediate sources	528	-	-	1,215	1,743
State sources	4,484,213	-	-	203,053	4,687,266
Federal sources	-	-	-	1,959,238	1,959,238
Bonds and loans	5,600,000	1,300,000	-	-	6,900,000
Sale of property, adjustments and refunds	89,934	-	571	54,605	145,110
Interfund loans	600,000	-	-	200,000	800,000
<b>Total receipts</b>	<b>22,786,641</b>	<b>4,895,038</b>	<b>3,001,925</b>	<b>5,521,439</b>	<b>36,205,043</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	13,611,266	-	-	1,200,476	14,811,742
Support services	5,212,649	-	3,172,593	3,285,485	11,670,727
Community services	246,846	-	-	4,380	251,226
Nonprogrammed charges	73,253	-	-	369,173	442,426
Debt services	2,527,905	4,184,286	-	694,983	7,407,174
Interfund loans	-	700,000	-	100,000	800,000
<b>Total disbursements</b>	<b>21,671,919</b>	<b>4,884,286</b>	<b>3,172,593</b>	<b>5,654,497</b>	<b>35,383,295</b>
Excess (deficiency) of receipts over disbursements	1,114,722	10,752	(170,668)	(133,058)	821,748
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	114,095	114,095
Transfers out	-	-	-	(114,095)	(114,095)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,114,722	10,752	(170,668)	(133,058)	821,748
Cash and investments - beginning	3,017,122	2,062,431	1,509,068	2,224,372	8,812,993
Cash and investments - ending	\$ 4,131,844	\$ 2,073,183	\$ 1,338,400	\$ 2,091,314	\$ 9,634,741
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 4,131,844	\$ -	\$ 1,338,400	\$ 1,690,696	\$ 7,160,940
Restricted assets:					
Cash and investments	-	2,073,183	-	400,618	2,473,801
<b>Total cash and investment assets - ending</b>	<b>\$ 4,131,844</b>	<b>\$ 2,073,183</b>	<b>\$ 1,338,400</b>	<b>\$ 2,091,314</b>	<b>\$ 9,634,741</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ 2,073,183	\$ -	\$ 400,618	\$ 2,473,801
Unrestricted	4,131,844	-	1,338,400	1,690,696	7,160,940
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,131,844</b>	<b>\$ 2,073,183</b>	<b>\$ 1,338,400</b>	<b>\$ 2,091,314</b>	<b>\$ 9,634,741</b>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
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, 2008

	General	Debt Service	Capital Projects	Construction	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 8,403,344	\$ 2,396,229	\$ 2,004,507	\$ 30,460	\$ 2,548,488	\$ 15,383,028
Intermediate sources	-	-	-	-	2,063	2,063
State sources	4,429,783	-	-	-	227,580	4,657,363
Federal sources	-	-	-	-	1,953,639	1,953,639
Bonds and loans	13,363,680	2,493,263	2,455,000	-	1,665,195	19,977,138
Sale of property, adjustments and refunds	31,583	-	750	1,955,000	72,225	2,059,558
Interfund loans	-	200,000	-	-	-	200,000
<b>Total receipts</b>	<u>26,228,390</u>	<u>5,089,492</u>	<u>4,460,257</u>	<u>1,985,460</u>	<u>6,469,190</u>	<u>44,232,789</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	12,974,101	-	-	-	1,170,518	14,144,619
Support services	6,173,873	-	2,992,336	-	3,518,093	12,684,302
Community services	262,897	-	-	-	382	263,279
Nonprogrammed charges	80,651	-	-	-	317,988	398,639
Debt services	7,600,000	6,230,759	1,845,000	-	1,434,387	17,110,146
Interfund loans	-	-	-	-	200,000	200,000
<b>Total disbursements</b>	<u>27,091,522</u>	<u>6,230,759</u>	<u>4,837,336</u>	<u>-</u>	<u>6,641,368</u>	<u>44,800,985</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(863,132)</u>	<u>(1,141,267)</u>	<u>(377,079)</u>	<u>1,985,460</u>	<u>(172,178)</u>	<u>(568,196)</u>
<b>Other financing sources (uses):</b>						
Transfers in	8,037	-	-	-	70,308	78,345
Transfers out	-	-	-	-	(78,345)	(78,345)
<b>Total other financing sources (uses)</b>	<u>8,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,037)</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(855,095)</u>	<u>(1,141,267)</u>	<u>(377,079)</u>	<u>1,985,460</u>	<u>(180,215)</u>	<u>(568,196)</u>
<b>Cash and investments - beginning</b>	<u>4,131,844</u>	<u>2,073,183</u>	<u>1,338,400</u>	<u>-</u>	<u>2,091,314</u>	<u>9,634,741</u>
<b>Cash and investments - ending</b>	<u>\$ 3,276,749</u>	<u>\$ 931,916</u>	<u>\$ 961,321</u>	<u>\$ 1,985,460</u>	<u>\$ 1,911,099</u>	<u>\$ 9,066,545</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,276,749	\$ -	\$ 961,321	\$ 1,985,460	\$ 1,576,537	\$ 7,800,067
Restricted assets:						
Cash and investments	-	931,916	-	-	334,562	1,266,478
<b>Total cash and investment assets - ending</b>	<u>\$ 3,276,749</u>	<u>\$ 931,916</u>	<u>\$ 961,321</u>	<u>\$ 1,985,460</u>	<u>\$ 1,911,099</u>	<u>\$ 9,066,545</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ 931,916	\$ -	\$ -	\$ 334,562	\$ 1,266,478
Unrestricted	3,276,749	-	961,321	1,985,460	1,576,537	7,800,067
<b>Total cash and investment fund balance - ending</b>	<u>\$ 3,276,749</u>	<u>\$ 931,916</u>	<u>\$ 961,321</u>	<u>\$ 1,985,460</u>	<u>\$ 1,911,099</u>	<u>\$ 9,066,545</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 26,452
Investment earnings:		
Interest	<u>29,351</u>	<u>9,559</u>
Total additions	<u>29,351</u>	<u>36,011</u>
Deductions:		
Benefits	206,239	-
Administrative and general	-	36,760
Other	<u>1,500,000</u>	<u>-</u>
Total deductions	<u>1,706,239</u>	<u>36,760</u>
Deficiency of total additions over total deductions	(1,676,888)	(749)
Cash and investment fund balance - beginning	<u>2,371,979</u>	<u>194,322</u>
Cash and investment fund balance - ending	<u>\$ 695,091</u>	<u>\$ 193,573</u>
Net assets:		
Cash and investments	<u>\$ 695,091</u>	<u>\$ 193,573</u>
Total net assets - cash and investment basis held in trust	<u>\$ 695,091</u>	<u>\$ 193,573</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 29,333
Investment earnings:		
Interest	16,300	1,182
Total additions	16,300	30,515
Deductions:		
Benefits	78,441	-
Administrative and general	-	31,611
Total deductions	78,441	31,611
Deficiency of total additions over total deductions	(62,141)	(1,096)
Cash and investment fund balance - beginning	695,091	193,573
Cash and investment fund balance - ending	\$ 632,950	\$ 192,477
Net assets:		
Cash and investments	\$ 632,950	\$ 192,477
Total net assets - cash and investment basis held in trust	\$ 632,950	\$ 192,477

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
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 Mount Vernon

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

Joint Venture

The School Corporation is a participant with Evansville-Vanderburgh School Corporation, Metropolitan School District of North Posey County and Consolidated School Town of New Harmony and Harmony Township in a joint venture to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education. The School Corporation is obligated by contract to remit payment to the General Fund of the Evansville-Vanderburgh School Corporation for transfer students from its district based upon the Evansville-Vanderburgh Corporation per pupil cost of the exceptionality area in which the student is enrolled. The per pupil cost for each service area shall be determined on the average daily attendance.

The School Corporation is a participant with Metropolitan School District of North Posey County, and Consolidated School Town of New Harmony and Harmony Township in a joint venture which created the Posey County Special Services to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education but are not covered under the joint venture described above. The School Corporation is obligated by contract to be the administrative district of the joint provisions described in the contract and to employ related service personnel as required for those programs and students being served within their district. Transfer tuition costs are paid to the receiving corporation for students based on the average daily attendance for each district.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, at this time, the School Corporation does not have any business-type activities.

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, 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 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 construction fund accounts for disbursements for capital outlay made from receipts derived from the sale of general obligation bonds or from other outside sources.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the pension trust fund, which accumulates resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the School Corporation students.

C. Measurement Focus and Basis of Accounting

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

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. 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). However, at this time, the School Corporation does not have any proprietary funds.

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Capital Assets

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

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

5. Equity Classification

Government-Wide Statements

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$9,066,545. 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.

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>	<u>2008</u>
Other governmental funds	General Fund	\$ -	\$ 8,037
	Other governmental funds	<u>114,095</u>	<u>70,308</u>
Totals		<u>\$ 114,095</u>	<u>\$ 78,345</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; 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.

B. Holding Corporations

The School Corporation has entered into a capital lease with Mount Vernon High School/Junior High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the last year of the audit period totaled \$4,092,000. The lease was paid in full in July 2008.

The School Corporation has entered into a capital lease with Mount Vernon of Posey County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. No lease payments were made during the last year of the audit.

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Subsequent Events

The School Corporation has received a \$1.4 million grant, Safe Schools/Healthy Students, that will provide funding for a multi-year program to benefit students in the School Corporation and neighboring school corporations.

The School Corporation has not received any property tax distribution during the year 2008; consequently, the unavailability of funding has necessitated rolling part of the balance of the temporary loans (\$14,920,342 less subsequent payments of \$3,713,030) into the following year and additional borrowings in the amount of \$3,496,123 for a total of \$14,703,435 due as of the report date.

D. Termination Benefits

During the current year, the School Corporation offered to retirees the option to participate in the corporation's health, dental, and vision plans with the retirees paying the full premiums.

E. Pension Plans

1. Agent Multiple-Employer and Single-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 in PERF-covered positions are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 221,772
Interest on net pension obligation	(13,310)
Adjustment to annual required contribution	15,168
Annual pension cost	223,630
Contributions made	208,504
Increase in net pension obligation	15,126
Net pension obligation, beginning of year	(183,593)
Net pension obligation, end of year	\$ (168,467)
Contribution rates:	
School Corporation	6.63%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 188,041	106%	\$ (219,330)
	06-30-06	237,168	85%	(183,593)
	06-30-07	223,630	93%	(168,467)

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

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, 2008, 2007, and 2006, were \$264,247, \$234,750, and \$216,525, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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)
07-01-05	\$ 3,343,660	\$ 4,164,914	\$ (821,254)	80%	\$ 3,121,480	(26%)
07-01-06	3,841,500	4,133,762	(292,262)	93%	3,180,105	(9%)
07-01-07	4,096,433	4,205,926	(109,493)	97%	3,126,074	(4%)

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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

	Transportation Operating	Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Alternative Education
<b>Receipts:</b>							
Local sources	\$ 1,335,503	\$ 47,869	\$ 747,375	\$ 154,773	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	263	-
State sources	-	128,009	13,957	26,486	-	-	8,707
Federal sources	-	-	353,834	-	-	-	-
Sale of property, adjustments and refunds	11,218	-	29,741	13,646	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<u>1,346,721</u>	<u>175,878</u>	<u>1,144,907</u>	<u>194,905</u>	<u>-</u>	<u>263</u>	<u>8,707</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	185,794	-	-	-	-	3,333
Support services	1,500,131	-	1,078,248	198,226	-	115	3,488
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>1,500,131</u>	<u>185,794</u>	<u>1,078,248</u>	<u>198,226</u>	<u>-</u>	<u>115</u>	<u>6,821</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(153,410)</u>	<u>(9,916)</u>	<u>66,659</u>	<u>(3,321)</u>	<u>-</u>	<u>148</u>	<u>1,886</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(153,410)</u>	<u>(9,916)</u>	<u>66,659</u>	<u>(3,321)</u>	<u>-</u>	<u>148</u>	<u>1,886</u>
<b>Cash and investments - beginning</b>	<u>657,006</u>	<u>58,682</u>	<u>331,743</u>	<u>39,117</u>	<u>59,560</u>	<u>1,118</u>	<u>20,195</u>
<b>Cash and investments - ending</b>	<u>\$ 503,596</u>	<u>\$ 48,766</u>	<u>\$ 398,402</u>	<u>\$ 35,796</u>	<u>\$ 59,560</u>	<u>\$ 1,266</u>	<u>\$ 22,081</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 503,596	\$ 48,766	\$ 398,402	\$ 35,796	\$ 59,560	\$ 1,266	\$ 22,081
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 503,596</u>	<u>\$ 48,766</u>	<u>\$ 398,402</u>	<u>\$ 35,796</u>	<u>\$ 59,560</u>	<u>\$ 1,266</u>	<u>\$ 22,081</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	503,596	48,766	398,402	35,796	59,560	1,266	22,081
<b>Total cash and investment fund balance - ending</b>	<u>\$ 503,596</u>	<u>\$ 48,766</u>	<u>\$ 398,402</u>	<u>\$ 35,796</u>	<u>\$ 59,560</u>	<u>\$ 1,266</u>	<u>\$ 22,081</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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)

	School Safe Haven	Gifted and Talented	Gifted and Talented - 07	Drug Free Community	Non English Speaking	Technology	Title I - FY 2006
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,173	\$ -
Intermediate sources	-	-	-	952	-	-	-
State sources	10,443	-	15,256	-	195	-	-
Federal sources	-	-	-	-	-	-	25,515
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>10,443</b>	<b>-</b>	<b>15,256</b>	<b>952</b>	<b>195</b>	<b>38,173</b>	<b>25,515</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	281	14,636	574	-	-	41,389
Support services	-	-	-	-	-	165,403	5,381
Community services	-	-	-	-	-	-	3,660
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>281</b>	<b>14,636</b>	<b>574</b>	<b>-</b>	<b>165,403</b>	<b>50,430</b>
Excess (deficiency) of receipts over disbursements	10,443	(281)	620	378	195	(127,230)	(24,915)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(38,722)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,722)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,443	(281)	620	378	195	(127,230)	(63,637)
Cash and investments - beginning	-	281	-	1,422	-	295,092	63,638
Cash and investments - ending	<u>\$ 10,443</u>	<u>\$ -</u>	<u>\$ 620</u>	<u>\$ 1,800</u>	<u>\$ 195</u>	<u>\$ 167,862</u>	<u>\$ 1</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 10,443	\$ -	\$ 620	\$ 1,800	\$ 195	\$ 167,862	\$ 1
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 10,443</b>	<b>\$ -</b>	<b>\$ 620</b>	<b>\$ 1,800</b>	<b>\$ 195</b>	<b>\$ 167,862</b>	<b>\$ 1</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	10,443	-	620	1,800	195	167,862	1
<b>Total cash and investment fund balance - ending</b>	<b>\$ 10,443</b>	<b>\$ -</b>	<b>\$ 620</b>	<b>\$ 1,800</b>	<b>\$ 195</b>	<b>\$ 167,862</b>	<b>\$ 1</b>

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

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

	Title I - FY 2007	Title V 05-06	Title V 06-07	105-17 FY 06	108-446 FY 07	99-457 FY 06	99-457 FY 07
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	295,986	-	4,295	400	1,050,590	-	84,682
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>295,986</b>	<b>-</b>	<b>4,295</b>	<b>400</b>	<b>1,050,590</b>	<b>-</b>	<b>84,682</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	261,897	625	-	68,754	468,452	-	10,597
Support services	5,926	3,451	1,457	5,351	211,420	4,594	40,256
Community services	720	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	341,612	-	27,561
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>268,543</b>	<b>4,076</b>	<b>1,457</b>	<b>74,105</b>	<b>1,021,484</b>	<b>4,594</b>	<b>78,414</b>
Excess (deficiency) of receipts over disbursements	27,443	(4,076)	2,838	(73,705)	29,106	(4,594)	6,268
<b>Other financing sources (uses):</b>							
Transfers in	38,722	-	-	-	69,869	-	-
Transfers out	-	-	-	(69,869)	-	-	-
<b>Total other financing sources (uses)</b>	<b>38,722</b>	<b>-</b>	<b>-</b>	<b>(69,869)</b>	<b>69,869</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,165	(4,076)	2,838	(143,574)	98,975	(4,594)	6,268
Cash and investments - beginning	-	4,076	-	143,574	-	4,594	-
Cash and investments - ending	<u>\$ 66,165</u>	<u>\$ -</u>	<u>\$ 2,838</u>	<u>\$ -</u>	<u>\$ 98,975</u>	<u>\$ -</u>	<u>\$ 6,268</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 66,165	\$ -	\$ 2,838	\$ -	\$ 98,975	\$ -	\$ 6,268
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 66,165</b>	<b>\$ -</b>	<b>\$ 2,838</b>	<b>\$ -</b>	<b>\$ 98,975</b>	<b>\$ -</b>	<b>\$ 6,268</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	66,165	-	2,838	-	98,975	-	6,268
<b>Total cash and investment fund balance - ending</b>	<b>\$ 66,165</b>	<b>\$ -</b>	<b>\$ 2,838</b>	<b>\$ -</b>	<b>\$ 98,975</b>	<b>\$ -</b>	<b>\$ 6,268</b>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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)

	T3/ABE FY 06	T3/ABE FY 07	Drug Free	Drug Free	Hurricane Relief	Title II A
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	13,534	12,269	-	11,250	106,883
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>13,534</b>	<b>12,269</b>	<b>-</b>	<b>11,250</b>	<b>106,883</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,224	10,380	-	-	13,500	116,849
Support services	-	2,800	1,328	3,364	-	9,990
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,224</b>	<b>13,180</b>	<b>1,328</b>	<b>3,364</b>	<b>13,500</b>	<b>126,839</b>
Excess (deficiency) of receipts over disbursements	(2,224)	354	10,941	(3,364)	(2,250)	(19,956)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	5,504
Transfers out	-	-	(5,504)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(5,504)</b>	<b>-</b>	<b>-</b>	<b>5,504</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,224)	354	5,437	(3,364)	(2,250)	(14,452)
Cash and investments - beginning	2,224	-	-	3,364	2,250	63,792
Cash and investments - ending	\$ -	\$ 354	\$ 5,437	\$ -	\$ -	\$ 49,340
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 354	\$ 5,437	\$ -	\$ -	\$ 49,340
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 354</b>	<b>\$ 5,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,340</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	354	5,437	-	-	49,340
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 354</b>	<b>\$ 5,437</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,340</b>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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 II D	Etling Award	GE Star	School Pension Debt	Transportation Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 250	\$ 1,000	\$ 632,921	\$ 145,464	\$ 3,103,328
Intermediate sources	-	-	-	-	-	1,215
State sources	-	-	-	-	-	203,053
Federal sources	-	-	-	-	-	1,959,238
Sale of property, adjustments and refunds	-	-	-	-	-	54,605
Interfund loans	-	-	-	200,000	-	200,000
<b>Total receipts</b>	<b>-</b>	<b>250</b>	<b>1,000</b>	<b>832,921</b>	<b>145,464</b>	<b>5,521,439</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	191	1,000	-	-	1,200,476
Support services	3,498	-	-	-	41,058	3,285,485
Community services	-	-	-	-	-	4,380
Nonprogrammed charges	-	-	-	-	-	369,173
Debt services	-	-	-	694,983	-	694,983
Interfund loans	-	-	-	100,000	-	100,000
<b>Total disbursements</b>	<b>3,498</b>	<b>191</b>	<b>1,000</b>	<b>794,983</b>	<b>41,058</b>	<b>5,654,497</b>
Excess (deficiency) of receipts over disbursements	(3,498)	59	-	37,938	104,406	(133,058)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	114,095
Transfers out	-	-	-	-	-	(114,095)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,498)	59	-	37,938	104,406	(133,058)
Cash and investments - beginning	3,498	-	-	362,680	106,466	2,224,372
Cash and investments - ending	\$ -	\$ 59	\$ -	\$ 400,618	\$ 210,872	\$ 2,091,314
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 59	\$ -	\$ -	\$ 210,872	\$ 1,690,696
Restricted assets:						
Cash and investments	-	-	-	400,618	-	400,618
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 59</b>	<b>\$ -</b>	<b>\$ 400,618</b>	<b>\$ 210,872</b>	<b>\$ 2,091,314</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 400,618	\$ -	\$ 400,618
Unrestricted	-	59	-	-	210,872	1,690,696
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 59</b>	<b>\$ -</b>	<b>\$ 400,618</b>	<b>\$ 210,872</b>	<b>\$ 2,091,314</b>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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, 2008

	Transportation Operating	Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate	Alternative Education
<b>Receipts:</b>							
Local sources	\$ 891,201	\$ 35,659	\$ 756,867	\$ 143,688	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	2,063	-
State sources	-	99,650	12,907	42,420	-	-	8,866
Federal sources	-	-	339,515	-	-	-	-
Bonds and loans	818,500	-	-	-	-	-	-
Sale of property, adjustments and refunds	27,423	-	27,264	17,538	-	-	-
<b>Total receipts</b>	<b>1,737,124</b>	<b>135,309</b>	<b>1,136,553</b>	<b>203,646</b>	<b>-</b>	<b>2,063</b>	<b>8,866</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	179,300	-	-	-	-	4,793
Support services	1,725,946	-	1,052,133	125,713	-	150	5,019
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	438,500	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,164,446</b>	<b>179,300</b>	<b>1,052,133</b>	<b>125,713</b>	<b>-</b>	<b>150</b>	<b>9,812</b>
Excess (deficiency) of receipts over disbursements	(427,322)	(43,991)	84,420	77,933	-	1,913	(946)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(427,322)	(43,991)	84,420	77,933	-	1,913	(946)
Cash and investments - beginning	503,596	48,766	398,401	35,796	59,560	1,265	22,082
Cash and investments - ending	<u>\$ 76,274</u>	<u>\$ 4,775</u>	<u>\$ 482,821</u>	<u>\$ 113,729</u>	<u>\$ 59,560</u>	<u>\$ 3,178</u>	<u>\$ 21,136</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 76,274	\$ 4,775	\$ 482,821	\$ 113,729	\$ 59,560	\$ 3,178	\$ 21,136
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 76,274</u></b>	<b><u>\$ 4,775</u></b>	<b><u>\$ 482,821</u></b>	<b><u>\$ 113,729</u></b>	<b><u>\$ 59,560</u></b>	<b><u>\$ 3,178</u></b>	<b><u>\$ 21,136</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	76,274	4,775	482,821	113,729	59,560	3,178	21,136
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 76,274</u></b>	<b><u>\$ 4,775</u></b>	<b><u>\$ 482,821</u></b>	<b><u>\$ 113,729</u></b>	<b><u>\$ 59,560</u></b>	<b><u>\$ 3,178</u></b>	<b><u>\$ 21,136</u></b>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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, 2008  
 (Continued)

	School Safe Haven	Gifted and Talented	Gifted and Talented - 07	Drug Free Community	Medicare Reimbursement	Non English Speaking	Technology
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,232
Intermediate sources	-	-	-	-	-	-	-
State sources	-	36,442	-	-	24,538	2,757	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>36,442</b>	<b>-</b>	<b>-</b>	<b>24,538</b>	<b>2,757</b>	<b>201,232</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	32,998	620	1,185	-	-	-
Support services	10,443	-	-	-	1,297	309	60,238
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,443</b>	<b>32,998</b>	<b>620</b>	<b>1,185</b>	<b>1,297</b>	<b>309</b>	<b>60,238</b>
Excess (deficiency) of receipts over disbursements	(10,443)	3,444	(620)	(1,185)	23,241	2,448	140,994
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(8,037)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,037)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,443)	3,444	(620)	(1,185)	15,204	2,448	140,994
Cash and investments - beginning	10,443	-	620	1,801	-	195	167,862
Cash and investments - ending	\$ -	\$ 3,444	\$ -	\$ 616	\$ 15,204	\$ 2,643	\$ 308,856
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 3,444	\$ -	\$ 616	\$ 15,204	\$ 2,643	\$ 308,856
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 3,444</b>	<b>\$ -</b>	<b>\$ 616</b>	<b>\$ 15,204</b>	<b>\$ 2,643</b>	<b>\$ 308,856</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,444	-	616	15,204	2,643	308,856
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 3,444</b>	<b>\$ -</b>	<b>\$ 616</b>	<b>\$ 15,204</b>	<b>\$ 2,643</b>	<b>\$ 308,856</b>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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, 2008  
 (Continued)

	Title I - FY 2008	Title I - FY 2007	Title V, P A 07-08	Title V, P A 06-07	108-446 FY 08	108-446 FY 07	99-457 FY 08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	346,479	15,000	4,165	-	1,027,912	-	78,856
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<u>346,479</u>	<u>15,000</u>	<u>4,165</u>	<u>-</u>	<u>1,027,912</u>	<u>-</u>	<u>78,856</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	327,818	41,127	-	446	395,714	67,550	-
Support services	1,445	38	-	1,644	243,797	9,118	47,406
Community services	382	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	294,134	-	23,854
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>329,645</u>	<u>41,165</u>	<u>-</u>	<u>2,090</u>	<u>933,645</u>	<u>76,668</u>	<u>71,260</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>16,834</u>	<u>(26,165)</u>	<u>4,165</u>	<u>(2,090)</u>	<u>94,267</u>	<u>(76,668)</u>	<u>7,596</u>
<b>Other financing sources (uses):</b>							
Transfers in	40,000	-	-	-	22,308	-	-
Transfers out	-	(40,000)	-	-	-	(22,308)	-
<b>Total other financing sources (uses)</b>	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>22,308</u>	<u>(22,308)</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>56,834</u>	<u>(66,165)</u>	<u>4,165</u>	<u>(2,090)</u>	<u>116,575</u>	<u>(98,976)</u>	<u>7,596</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>66,165</u>	<u>-</u>	<u>2,838</u>	<u>-</u>	<u>98,976</u>	<u>-</u>
<b>Cash and investments - ending</b>	<u>\$ 56,834</u>	<u>\$ -</u>	<u>\$ 4,165</u>	<u>\$ 748</u>	<u>\$ 116,575</u>	<u>\$ -</u>	<u>\$ 7,596</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 56,834	\$ -	\$ 4,165	\$ 748	\$ 116,575	\$ -	\$ 7,596
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 56,834</u>	<u>\$ -</u>	<u>\$ 4,165</u>	<u>\$ 748</u>	<u>\$ 116,575</u>	<u>\$ -</u>	<u>\$ 7,596</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	56,834	-	4,165	748	116,575	-	7,596
<b>Total cash and investment fund balance - ending</b>	<u>\$ 56,834</u>	<u>\$ -</u>	<u>\$ 4,165</u>	<u>\$ 748</u>	<u>\$ 116,575</u>	<u>\$ -</u>	<u>\$ 7,596</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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, 2008  
 (Continued)

	99-457 FY 07	T3/ABE FY 08	T3/ABE FY 07	Drug Free 07-08	Drug Free 06-07	Title II A 06-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	13,539	-	8,560	8,703	110,910
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>13,539</b>	<b>-</b>	<b>8,560</b>	<b>8,703</b>	<b>110,910</b>
Disbursements:						
Current:						
Instruction	1,669	9,397	353	1,376	230	105,883
Support services	4,599	3,044	-	6,030	830	8,021
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,268</b>	<b>12,441</b>	<b>353</b>	<b>7,406</b>	<b>1,060</b>	<b>113,904</b>
Excess (deficiency) of receipts over disbursements	(6,268)	1,098	(353)	1,154	7,643	(2,994)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	8,000
Transfers out	-	-	-	(4,000)	(4,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>8,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,268)	1,098	(353)	(2,846)	3,643	5,006
Cash and investments - beginning	6,268	-	353	5,437	-	49,340
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,098</u>	<u>\$ -</u>	<u>\$ 2,591</u>	<u>\$ 3,643</u>	<u>\$ 54,346</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 1,098	\$ -	\$ 2,591	\$ 3,643	\$ 54,346
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 1,098</u>	<u>\$ -</u>	<u>\$ 2,591</u>	<u>\$ 3,643</u>	<u>\$ 54,346</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,098	-	2,591	3,643	54,346
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 1,098</u>	<u>\$ -</u>	<u>\$ 2,591</u>	<u>\$ 3,643</u>	<u>\$ 54,346</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 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, 2008  
 (Continued)

	Etling Award	SABIC	Benson Frye Memorial	Pension Bond Debt Service	Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ 200	\$ 844	\$ 421,988	\$ 96,809	\$ 2,548,488
Intermediate sources	-	-	-	-	-	2,063
State sources	-	-	-	-	-	227,580
Federal sources	-	-	-	-	-	1,953,639
Bonds and loans	-	-	-	707,843	138,852	1,665,195
Sale of property, adjustments and refunds	-	-	-	-	-	72,225
<b>Total receipts</b>	<b>-</b>	<b>200</b>	<b>844</b>	<b>1,129,831</b>	<b>235,661</b>	<b>6,469,190</b>
Disbursements:						
Current:						
Instruction	59	-	-	-	-	1,170,518
Support services	-	-	-	-	210,873	3,518,093
Community services	-	-	-	-	-	382
Nonprogrammed charges	-	-	-	-	-	317,988
Debt services	-	-	-	995,887	-	1,434,387
Interfund loans	-	-	-	200,000	-	200,000
<b>Total disbursements</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>1,195,887</b>	<b>210,873</b>	<b>6,641,368</b>
Excess (deficiency) of receipts over disbursements	(59)	200	844	(66,056)	24,788	(172,178)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	70,308
Transfers out	-	-	-	-	-	(78,345)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,037)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(59)	200	844	(66,056)	24,788	(180,215)
Cash and investments - beginning	59	-	-	400,618	210,873	2,091,314
Cash and investments - ending	\$ -	\$ 200	\$ 844	\$ 334,562	\$ 235,661	\$ 1,911,099
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 200	\$ 844	\$ -	\$ 235,661	\$ 1,576,537
Restricted assets:						
Cash and investments	-	-	-	334,562	-	334,562
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>\$ 844</b>	<b>\$ 334,562</b>	<b>\$ 235,661</b>	<b>\$ 1,911,099</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 334,562	\$ -	\$ 334,562
Unrestricted	-	200	844	-	235,661	1,576,537
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>\$ 844</b>	<b>\$ 334,562</b>	<b>\$ 235,661</b>	<b>\$ 1,911,099</b>

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

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

	Sine Literacy	ALT Program Grant	Ruby Payne Grant	Anthem Nurse Grant	Walmart Grant	SINE - Model School	Sine Mini-Grants
Additions:							
Contributions:							
Other	\$ -	\$ 10,500	\$ -	\$ 1,946	\$ 500	\$ -	\$ -
Investment earnings:							
Interest	-	-	-	-	-	-	-
Total additions	-	10,500	-	1,946	500	-	-
Deductions:							
Administrative and general	93	10,600	-	1,439	99	4,416	-
Excess (deficiency) of total additions over total deductions	(93)	(100)	-	507	401	(4,416)	-
Cash and investment fund balance - beginning	460	8,370	336	-	99	4,416	19
Cash and investments - June 30	<u>\$ 367</u>	<u>\$ 8,270</u>	<u>\$ 336</u>	<u>\$ 507</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 19</u>
Net assets:							
Cash and investments	<u>\$ 367</u>	<u>\$ 8,270</u>	<u>\$ 336</u>	<u>\$ 507</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 19</u>
Total net assets - cash and investment basis held in trust	<u>\$ 367</u>	<u>\$ 8,270</u>	<u>\$ 336</u>	<u>\$ 507</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 19</u>

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

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

	<u>GE</u>	<u>Abell Scholarship</u>	<u>Bolger Scholarship</u>	<u>Love Trust</u>	<u>Bostick-Steinmetz</u>	<u>Galluci</u>
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ -	\$ 132	\$ 194
Investment earnings:						
Interest	-	570	1,253	271	708	588
Total additions	-	570	1,253	271	840	782
Deductions:						
Administrative and general	552	350	700	-	999	500
Excess (deficiency) of total additions over total deductions	(552)	220	553	271	(159)	282
Cash and investment fund balance - beginning	826	10,586	23,110	5,208	13,072	10,849
Cash and investments - June 30	<u>\$ 274</u>	<u>\$ 10,806</u>	<u>\$ 23,663</u>	<u>\$ 5,479</u>	<u>\$ 12,913</u>	<u>\$ 11,131</u>
Net assets:						
Cash and investments	<u>\$ 274</u>	<u>\$ 10,806</u>	<u>\$ 23,663</u>	<u>\$ 5,479</u>	<u>\$ 12,913</u>	<u>\$ 11,131</u>
Total net assets - cash and investment basis held in trust	<u>\$ 274</u>	<u>\$ 10,806</u>	<u>\$ 23,663</u>	<u>\$ 5,479</u>	<u>\$ 12,913</u>	<u>\$ 11,131</u>

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

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

	<u>Pence Scholarship</u>	<u>PC Women's</u>	<u>TMMI</u>	<u>McCormick Special Ed</u>	<u>Valic Donation</u>	<u>Tobacco</u>
Additions:						
Contributions:						
Other	\$ -	\$ 2,620	\$ 895	\$ 1,430	\$ -	\$ -
Investment earnings:						
Interest	6,169	-	-	-	-	-
Total additions	<u>6,169</u>	<u>2,620</u>	<u>895</u>	<u>1,430</u>	<u>-</u>	<u>-</u>
Deductions:						
Administrative and general	<u>6,000</u>	<u>2,281</u>	<u>2</u>	<u>-</u>	<u>1,887</u>	<u>138</u>
Excess (deficiency) of total additions over total deductions	169	339	893	1,430	(1,887)	(138)
Cash and investment fund balance - beginning	<u>106,817</u>	<u>437</u>	<u>2</u>	<u>-</u>	<u>3,042</u>	<u>148</u>
Cash and investments - June 30	<u>\$ 106,986</u>	<u>\$ 776</u>	<u>\$ 895</u>	<u>\$ 1,430</u>	<u>\$ 1,155</u>	<u>\$ 10</u>
Net assets:						
Cash and investments	<u>\$ 106,986</u>	<u>\$ 776</u>	<u>\$ 895</u>	<u>\$ 1,430</u>	<u>\$ 1,155</u>	<u>\$ 10</u>
Total net assets - cash and investment basis held in trust	<u>\$ 106,986</u>	<u>\$ 776</u>	<u>\$ 895</u>	<u>\$ 1,430</u>	<u>\$ 1,155</u>	<u>\$ 10</u>

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

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

	<u>ARC Grant</u>	<u>Bright Ideas</u>	<u>Indiana Next</u>	<u>PCCF</u>	<u>SINE SSP</u>	<u>Totals</u>
Additions:						
Contributions:						
Other	\$ 7,635	\$ 500	\$ -	\$ 100	\$ -	\$ 26,452
Investment earnings:						
Interest	-	-	-	-	-	9,559
Total additions	<u>7,635</u>	<u>500</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>36,011</u>
Deductions:						
Administrative and general	<u>5,600</u>	<u>382</u>	<u>61</u>	<u>-</u>	<u>661</u>	<u>36,760</u>
Excess (deficiency) of total additions over total deductions	2,035	118	(61)	100	(661)	(749)
Cash and investment fund balance - beginning	<u>5,324</u>	<u>13</u>	<u>188</u>	<u>-</u>	<u>1,000</u>	<u>194,322</u>
Cash and investments - June 30	<u>\$ 7,359</u>	<u>\$ 131</u>	<u>\$ 127</u>	<u>\$ 100</u>	<u>\$ 339</u>	<u>\$ 193,573</u>
Net assets:						
Cash and investments	<u>\$ 7,359</u>	<u>\$ 131</u>	<u>\$ 127</u>	<u>\$ 100</u>	<u>\$ 339</u>	<u>\$ 193,573</u>
Total net assets - cash and investment basis held in trust	<u>\$ 7,359</u>	<u>\$ 131</u>	<u>\$ 127</u>	<u>\$ 100</u>	<u>\$ 339</u>	<u>\$ 193,573</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	Sine Literacy	ALT Program Grant	Ruby Payne Grant	Anthem Nurse Grant	Walmart Grant	Sine Mini-Grants	GE
Additions:							
Contributions:							
Other	\$ -	\$ 12,000	\$ -	\$ 3,003	\$ -	\$ -	\$ -
Investment earnings:							
Interest	-	-	-	-	-	-	-
Total additions	-	12,000	-	3,003	-	-	-
Deductions:							
Administrative and general	367	10,831	-	2,259	404	19	274
Excess (deficiency) of total additions over total deductions	(367)	1,169	-	744	(404)	(19)	(274)
Cash and investment fund balance - beginning	367	8,270	336	507	500	19	274
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 9,439</u>	<u>\$ 336</u>	<u>\$ 1,251</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets:							
Cash and investments	\$ -	\$ 9,439	\$ 336	\$ 1,251	\$ 96	\$ -	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 9,439</u>	<u>\$ 336</u>	<u>\$ 1,251</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	<u>Abell Scholarship</u>	<u>Bolger Scholarship</u>	<u>Love Trust</u>	<u>Bostick-Steinmetz</u>	<u>Galluci</u>	<u>Pence Scholarship</u>
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings:						
Interest	<u>62</u>	<u>139</u>	<u>181</u>	<u>78</u>	<u>86</u>	<u>636</u>
Total additions	<u>62</u>	<u>139</u>	<u>181</u>	<u>78</u>	<u>86</u>	<u>636</u>
Deductions:						
Administrative and general	<u>450</u>	<u>900</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>3,000</u>
Excess (deficiency) of total additions over total deductions	(388)	(761)	181	78	(414)	(2,364)
Cash and investment fund balance - beginning	<u>10,806</u>	<u>23,663</u>	<u>5,479</u>	<u>12,913</u>	<u>11,131</u>	<u>106,986</u>
Cash and investments - June 30	<u>\$ 10,418</u>	<u>\$ 22,902</u>	<u>\$ 5,660</u>	<u>\$ 12,991</u>	<u>\$ 10,717</u>	<u>\$ 104,622</u>
Net assets:						
Cash and investments	<u>\$ 10,418</u>	<u>\$ 22,902</u>	<u>\$ 5,660</u>	<u>\$ 12,991</u>	<u>\$ 10,717</u>	<u>\$ 104,622</u>
Total net assets - cash and investment basis held in trust	<u>\$ 10,418</u>	<u>\$ 22,902</u>	<u>\$ 5,660</u>	<u>\$ 12,991</u>	<u>\$ 10,717</u>	<u>\$ 104,622</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	<u>PC Women's</u>	<u>TMMI</u>	<u>McCormick Special Ed</u>	<u>Valic Donation</u>	<u>Tobacco</u>	<u>ARC Grant</u>
Additions:						
Contributions:						
Other	\$ 1,120	\$ -	\$ -	\$ -	\$ 7,635	\$ -
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,635</u>	<u>-</u>
Deductions:						
Administrative and general	<u>1,774</u>	<u>454</u>	<u>-</u>	<u>873</u>	<u>3,159</u>	<u>5,989</u>
Excess (deficiency) of total additions over total deductions	(654)	(454)	-	(873)	4,476	(5,989)
Cash and investment fund balance - beginning	<u>776</u>	<u>895</u>	<u>1,430</u>	<u>1,155</u>	<u>10</u>	<u>7,359</u>
Cash and investments - June 30	<u>\$ 122</u>	<u>\$ 441</u>	<u>\$ 1,430</u>	<u>\$ 282</u>	<u>\$ 4,486</u>	<u>\$ 1,370</u>
Net assets:						
Cash and investments	<u>\$ 122</u>	<u>\$ 441</u>	<u>\$ 1,430</u>	<u>\$ 282</u>	<u>\$ 4,486</u>	<u>\$ 1,370</u>
Total net assets - cash and investment basis held in trust	<u>\$ 122</u>	<u>\$ 441</u>	<u>\$ 1,430</u>	<u>\$ 282</u>	<u>\$ 4,486</u>	<u>\$ 1,370</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	<u>Bright Ideas</u>	<u>Indiana Next</u>	<u>PCCF</u>	<u>SINE SSP</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ 5,575	\$ -	\$ -	\$ -	\$ 29,333
Investment earnings:					
Interest	-	-	-	-	1,182
Total additions	<u>5,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,515</u>
Deductions:					
Administrative and general	<u>131</u>	<u>127</u>	<u>100</u>	<u>-</u>	<u>31,611</u>
Excess (deficiency) of total additions over total deductions	5,444	(127)	(100)	-	(1,096)
Cash and investment fund balance - beginning	<u>131</u>	<u>127</u>	<u>100</u>	<u>339</u>	<u>193,573</u>
Cash and investments - June 30	<u>\$ 5,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 192,477</u>
Net assets:					
Cash and investments	<u>\$ 5,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 192,477</u>
Total net assets - cash and investment basis held in trust	<u>\$ 5,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 192,477</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2008

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	\$ 547,521
Buildings	10,413,394
Machinery and equipment	<u>3,101,815</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 14,062,730</u>

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Building	\$ 19,375,000	\$ 1,180,000
Notes and loans payable:	14,920,342	14,920,342
Bonds payable:		
General obligation bonds:		
Taxable pension bonds	<u>4,830,000</u>	<u>696,273</u>
Total governmental activities debt	<u>\$ 39,125,342</u>	<u>\$ 16,796,615</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 MOUNT VERNON, POSEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Metropolitan School District of Mount Vernon (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, 2007 and 2008. 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, 2007 and 2008.

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

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)

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.

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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 18, 2008

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	06-07	\$ 58,016	\$ 74,477
National School Lunch Program	10.555	07-08	290,100	312,376
Total for Federal Grantor Agency			<u>348,116</u>	<u>386,853</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Evansville Vanderburgh School Corporation				
Special Education Cluster				
Special Education-Grants to States	84.027			
FY 05/06		2006	74,105	-
FY 06/07		2007	1,021,484	76,668
FY 07/08		2008	-	933,645
Total for Program			<u>1,095,589</u>	<u>1,010,313</u>
Special Education-Preschool Grants	84.173			
FY 05/06		2006	4,594	-
FY 06/07		2007	78,414	6,267
FY 07/08		2008	-	71,260
Total for Program			<u>83,008</u>	<u>77,527</u>
Total for Cluster			<u>1,178,597</u>	<u>1,087,840</u>
Pass-Through Indiana Department of Education				
Adult Education-Basic Grants to States				
FY 05/06	84.002	FY 05-06	2,224	-
FY 06/07		FY 06-07	13,181	353
FY 07/08		FY 07-08	-	12,441
Total for Program			<u>15,405</u>	<u>12,794</u>
Title I Grants to Local Educational Agencies				
FY 05/06	84.010	06-6590	50,431	-
FY 06/07		07-6590	268,543	41,164
FY 07/08		08-6590	-	329,646
Total for Program			<u>318,974</u>	<u>370,810</u>
Safe and Drug-Free Schools and Communities-State Grants				
FY 05/06	84.186	05-6590	3,364	-
FY 06/07		06-6590	1,328	7,406
FY 07/08		07-6590	-	1,060
Total for Program			<u>4,692</u>	<u>8,466</u>
State Grants for Innovative Programs				
FY 05/06	84.298	05-062	4,077	-
FY 06/07		06-6590	1,457	2,090
Total for Program			<u>5,534</u>	<u>2,090</u>
Education Technology State Grants				
FY 05/06	84.318	05/06	305	-
FY 06/07		06/07	3,193	-
Total for Program			<u>3,498</u>	<u>-</u>
Improving Teacher Quality State Grants				
FY 05/06	84.367	05-144	1,100	-
FY 06/07		06-6590	62,692	-
FY 07/08		07-6590	63,047	113,905
Total for Program			<u>126,839</u>	<u>113,905</u>
Hurricane Education Recovery				
FY 05/06	84.938	FY 05/06	13,500	-
Total for Federal Grantor Agency			<u>1,667,039</u>	<u>1,595,905</u>
Total Federal Awards Expended			<u>\$ 2,015,155</u>	<u>\$ 1,982,758</u>

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

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
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 Mount Vernon (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2007 and 2008:

Program Title	Federal CFDA Number	2007	2008
Special Education Cluster		\$ 452,252	\$ 372,881
Title I Grants to Local Educational Agencies	84.010	3,641	3,681
Safe and Drug-Free Schools and Communities-State Grants	84.186	848	346
State Grants for Innovative Programs	84.298	625	446
Improving Teacher Quality State Grants	84.367	-	1,574

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2007	2008
Child Nutrition Cluster	\$ 20,842	\$ 47,338

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? no  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF MOUNT VERNON  
EXIT CONFERENCE

The contents of this report were discussed on December 22, 2008, with C. Keith Spurgeon, Superintendent of Schools; Mary E. Buchanan, Treasurer; and Loren Evans, Director of Business and Technology. Our audit disclosed no material items that warrant comment at this time.