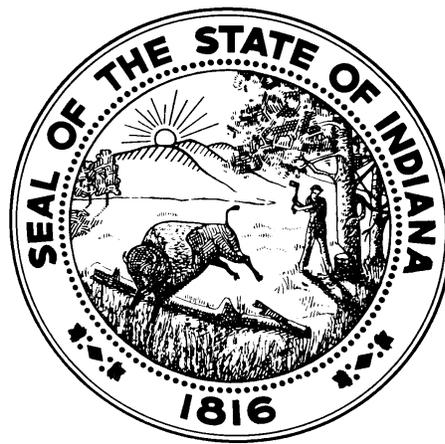


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF STEUBEN COUNTY
STEUBEN COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

04/16/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Business Manager	Deborah Shoup	07-01-06 to 09-11-06
Treasurer	Sherry McManus	09-12-06 to 06-30-09
Business Manager	Monte VanGessel	01-15-07 to 06-30-09
Superintendent of Schools	Dr. David Goodwin	07-01-06 to 06-30-09
President of the School Board	Glen Arney	07-01-06 to 06-30-09



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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 STEUBEN COUNTY, STEUBEN 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 Steuben County (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 April 1, 2009, 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

April 1, 2009



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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 STEUBEN COUNTY, STEUBEN 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 Steuben County (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 April 1, 2009. 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.

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

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.

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

STATE BOARD OF ACCOUNTS

April 1, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (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	\$ 13,466,814	\$ -	\$ 146,515	\$ (13,320,299)
Support services	10,724,835	751,101	532,129	(9,441,605)
Community services	320,113	-	-	(320,113)
Nonprogrammed charges	293,571	-	-	(293,571)
Debt service	7,156,186	-	-	(7,156,186)
Total governmental activities	<u>\$ 31,961,519</u>	<u>\$ 751,101</u>	<u>\$ 678,644</u>	<u>(30,531,774)</u>
General receipts:				
Property taxes				10,009,252
Other local sources				2,605,734
State aid				9,267,907
Bonds and loans				4,600,019
Grants and contributions not restricted to specific programs				518,132
Sale of property, adjustments, and refunds				8,567
Investment earnings				460,934
Total general receipts				<u>27,470,545</u>
Change in net assets				(3,061,229)
Net assets - beginning				<u>11,744,891</u>
Net assets - ending				<u>\$ 8,683,662</u>
<u>Assets</u>				
Cash and investments				\$ 7,879,654
Restricted assets:				
Cash and investments				<u>804,008</u>
Total assets				<u>\$ 8,683,662</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 804,008
Unrestricted				<u>7,879,654</u>
Total net assets				<u>\$ 8,683,662</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 13,497,045	\$ -	\$ 191,006	\$ (13,306,039)	
Support services	12,033,465	816,820	607,601	(10,609,044)	
Community services	369,348	-	-	(369,348)	
Nonprogrammed charges	248,166	-	-	(248,166)	
Debt service	9,879,314	-	-	(9,879,314)	
Total governmental activities	<u>\$ 36,027,338</u>	<u>\$ 816,820</u>	<u>\$ 798,607</u>	<u>(34,411,911)</u>	
General receipts:					
Property taxes				14,632,088	
Other local sources				2,627,287	
State aid				8,880,141	
Bonds and loans				2,902,169	
Grants and contributions not restricted to specific programs				532,331	
Sale of property, adjustments, and refunds				14,761	
Investment earnings				345,395	
Total general receipts				<u>29,934,172</u>	
Change in net assets				(4,477,739)	
Net assets - beginning				<u>8,683,662</u>	
Net assets - ending				<u>\$ 4,205,923</u>	
<u>Assets</u>					
Cash and investments				\$ 3,767,893	
Restricted assets:					
Cash and investments				<u>438,030</u>	
Total assets				<u>\$ 4,205,923</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 438,030	
Unrestricted				<u>3,767,893</u>	
Total net assets				<u>\$ 4,205,923</u>	

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

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

	General	Transportation Operating	Food Service	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 5,679,814	\$ 905,839	\$ 1,037,678	\$ 3,187,172	\$ 2,042,308	\$ 113,645	\$ 858,326	\$ 13,824,782
Intermediate sources	101	-	-	-	-	-	2,138	2,239
State sources	9,347,772	-	15,510	-	-	-	203,254	9,566,536
Federal sources	-	-	470,664	-	-	-	427,483	898,147
Bonds and loans	3,903,191	297,761	-	-	-	149,954	249,113	4,600,019
Sale of property, adjustments and refunds	8,567	-	-	-	-	-	-	8,567
Total receipts	18,939,445	1,203,600	1,523,852	3,187,172	2,042,308	263,599	1,740,314	28,900,290
Disbursements:								
Current:								
Instruction	12,766,183	-	-	-	-	-	700,631	13,466,814
Support services	4,307,873	1,336,923	1,450,819	-	3,199,977	90,506	338,737	10,724,835
Community services	273,033	-	-	-	-	-	47,080	320,113
Nonprogrammed charges	293,571	-	-	-	-	-	-	293,571
Debt services	1,623,580	191,082	-	4,670,424	-	-	671,100	7,156,186
Total disbursements	19,264,240	1,528,005	1,450,819	4,670,424	3,199,977	90,506	1,757,548	31,961,519
Excess (deficiency) of receipts over disbursements	(324,795)	(324,405)	73,033	(1,483,252)	(1,157,669)	173,093	(17,234)	(3,061,229)
Other financing sources (uses):								
Transfers in	413,294	82,868	-	264,379	106,029	12,932	260,326	1,139,828
Transfers out	-	(19,000)	(20,000)	(48,496)	(90,000)	(16,000)	(946,332)	(1,139,828)
Total other financing sources (uses)	413,294	63,868	(20,000)	215,883	16,029	(3,068)	(686,006)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	88,499	(260,537)	53,033	(1,267,369)	(1,141,640)	170,025	(703,240)	(3,061,229)
Cash and investments - beginning	3,777,435	831,398	396,978	2,096,377	2,775,716	266,743	1,600,244	11,744,891
Cash and investments - ending	<u>\$ 3,865,934</u>	<u>\$ 570,861</u>	<u>\$ 450,011</u>	<u>\$ 829,008</u>	<u>\$ 1,634,076</u>	<u>\$ 436,768</u>	<u>\$ 897,004</u>	<u>\$ 8,683,662</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 3,865,934	\$ 570,861	\$ 450,011	\$ -	\$ 1,634,076	\$ 436,768	\$ 922,004	\$ 7,879,654
Restricted assets:								
Cash and investments	-	-	-	829,008	-	-	(25,000)	804,008
Total cash and investment assets - ending	\$ 3,865,934	\$ 570,861	\$ 450,011	\$ 829,008	\$ 1,634,076	\$ 436,768	\$ 897,004	\$ 8,683,662
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 829,008	\$ -	\$ -	\$ (25,000)	\$ 804,008
Unrestricted	3,865,934	570,861	450,011	-	1,634,076	436,768	922,004	7,879,654
Total cash and investment fund balance - ending	\$ 3,865,934	\$ 570,861	\$ 450,011	\$ 829,008	\$ 1,634,076	\$ 436,768	\$ 897,004	\$ 8,683,662

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Food Service	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 8,741,339	\$ 1,425,324	\$ 655,497	\$ 4,235,663	\$ 1,968,207	\$ 238,347	\$ 1,155,586	\$ 18,419,963
Intermediate sources	202	-	-	-	-	-	1,425	1,627
State sources	8,935,380	-	15,033	-	-	-	298,467	9,248,880
Federal sources	5,235	-	506,189	-	-	-	450,775	962,199
Bonds and loans	2,579,217	-	-	-	-	-	322,952	2,902,169
Sale of property, adjustments and refunds	14,761	-	-	-	-	-	-	14,761
Total receipts	20,276,134	1,425,324	1,176,719	4,235,663	1,968,207	238,347	2,229,205	31,549,599
Disbursements:								
Current:								
Instruction	12,768,479	-	-	-	-	-	728,566	13,497,045
Support services	4,917,991	1,440,220	1,156,735	-	3,778,186	456,662	283,671	12,033,465
Community services	320,289	-	-	-	-	-	49,059	369,348
Nonprogrammed charges	247,759	-	-	-	-	-	407	248,166
Debt services	3,903,191	297,761	-	4,612,320	-	149,954	916,088	9,879,314
Total disbursements	22,157,709	1,737,981	1,156,735	4,612,320	3,778,186	606,616	1,977,791	36,027,338
Excess (deficiency) of receipts over disbursements	(1,881,575)	(312,657)	19,984	(376,657)	(1,809,979)	(368,269)	251,414	(4,477,739)
Other financing sources (uses):								
Transfers in	20,526	-	-	-	-	-	421,930	442,456
Transfers out	(38,772)	-	(20,000)	-	(125,000)	-	(258,684)	(442,456)
Total other financing sources (uses)	(18,246)	-	(20,000)	-	(125,000)	-	163,246	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,899,821)	(312,657)	(16)	(376,657)	(1,934,979)	(368,269)	414,660	(4,477,739)
Cash and investments - beginning	3,865,934	570,861	450,011	829,008	1,634,076	436,768	897,004	8,683,662
Cash and investments - ending	\$ 1,966,113	\$ 258,204	\$ 449,995	\$ 452,351	\$ (300,903)	\$ 68,499	\$ 1,311,664	\$ 4,205,923
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,966,113	\$ 258,204	\$ 449,995	\$ -	\$ (300,903)	\$ 68,499	\$ 1,325,985	\$ 3,767,893
Restricted assets:								
Cash and investments	-	-	-	452,351	-	-	(14,321)	438,030
Total cash and investment assets - ending	\$ 1,966,113	\$ 258,204	\$ 449,995	\$ 452,351	\$ (300,903)	\$ 68,499	\$ 1,311,664	\$ 4,205,923
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 452,351	\$ -	\$ -	\$ (14,321)	\$ 438,030
Unrestricted	1,966,113	258,204	449,995	-	(300,903)	68,499	1,325,985	3,767,893
Total cash and investment fund balance - ending	\$ 1,966,113	\$ 258,204	\$ 449,995	\$ 452,351	\$ (300,903)	\$ 68,499	\$ 1,311,664	\$ 4,205,923

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
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 Fund</u>	<u>Agency Fund</u>
Additions:			
Contributions:			
Other	\$ 294,112	\$ -	
Investment earnings:			
Interest	1,947	-	
Total additions	<u>296,059</u>	<u>-</u>	
Deductions:			
Benefits	<u>106,471</u>	<u>-</u>	
Excess of total additions over total deductions	189,588	-	
Cash and investment fund balance - beginning	<u>91,789</u>	<u>150</u>	
Cash and investment fund balance - ending	<u>\$ 281,377</u>	<u>\$ 150</u>	<u>\$ 61,894</u>
Net assets:			
Cash and investments	<u>\$ 281,377</u>	<u>\$ 150</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 281,377</u>	<u>\$ 150</u>	

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
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 Fund	Agency Fund
Additions:			
Contributions:			
Other	\$ 32,500	\$ -	
Investment earnings:			
Interest	313	-	
Total additions	32,813	-	
Deductions:			
Benefits	58,831	-	
Deficiency of total additions over total deductions	(26,018)	-	
Cash and investment fund balance - beginning	281,377	150	
Cash and investment fund balance - ending	\$ 255,359	\$ 150	\$ 2,132
Net assets:			
Cash and investments	\$ 255,359	\$ 150	
Total net assets - cash and investment basis held in trust	\$ 255,359	\$ 150	

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Metropolitan School District of Steuben County

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

Joint Venture

The School Corporation is a participant with other interested school corporations in DeKalb, LaGrange, Noble and Steuben Counties in a joint venture to operate Four County Area Vocational Cooperative (Co-Op), which was created to provide vocational instruction for students. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Garrett-Keyser-Butler Community School District, 801 Houston Street, Garrett, Indiana, 46738.

The School Corporation is a participant with other interested school corporations in DeKalb, LaGrange, Noble and Steuben Counties in a joint venture to operate Northeast Indiana Special Education Cooperative (Co-op), which was created to provide programs and services for students with special needs. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from DeKalb County Eastern Community School District, 300 East Washington Street, Butler, Indiana, 46721.

The School Corporation is a participant with other interested school corporations in LaGrange and Steuben Counties in a joint venture to operate the Educational Opportunity Center Cooperative (Co-op), which was created to provide alternative means to achieve high school credit. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. The financial activities for this Co-op are represented in the Educational Opportunity Center Fund, a special revenue fund type.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints a board member of the Steuben County Library.

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

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 other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

The food service fund is used to account for receipts and disbursements concerning child nutrition programs.

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

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for receipts and disbursements concerning retirement/severance benefits as authorized by statute.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit a scholarship recipient.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

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

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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.

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

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006 - 2007	2007 - 2008
Capital Projects	\$ -	\$ (300,903)
Educational Opportunity Center	(15,531)	-
Professional Development	(437)	-
Pension Bond Debt Service	(25,000)	(14,321)

Cash and investment deficits in the capital projects and pension bond debt service funds arose because not all property tax distributions were received from the County Treasurer by fiscal year end. The educational opportunity center fund had a deficit because a payment due from another school was late and the professional development fund had a deficit because expenditures were mistakenly made before the funds were set up.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2008, the School Corporation had deposit balances in the amount of \$4,463,564 which were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund covering all public funds held in approved depositories.

2. Investments

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

B. Interfund Transfers

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

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

Transfer From	Transfer To	2006 - 2007	2007 - 2008
General	Other governmental	\$ -	\$ 38,772
Transportation Operating	Other governmental	19,000	-
Food Service	General Fund	20,000	20,000
Debt Service	Transportation Operating	10,753	-
	Other governmental	37,743	-
Capital Projects	Other governmental	90,000	125,000
School Bus Replacement	Other governmental	16,000	-
Other governmental	General Fund	393,294	526
	Transportation Operating	72,115	-
	Debt Service	264,379	-
	Capital Projects	106,029	-
	School Bus Replacement	12,932	-
	Other governmental	<u>97,583</u>	<u>258,158</u>
Totals		<u>\$ 1,139,828</u>	<u>\$ 442,456</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions. For the fiscal year ended June 30, 2007, the School Corporation had a significant levy excess transfer totaling \$900,816. This is included in the "Other Governmental" transfer total as shown on the Transfer Schedule.

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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 capital leases with Metropolitan School District of Steuben County Building Corporation, Metropolitan School District of Steuben County K-5 Building Corporation and Angola Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments made during the fiscal years 2007 and 2008 totaled \$2,725,000 and \$3,050,000, respectively.

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

C. Postemployment Benefits

In addition to the pension benefits described in Note IV.D, the School Corporation provides post-employment health benefits, as authorized by IC 5-10-8, to all employees who retire from the School Corporation on or after attaining age allowed by Indiana State 85 Rule with at least twenty years of service. For the years ended June 30, 2007 and 2008, the number of retirees that met these eligibility requirements was 19 and 15, respectively. The School Corporation provides the sum equal to the school corporation contribution of the health insurance plan at the time of the employee's retirement. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. For the years ended June 30, 2007 and 2008, disbursements of \$80,213 and \$54,595, respectively, were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 259,665
Interest on net pension obligation	(16,779)
Adjustment to annual required contribution	19,121
Annual pension cost	262,007
Contributions made	216,591
Increase in net pension obligation	45,416
Net pension obligation, beginning of year	(231,440)
Net pension obligation, end of year	\$ (186,024)

	PERF
Contribution rates:	
School Corporation	7.00%
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

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 197,675	106%	\$ (265,136)
	06-30-06	235,748	86%	(231,440)
	06-30-07	262,007	83%	(186,024)

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

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

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 \$304,725, \$271,096, and \$238,296, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 3,340,899	\$ 4,177,627	\$ (836,728)	80%	\$ 3,184,227	(26%)
07-01-06	3,601,079	4,490,653	(889,574)	80%	3,078,059	(29%)
07-01-07	3,678,381	4,396,136	(717,755)	84%	3,198,484	(22%)

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

	Special Education Preschool	Rainy Day	Textbook Rental	Levy Excess	Educational Opportunity Center	After School Child Care	Educational License Plate
Receipts:							
Local sources	\$ 11,500	\$ -	\$ 187,740	\$ -	\$ 222,266	\$ 52,673	\$ -
Intermediate sources	-	-	-	-	-	-	2,138
State sources	56,993	-	45,955	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	68,493	-	233,695	-	222,266	52,673	2,138
Disbursements:							
Current:							
Instruction	40,142	-	-	-	257,608	4,062	-
Support services	-	-	186,954	-	-	7,568	-
Community services	-	-	-	-	-	35,145	-
Debt services	-	-	-	-	-	-	-
Total disbursements	40,142	-	186,954	-	257,608	46,775	-
Excess (deficiency) of receipts over disbursements	28,351	-	46,741	-	(35,342)	5,898	2,138
Other financing sources (uses):							
Transfers in	1,122	125,000	37,743	-	18,557	-	-
Transfers out	-	-	-	(900,816)	-	-	-
Total other financing sources (uses)	1,122	125,000	37,743	(900,816)	18,557	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,473	125,000	84,484	(900,816)	(16,785)	5,898	2,138
Cash and investments - beginning	289,119	-	120,728	900,816	1,254	8,642	7,178
Cash and investments - ending	\$ 318,592	\$ 125,000	\$ 205,212	\$ -	\$ (15,531)	\$ 14,540	\$ 9,316
Cash and Investment Assets - Ending							
Cash and investments	\$ 318,592	\$ 125,000	\$ 205,212	\$ -	\$ (15,531)	\$ 14,540	\$ 9,316
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 318,592	\$ 125,000	\$ 205,212	\$ -	\$ (15,531)	\$ 14,540	\$ 9,316
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	318,592	125,000	205,212	-	(15,531)	14,540	9,316
Total cash and investment fund balance - ending	\$ 318,592	\$ 125,000	\$ 205,212	\$ -	\$ (15,531)	\$ 14,540	\$ 9,316

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

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

	Alternative Education	Early Intervention Grant	Safe Haven Grant	Miscellaneous Donations	Dekko Music Enhancement	Einstein Grant	Miscellaneous Grants
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 8,204	\$ -	\$ 1,717
Intermediate sources	-	-	-	-	-	-	-
State sources	18,557	2,500	12,599	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	18,557	2,500	12,599	-	8,204	-	1,717
Disbursements:							
Current:							
Instruction	-	-	-	6,978	8,204	74	5,406
Support services	-	2,500	12,599	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	2,500	12,599	6,978	8,204	74	5,406
Excess (deficiency) of receipts over disbursements	18,557	-	-	(6,978)	-	(74)	(3,689)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(18,557)	-	-	-	-	-	-
Total other financing sources (uses)	(18,557)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(6,978)	-	(74)	(3,689)
Cash and investments - beginning	-	-	-	7,519	-	74	6,001
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 541	\$ -	\$ -	\$ 2,312
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	541	-	-	2,312
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>

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

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

	Forever Improving Steuben County Together Grant	Professional Development	Extra- Curricular Activities	Coca Cola Commissions FY 06/07	Middle College Gifted and Talented Grant FY 06/07
Receipts:					
Local sources	\$ 5,467	\$ 265	\$ 9,860	\$ 8,545	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Total receipts	5,467	265	9,860	8,545	-
Disbursements:					
Current:					
Instruction	4,376	-	1,161	-	55,627
Support services	-	702	244	10,636	11
Community services	-	-	8,455	-	-
Debt services	-	-	-	-	-
Total disbursements	4,376	702	9,860	10,636	55,638
Excess (deficiency) of receipts over disbursements	1,091	(437)	-	(2,091)	(55,638)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,091	(437)	-	(2,091)	(55,638)
Cash and investments - beginning	-	-	-	2,305	68,107
Cash and investments - ending	<u>\$ 1,091</u>	<u>\$ (437)</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 12,469</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1,091	\$ (437)	\$ -	\$ 214	\$ 12,469
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,091</u>	<u>\$ (437)</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 12,469</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,091	(437)	-	214	12,469
Total cash and investment fund balance - ending	<u>\$ 1,091</u>	<u>\$ (437)</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 12,469</u>

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

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

	Middle College Gifted and Talented Grant FY 07/08	Gifted and Talented FY 06/07	Non-English Speaking Program	School Technology	New American HS Award
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 26,483	\$ -
Intermediate sources	-	-	-	-	-
State sources	49,000	15,852	1,798	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Total receipts	49,000	15,852	1,798	26,483	-
Disbursements:					
Current:					
Instruction	-	17,540	1,307	-	136
Support services	-	-	-	14,549	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	-	17,540	1,307	14,549	136
Excess (deficiency) of receipts over disbursements	49,000	(1,688)	491	11,934	(136)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,000	(1,688)	491	11,934	(136)
Cash and investments - beginning	-	6,910	1,291	69,108	136
Cash and investments - ending	\$ 49,000	\$ 5,222	\$ 1,782	\$ 81,042	\$ -
Cash and Investment Assets - Ending					
Cash and investments	\$ 49,000	\$ 5,222	\$ 1,782	\$ 81,042	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ 49,000	\$ 5,222	\$ 1,782	\$ 81,042	\$ -
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	49,000	5,222	1,782	81,042	-
Total cash and investment fund balance - ending	\$ 49,000	\$ 5,222	\$ 1,782	\$ 81,042	\$ -

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

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

	Title I FY 06/07	Innovative Programs Grant FY 05/06	Safe and Drug Free Schools FY 05/06	Safe and Drug Free Schools FY 06/07	Improving Teacher Quality 2006
Receipts:					
Local sources	\$ -	\$ -	\$ 2	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	270,057	7,836	9,181	7,053	-
Bonds and loans	-	-	-	-	-
Total receipts	270,057	7,836	9,183	7,053	-
Disbursements:					
Current:					
Instruction	249,452	10,213	-	899	2,605
Support services	14,407	1,129	8,270	-	41,075
Community services	3,480	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	267,339	11,342	8,270	899	43,680
Excess (deficiency) of receipts over disbursements	2,718	(3,506)	913	6,154	(43,680)
Other financing sources (uses):					
Transfers in	26,572	-	-	-	-
Transfers out	(26,572)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,718	(3,506)	913	6,154	(43,680)
Cash and investments - beginning	28,122	4,152	666	-	43,858
Cash and investments - ending	<u>\$ 30,840</u>	<u>\$ 646</u>	<u>\$ 1,579</u>	<u>\$ 6,154</u>	<u>\$ 178</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 30,840	\$ 646	\$ 1,579	\$ 6,154	\$ 178
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 30,840</u>	<u>\$ 646</u>	<u>\$ 1,579</u>	<u>\$ 6,154</u>	<u>\$ 178</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	30,840	646	1,579	6,154	178
Total cash and investment fund balance - ending	<u>\$ 30,840</u>	<u>\$ 646</u>	<u>\$ 1,579</u>	<u>\$ 6,154</u>	<u>\$ 178</u>

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

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

	Improving Teacher Quality 2007	Enhancing Education Through Technology	English Language Acquisition Grant	Pension Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 323,604	\$ 858,326
Intermediate sources	-	-	-	-	2,138
State sources	-	-	-	-	203,254
Federal sources	104,521	4,843	23,992	-	427,483
Bonds and loans	-	-	-	249,113	249,113
Total receipts	104,521	4,843	23,992	572,717	1,740,314
Disbursements:					
Current:					
Instruction	1,793	3,667	29,381	-	700,631
Support services	36,698	1,395	-	-	338,737
Community services	-	-	-	-	47,080
Debt services	-	-	-	671,100	671,100
Total disbursements	38,491	5,062	29,381	671,100	1,757,548
Excess (deficiency) of receipts over disbursements	66,030	(219)	(5,389)	(98,383)	(17,234)
Other financing sources (uses):					
Transfers in	-	-	-	51,332	260,326
Transfers out	-	-	(387)	-	(946,332)
Total other financing sources (uses)	-	-	(387)	51,332	(686,006)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,030	(219)	(5,776)	(47,051)	(703,240)
Cash and investments - beginning	-	3,398	8,809	22,051	1,600,244
Cash and investments - ending	<u>\$ 66,030</u>	<u>\$ 3,179</u>	<u>\$ 3,033</u>	<u>\$ (25,000)</u>	<u>\$ 897,004</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 66,030	\$ 3,179	\$ 3,033	\$ -	\$ 922,004
Restricted assets:					
Cash and investments	-	-	-	(25,000)	(25,000)
Total cash and investment assets - ending	<u>\$ 66,030</u>	<u>\$ 3,179</u>	<u>\$ 3,033</u>	<u>\$ (25,000)</u>	<u>\$ 897,004</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (25,000)	\$ (25,000)
Unrestricted	66,030	3,179	3,033	-	922,004
Total cash and investment fund balance - ending	<u>\$ 66,030</u>	<u>\$ 3,179</u>	<u>\$ 3,033</u>	<u>\$ (25,000)</u>	<u>\$ 897,004</u>

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Rainy Day	Textbook Rental	Educational Opportunity Center	After School Child Care	Educational License Plate
Receipts:						
Local sources	\$ 21,852	\$ -	\$ 158,222	\$ 248,044	\$ 54,626	\$ -
Intermediate sources	-	-	-	-	-	1,425
State sources	49,001	-	86,379	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	70,853	-	244,601	248,044	54,626	1,425
Disbursements:						
Current:						
Instruction	20,686	-	-	132,922	1,685	-
Support services	-	-	80,514	-	3,796	-
Community services	-	-	-	-	47,853	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	20,686	-	80,514	132,922	53,334	-
Excess (deficiency) of receipts over disbursements	50,167	-	164,087	115,122	1,292	1,425
Other financing sources (uses):						
Transfers in	-	125,000	-	-	-	-
Transfers out	-	-	-	(99,591)	-	-
Total other financing sources (uses)	-	125,000	-	(99,591)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50,167	125,000	164,087	15,531	1,292	1,425
Cash and investments - beginning	318,592	125,000	205,212	(15,531)	14,540	9,316
Cash and investments - ending	\$ 368,759	\$ 250,000	\$ 369,299	\$ -	\$ 15,832	\$ 10,741
Cash and Investment Assets - Ending						
Cash and investments	\$ 368,759	\$ 250,000	\$ 369,299	\$ -	\$ 15,832	\$ 10,741
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 368,759	\$ 250,000	\$ 369,299	\$ -	\$ 15,832	\$ 10,741
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	368,759	250,000	369,299	-	15,832	10,741
Total cash and investment fund balance - ending	\$ 368,759	\$ 250,000	\$ 369,299	\$ -	\$ 15,832	\$ 10,741

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Alternative Education and Educational Opportunity Center Combined	School Safe Haven	Early Intervention Grant	Miscellaneous Donations	Miscellaneous Grants	Forever Improving Steuben County Together Grant
Receipts:						
Local sources	\$ 24,605	\$ -	\$ -	\$ -	\$ -	\$ 4,028
Intermediate sources	-	-	-	-	-	-
State sources	18,393	6,927	2,000	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	42,998	6,927	2,000	-	-	4,028
Disbursements:						
Current:						
Instruction	139,586	-	-	94	2,194	4,414
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	139,586	-	-	94	2,194	4,414
Excess (deficiency) of receipts over disbursements	(96,588)	6,927	2,000	(94)	(2,194)	(386)
Other financing sources (uses):						
Transfers in	99,591	-	-	-	-	14
Transfers out	-	-	-	-	(118)	(13)
Total other financing sources (uses)	99,591	-	-	-	(118)	1
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,003	6,927	2,000	(94)	(2,312)	(385)
Cash and investments - beginning	-	-	-	541	2,312	1,091
Cash and investments - ending	<u>\$ 3,003</u>	<u>\$ 6,927</u>	<u>\$ 2,000</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ 706</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,003	\$ 6,927	\$ 2,000	\$ 447	\$ -	\$ 706
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,003</u>	<u>\$ 6,927</u>	<u>\$ 2,000</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ 706</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,003	6,927	2,000	447	-	706
Total cash and investment fund balance - ending	<u>\$ 3,003</u>	<u>\$ 6,927</u>	<u>\$ 2,000</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ 706</u>

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Professional Development	Extra-Curricular Activities	Coca Cola Commissions FY 07/08	Coca Cola Commissions FY 06/07	Middle College Gifted and Talented Grant FY 06/07	Middle College Gifted and Talented Grant FY 07/08
Receipts:						
Local sources	\$ -	\$ 4,298	\$ 4,966	\$ 1,947	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	38,859	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Total receipts	38,859	4,298	4,966	1,947	-	-
Disbursements:						
Current:						
Instruction	461	-	-	-	12,469	17,230
Support services	24,155	4,298	3,828	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	24,616	4,298	3,828	-	12,469	17,230
Excess (deficiency) of receipts over disbursements	14,243	-	1,138	1,947	(12,469)	(17,230)
Other financing sources (uses):						
Transfers in	90,880	-	2,161	-	-	-
Transfers out	(52,122)	-	-	(2,161)	-	(31,770)
Total other financing sources (uses)	38,758	-	2,161	(2,161)	-	(31,770)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	53,001	-	3,299	(214)	(12,469)	(49,000)
Cash and investments - beginning	(437)	-	-	214	12,469	49,000
Cash and investments - ending	\$ 52,564	\$ -	\$ 3,299	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 52,564	\$ -	\$ 3,299	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 52,564	\$ -	\$ 3,299	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	52,564	-	3,299	-	-	-
Total cash and investment fund balance - ending	\$ 52,564	\$ -	\$ 3,299	\$ -	\$ -	\$ -

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Gifted and Talented FY 06/07	Gifted and Talented FY 07/08	Non-English Speaking Program	School Technology	Title I Fund FY 06/07	Title I Fund FY 07/08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 29,184	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	40,000	38,580	18,328	-	-	-
Federal sources	-	-	-	-	43,042	273,234
Bonds and loans	-	-	-	-	-	-
Total receipts	40,000	38,580	18,328	29,184	43,042	273,234
Disbursements:						
Current:						
Instruction	36,992	38,580	13,993	-	46,194	237,803
Support services	-	-	-	9,094	4,370	13,523
Community services	-	-	-	-	405	801
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	36,992	38,580	13,993	9,094	50,969	252,127
Excess (deficiency) of receipts over disbursements	3,008	-	4,335	20,090	(7,927)	21,107
Other financing sources (uses):						
Transfers in	31,770	34,967	-	-	-	22,913
Transfers out	-	(34,967)	-	-	(22,913)	-
Total other financing sources (uses)	31,770	-	-	-	(22,913)	22,913
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	34,778	-	4,335	20,090	(30,840)	44,020
Cash and investments - beginning	5,222	-	1,782	81,042	30,840	-
Cash and investments - ending	\$ 40,000	\$ -	\$ 6,117	\$ 101,132	\$ -	\$ 44,020
Cash and Investment Assets - Ending						
Cash and investments	\$ 40,000	\$ -	\$ 6,117	\$ 101,132	\$ -	\$ 44,020
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 40,000	\$ -	\$ 6,117	\$ 101,132	\$ -	\$ 44,020
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	40,000	-	6,117	101,132	-	44,020
Total cash and investment fund balance - ending	\$ 40,000	\$ -	\$ 6,117	\$ 101,132	\$ -	\$ 44,020

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Innovative Programs Grant FY 05/06	Innovative Programs Grant FY 06/07	Innovative Programs Grant FY 07/08	Safe and Drug Free Schools FY 05/06	Safe and Drug Free Schools FY 06/07	Safe and Drug Free Schools FY 07/08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	4,764	4,819	-	2,000	3,809
Bonds and loans	-	-	-	-	-	-
Total receipts	-	4,764	4,819	(1)	2,000	3,809
Disbursements:						
Current:						
Instruction	73	4,764	-	-	5,602	-
Support services	573	-	345	1,578	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	646	4,764	345	1,578	5,602	-
Excess (deficiency) of receipts over disbursements	(646)	-	4,474	(1,579)	(3,602)	3,809
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(646)	-	4,474	(1,579)	(3,602)	3,809
Cash and investments - beginning	646	-	-	1,579	6,154	-
Cash and investments - ending	\$ -	\$ -	\$ 4,474	\$ -	\$ 2,552	\$ 3,809
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 4,474	\$ -	\$ 2,552	\$ 3,809
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 4,474	\$ -	\$ 2,552	\$ 3,809
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	4,474	-	2,552	3,809
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 4,474	\$ -	\$ 2,552	\$ 3,809

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Improving Teacher Quality 2006	Improving Teacher Quality 2007	Enhancing Education Through Technology	English Language Acquisition Grant	Pension Bond Debt Service	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 603,815	\$ 1,155,586
Intermediate sources	-	-	-	-	-	1,425
State sources	-	-	-	-	-	298,467
Federal sources	-	103,743	-	15,364	-	450,775
Bonds and loans	-	-	-	-	322,952	322,952
Total receipts	-	103,743	-	15,364	926,767	2,229,205
Disbursements:						
Current:						
Instruction	138	2,978	3,632	6,076	-	728,566
Support services	40	138,417	(860)	-	-	283,671
Community services	-	-	-	-	-	49,059
Nonprogrammed charges	-	-	407	-	-	407
Debt services	-	-	-	-	916,088	916,088
Total disbursements	178	141,395	3,179	6,076	916,088	1,977,791
Excess (deficiency) of receipts over disbursements	(178)	(37,652)	(3,179)	9,288	10,679	251,414
Other financing sources (uses):						
Transfers in	-	-	-	14,634	-	421,930
Transfers out	-	-	-	(15,029)	-	(258,684)
Total other financing sources (uses)	-	-	-	(395)	-	163,246
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(178)	(37,652)	(3,179)	8,893	10,679	414,660
Cash and investments - beginning	178	66,030	3,179	3,033	(25,000)	897,004
Cash and investments - ending	\$ -	\$ 28,378	\$ -	\$ 11,926	\$ (14,321)	\$ 1,311,664
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 28,378	\$ -	\$ 11,926	\$ -	\$ 1,325,985
Restricted assets:						
Cash and investments	-	-	-	-	(14,321)	(14,321)
Total cash and investment assets - ending	\$ -	\$ 28,378	\$ -	\$ 11,926	\$ (14,321)	\$ 1,311,664
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	(14,321)	(14,321)
Unrestricted	-	28,378	-	11,926	-	1,325,985
Total cash and investment fund balance - ending	\$ -	\$ 28,378	\$ -	\$ 11,926	\$ (14,321)	\$ 1,311,664

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

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

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 294,112	\$ 294,112
Investment earnings:			
Interest	1,947	-	1,947
Total additions	1,947	294,112	296,059
Deductions:			
Benefits	81,199	25,272	106,471
Excess (deficiency) of total additions over total deductions	(79,252)	268,840	189,588
Cash and investment fund balance - beginning	91,789	-	91,789
Cash and investment fund balance - ending	\$ 12,537	\$ 268,840	\$ 281,377
Net assets:			
Cash and investments	\$ 12,537	\$ 268,840	\$ 281,377
Total net assets - cash and investment basis held in trust	\$ 12,537	\$ 268,840	\$ 281,377

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	<u>Retirement/ Severance Bond</u>	<u>Post-Retirement/ Severance Future Benefit</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ -	\$ 32,500	\$ 32,500
Investment earnings:			
Interest	<u>313</u>	<u>-</u>	<u>313</u>
Total additions	<u>313</u>	<u>32,500</u>	<u>32,813</u>
Deductions:			
Benefits	<u>5,236</u>	<u>53,595</u>	<u>58,831</u>
Deficiency of total additions over total deductions	(4,923)	(21,095)	(26,018)
Cash and investment fund balance - beginning	<u>12,537</u>	<u>268,840</u>	<u>281,377</u>
Cash and investment fund balance - ending	<u>\$ 7,614</u>	<u>\$ 247,745</u>	<u>\$ 255,359</u>
Net assets:			
Cash and investments	<u>\$ 7,614</u>	<u>\$ 247,745</u>	<u>\$ 255,359</u>
Total net assets - cash and investment basis held in trust	<u>\$ 7,614</u>	<u>\$ 247,745</u>	<u>\$ 255,359</u>

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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	\$ 2,050,903
Buildings	54,868,665
Improvements other than buildings	798,290
Machinery and equipment	<u>4,534,500</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 62,252,358</u>

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 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:		
MSD of Steuben County Building Corporation - High School 2000 refunding lease	\$ 740,000	\$ 740,000
Angola Middle School Building Corporation - Middle School 2008 refunding lease	14,710,000	1,634,513
MSD of Steuben County K-5 Building Corporation - Ryan Park Elementary 2003 refunding lease	22,034,700	1,997,580
Loan payable:		
Energy savings 2005 certificates of participation	3,495,000	586,154
Bonds payable:		
General obligation bonds:		
Pension obligation 2004 bonds	6,120,000	657,125
Temporary loans	<u>2,902,169</u>	<u>2,902,169</u>
Total governmental activities debt	<u>\$ 50,001,869</u>	<u>\$ 8,517,541</u>

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
AUDIT RESULTS AND COMMENTS

PAYROLL REPORTING IRS W-2 DEFICIENCIES

Several W-2's were reported to the IRS for 2006 and 2007 incorrectly due to taxable benefits being reported as nontaxable benefits. The old computer software system included the Superintendent's 10% Indiana State Teachers Retirement Fund (ISTRF) Benefit as a nontaxable benefit instead of including the benefit as a taxable benefit in with gross wages for 2006 and 2007. The School Corporation converted software systems in 2007. An incorrect calculation was made during the conversion on several employees' (Superintendent and twelve other Administrators) excess life insurance benefit resulting in a portion of the excess life insurance benefit being treated as a nontaxable benefit instead of a taxable benefit for 2007. The effect of these situations for 2006 and 2007 is that taxable wages were under-reported and employee and employer FICA and Medicare taxes were not paid on all of those taxable benefits.

The new software system appeared to have handled the 10% ISTRF and the excess life insurance situations correctly for the 2008 calendar year.

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

CLAIMS DEFICIENCIES

There were two hotel bills, each in excess of \$500, reimbursed for travel expenses that were not documented well enough to verify that the payment was eligible for reimbursement.

There was a credit card claim that did not have itemized receipts for several restaurant purchases.

There was an employee retirement gift of \$55.06 paid from the School Lunch Fund. The School Lunch Director was also having employee lunch meetings. The lunches for these meeting were paid from the School Lunch Fund.

Currently, school lunch accounts payable vouchers (claims) are not being approved by the School board.

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

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

The board of school trustees or other governing body of a school corporation has the responsibility to examine and approve all accounts payable vouchers (claims) before they are forwarded to the treasurer of the school corporation for checks to be written in payment thereof. Accordingly, each accounts payable voucher (claim) should be made available for examination by each member of the board present at a public meeting. (The School Administrator and Uniform Compliance Guidelines, December 2006)

OVERDRAWN CASH BALANCES

The cash balance of the Educational Opportunity Center Fund, Professional Development Fund and Pension Bond Debt Service Fund was overdrawn at June 30, 2007, by \$15,531, \$437, and \$25,000, respectively. The cash balance of the Capital Projects Fund and Pension Bond Debt Service Fund was overdrawn at June 30, 2008, by \$300,903 and \$14,321, respectively.

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

ECA DEPOSITS (Applies to Angola Middle School)

Receipts (including ticket sale receipts) in numerous instances were deposited later than the next business day. We also noted that deposits were made prior to receipts being written.

IC 20-41-7-9 states in part: ". . . receipts shall be deposited without reasonable delay."

SUPPORTING DOCUMENTATION (Applies to Angola Middle School)

Payments were observed which did not contain adequate supporting documentation, such as a receipt, invoice, or other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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

TICKET SALES (Applies to Angola High School)

Ticket sale receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of five days before deposit, and in some cases, accumulated to over \$2,530.

IC 20-41-1-9 states in part: ". . . receipts shall be deposited without reasonable delay."

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

FUND SOURCES AND USES (Applies to Angola Middle School)

Funds were disbursed from the Candy Fund (a student fund) for pizza for the office. Funds were also disbursed from the Athletic Fund (a student fund) for pizza for track workers.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 STEUBEN COUNTY, STEUBEN COUNTY, INDIANA

Compliance

We have audited the compliance of the Metropolitan School District of Steuben County (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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

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)

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

STATE BOARD OF ACCOUNTS

April 1, 2009

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
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		\$ 85,686	\$ 96,038
National School Lunch Program	10.555		483,470	482,511
Fresh Fruit and Vegetable Program	10.582		<u>2,019</u>	<u>2,477</u>
Total for federal grantor agency			<u>571,175</u>	<u>581,026</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	06-7615 07-7615	267,339 <u>-</u>	50,968 <u>252,127</u>
Total for program			<u>267,339</u>	<u>303,095</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	05-101 7615-06	8,270 <u>899</u>	1,578 <u>5,602</u>
Total for program			<u>9,169</u>	<u>7,180</u>
State Grants for Innovative Programs	84.298	04-087 05-089 06-7615 07-7615	4,152 7,189 <u>-</u> <u>-</u>	- 647 4,764 <u>345</u>
Total for program			<u>11,341</u>	<u>5,756</u>
Education Technology State Grants	84.318	04/06 05/07	3,398 <u>1,663</u>	- <u>3,180</u>
Total for program			<u>5,061</u>	<u>3,180</u>
English Language Acquisition Grants	84.365	Language 06/07 07/08	8,809 20,959 <u>-</u>	- 3,033 <u>3,437</u>
Total for program			<u>29,768</u>	<u>6,470</u>
Improving Teacher Quality State Grants	84.367	04-090 05-083 06-7615	43,680 38,492 <u>-</u>	- 66,030 <u>75,365</u>
Total for program			<u>82,172</u>	<u>141,395</u>
Total for federal grantor agency			<u>404,850</u>	<u>467,076</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Snow Emergency No. 3274	<u>5,235</u>	<u>-</u>
Total federal awards expended			<u>\$ 981,260</u>	<u>\$ 1,048,102</u>

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. 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	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 14,484	\$ 11,639
National School Lunch Program	10.555	80,850	57,823

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 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	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 STEUBEN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2009, with C. Art Ryan, School Board Member; Phillip Meyers, School Board Member; Dr. Brent Wilson, Assistant Superintendent of Schools; Monte VanGessel, Business Manager; Sherry McManus, Treasurer; and Marilyn Hill, Deputy Treasurer/Payroll Director.