

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

EXAMINATION REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF NEW DURHAM TOWNSHIP
LAPORTE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

07/24/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terri Stachowiak	07-01-06 to 06-30-09
Superintendent of Schools	Robert Harbart	07-01-06 to 06-30-09
Corporation Manager	Richard Cook	07-01-06 to 06-30-09
President of the School Board	Nancy Milcarek Ronald Warnke	01-01-06 to 12-31-06 01-01-07 to 12-31-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NEW DURHAM TOWNSHIP, LAPORTE COUNTY, INDIANA

We have examined the financial statements presented herein of the Metropolitan School District of New Durham Township (School Corporation), for the period of July 1, 2006 to June 30, 2008. The School Corporation's management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statements of the School Corporation for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

June 30, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 2,954,572	\$ -	\$ 75,688	\$ (2,878,884)
Support services	3,115,573	165,452	137,956	(2,812,165)
Community services	99,627	-	-	(99,627)
Nonprogrammed charges	388,991	-	-	(388,991)
Debt service	<u>2,566,401</u>	<u>-</u>	<u>-</u>	<u>(2,566,401)</u>
Total governmental activities	<u>\$ 9,125,164</u>	<u>\$ 165,452</u>	<u>\$ 213,644</u>	<u>(8,746,068)</u>
General receipts:				
Property taxes				1,594,200
Other local sources				443,370
State aid				3,500,203
Bonds and loans				2,057,000
Grants and contributions not restricted to specific programs				203,849
Investment earnings				<u>134,968</u>
Total general receipts				<u>7,933,590</u>
Change in net assets				(812,478)
Net assets - beginning				<u>2,886,813</u>
Net assets - ending				<u>\$ 2,074,335</u>
<u>Assets</u>				
Cash and investments				\$ 1,505,266
Restricted assets:				
Cash and investments				<u>568,469</u>
Total assets				<u>\$ 2,073,735</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 568,469
Unrestricted				<u>1,505,266</u>
Total net assets				<u>\$ 2,073,735</u>

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

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,361,803	\$ -	\$ 109,001	\$ (3,252,802)
Support services	3,020,050	172,554	162,649	(2,684,847)
Community services	113,282	-	-	(113,282)
Nonprogrammed charges	492,639	-	-	(492,639)
Debt service	3,249,275	-	-	(3,249,275)
Total governmental activities	\$ 10,237,049	\$ 172,554	\$ 271,650	(9,792,845)
General receipts:				
Property taxes				3,019,221
Other local sources				600,888
State aid				3,520,306
Bonds and loans				2,193,000
Grants and contributions not restricted to specific programs				259,291
Sale of property, adjustments, and refunds				12,917
Investment earnings				73,948
Total general receipts, interfund loans, transfers, and special items				9,679,571
Change in net assets				(113,274)
Net assets - beginning				2,073,735
Net assets - ending				\$ 1,960,461
<u>Assets</u>				
Cash and investments				\$ 1,388,210
Restricted assets:				
Cash and investments				572,251
Total assets				\$ 1,960,461
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 572,251
Unrestricted				1,388,210
Total net assets				\$ 1,960,461

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 949,800	\$ 67,715	\$ 708,659	\$ 319,906	\$ 36,787	\$ 254,764	\$ 2,337,631
Intermediate sources	-	-	-	-	-	356	356
State sources	3,564,392	-	-	-	-	102,891	3,667,283
Federal sources	-	-	-	-	-	250,416	250,416
Bonds and loans	875,000	107,000	538,000	537,000	-	-	2,057,000
Total receipts	5,389,192	174,715	1,246,659	856,906	36,787	608,427	8,312,686
Disbursements:							
Current:							
Instruction	2,818,113	-	-	-	-	136,459	2,954,572
Support services	1,794,552	115,146	-	571,225	60,485	574,165	3,115,573
Community services	99,177	-	-	-	-	450	99,627
Nonprogrammed charges	364,949	-	-	-	-	24,042	388,991
Debt services	1,014,694	42,000	1,324,707	185,000	-	-	2,566,401
Total disbursements	6,091,485	157,146	1,324,707	756,225	60,485	735,116	9,125,164
Excess (deficiency) of receipts over disbursements	(702,293)	17,569	(78,048)	100,681	(23,698)	(126,689)	(812,478)
Other financing sources (uses):							
Transfers in	7,346	9,583	-	-	-	281,810	298,739
Transfers out	(52,838)	(4,460)	(66,470)	(166,127)	(2,328)	(6,516)	(298,739)
Total other financing sources (uses)	(45,492)	5,123	(66,470)	(166,127)	(2,328)	275,294	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(747,785)	22,692	(144,518)	(65,446)	(26,026)	148,605	(812,478)
Cash and investments - beginning	1,720,801	(22,202)	712,987	329,659	39,496	105,472	2,886,213
Cash and investments - ending	<u>\$ 973,016</u>	<u>\$ 490</u>	<u>\$ 568,469</u>	<u>\$ 264,213</u>	<u>\$ 13,470</u>	<u>\$ 254,077</u>	<u>\$ 2,073,735</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 973,016	\$ 490	\$ -	\$ 264,213	\$ 13,470	\$ 254,077	\$ 1,505,266
Restricted assets:							
Cash and investments	-	-	568,469	-	-	-	568,469
Total cash and investment assets - ending	<u>\$ 973,016</u>	<u>\$ 490</u>	<u>\$ 568,469</u>	<u>\$ 264,213</u>	<u>\$ 13,470</u>	<u>\$ 254,077</u>	<u>\$ 2,073,735</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 568,469	\$ -	\$ -	\$ -	\$ 568,469
Unrestricted	973,016	490	-	264,213	13,470	254,077	1,505,266
Total cash and investment fund balance - ending	<u>\$ 973,016</u>	<u>\$ 490</u>	<u>\$ 568,469</u>	<u>\$ 264,213</u>	<u>\$ 13,470</u>	<u>\$ 254,077</u>	<u>\$ 2,073,735</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,608,669	\$ 131,554	\$ 1,060,006	\$ 618,733	\$ 71,813	\$ 375,762	\$ 3,866,537
Intermediate sources	-	-	-	-	-	75	75
State sources	3,600,385	-	-	-	-	161,749	3,762,134
Federal sources	-	-	-	-	-	289,112	289,112
Bonds and loans	845,000	110,000	601,000	587,000	50,000	-	2,193,000
Sale of property, adjustments and refunds	7,553	983	-	4,211	-	170	12,917
Total receipts	6,061,607	242,537	1,661,006	1,209,944	121,813	826,868	10,123,775
Disbursements:							
Current:							
Instruction	3,106,598	-	-	-	-	255,205	3,361,803
Support services	1,626,264	144,330	-	565,202	142,505	541,749	3,020,050
Community services	112,798	-	-	-	-	484	113,282
Nonprogrammed charges	465,494	-	-	-	-	27,145	492,639
Debt services	875,000	107,000	1,629,030	537,000	-	101,245	3,249,275
Total disbursements	6,186,154	251,330	1,629,030	1,102,202	142,505	925,828	10,237,049
Excess (deficiency) of receipts over disbursements	(124,547)	(8,793)	31,976	107,742	(20,692)	(98,960)	(113,274)
Other financing sources (uses):							
Transfers in	127,781	9,583	-	-	7,600	125,801	270,765
Transfers out	(6,550)	(576)	(28,194)	(106,886)	(318)	(128,241)	(270,765)
Total other financing sources (uses)	121,231	9,007	(28,194)	(106,886)	7,282	(2,440)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,316)	214	3,782	856	(13,410)	(101,400)	(113,274)
Cash and investments - beginning	973,016	490	568,469	264,213	13,470	254,077	2,073,735
Cash and investments - ending	\$ 969,700	\$ 704	\$ 572,251	\$ 265,069	\$ 60	\$ 152,677	\$ 1,960,461
Cash and Investment Assets - Ending							
Cash and investments	\$ 969,700	\$ 704	\$ -	\$ 265,069	\$ 60	\$ 152,677	\$ 1,388,210
Restricted assets:							
Cash and investments	-	-	572,251	-	-	-	572,251
Total cash and investment assets - ending	\$ 969,700	\$ 704	\$ 572,251	\$ 265,069	\$ 60	\$ 152,677	\$ 1,960,461
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 572,251	\$ -	\$ -	\$ -	\$ 572,251
Unrestricted	969,700	704	-	265,069	60	152,677	1,388,210
Total cash and investment fund balance - ending	\$ 969,700	\$ 704	\$ 572,251	\$ 265,069	\$ 60	\$ 152,677	\$ 1,960,461

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

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

	Pension Trust Fund Retirement/Severance Bond
Deductions:	
Benefits	\$ 37,181
Excess (deficiency) of total additions over total deductions	(37,181)
Cash and investment fund balance - beginning	155,991
Cash and investment fund balance - ending	\$ 118,810
Net assets:	
Cash and investments	\$ 118,810

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

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For the Year Ended June 30, 2008

	Pension Trust Fund Retirement/Severance Bond
Deductions:	
Benefits	\$ 27,449
Excess (deficiency) of total additions over total deductions	(27,449)
Cash and investment fund balance - beginning	118,810
Cash and investment fund balance - ending	\$ 91,361
Net assets:	
Cash and investments	\$ 91,361

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

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Metropolitan School District of New Durham Township

Joint Venture

The School Corporation is a participant with seven other township schools and school corporations in a joint venture to operate the LaPorte County Special Education Cooperative (Co-op) which was created to provide special education services. The School Corporation is obligated by contract to a funding percentage based on its share of Average Daily Membership as compared to the total of all member school corporations for administration and supervision and an amount based on enrollment for program services, determined annually. Complete financial statements for the Co-op can be obtained from the LaPorte Community School Corporation at 1921 "A" Street, LaPorte, Indiana, 46350.

The School Corporation is a participant with other LaPorte County schools in a joint venture to operate the Michigan City Area Career Technical School which was created to provide vocational education. The School Corporation's financial obligation is based on the number of its students participating in the program. Complete financial statements for the Michigan City Area Career Technical School can be obtained from the Michigan City Area School Corporation at 408 South Carroll Avenue, Michigan City, Indiana, 46360.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets - Cash and Investments 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(enterprise/proprietary funds) are financed in whole or in part by fees charged to external parties for goods and services. However, there are no business-type activities to report at this time.

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, liabilities, fund equity, receipts,

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

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 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 type:

The pension trust fund accounts for the activities of the retirement/severance bond fund which accumulates resources for pension benefit payments.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected. Late billings for property taxes by the County Treasurer reduced the amount of property taxes that were available for distribution at June 30, 2007 and June 30, 2008.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 4 to 10 days per year based on position. Unused sick leave may be accumulated to a maximum of 185 days. Accumulated sick leave is paid to employees through cash payments upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days per year. Unused personal leave is transferred to accumulated sick leave at year end for certified employees and not accumulated for other employees.

4. Capital Assets

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

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

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 Cash Activities and Net Assets - Cash and Investment Basis, some amounts reported as inter-fund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.

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

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. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets - Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. 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	2007	2008
Textbook Rental	\$ 241,094	\$ 215,022

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the (underestimate of current requirements; these deficits are to be repaid from future receipts.)

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

III. Detailed Notes on All Funds

A. Deposits

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

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
General Fund	Other governmental	\$ 52,838	\$ 6,550
Transportation Operating	Other governmental	4,460	576
School Bus Replacement	Other governmental	-	318
Debt Service	Transportation Operating	9,583	9,583
Debt Service	General Fund	968	-
Debt Service	Other governmental	55,919	18,611
Capital Projects	School Bus Replacement	-	7,600
Capital Projects	Other governmental	166,127	99,286
Other governmental	General Fund	6,378	127,781
Other governmental	Other governmental	138	460
School Bus Replacement	Other governmental	2,328	-
Totals		<u>\$ 298,739</u>	<u>\$ 270,765</u>

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions. The outstanding balance as of June 30, 2008, is as follows:

Fund	
General	\$ 845,000
Debt Service	601,000
Capital Projects	587,000
Transportation Operating	110,000
School Bus Replacement	50,000
Total	<u>\$ 2,193,000</u>

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

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees and natural disasters.

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

B. Holding Corporation

The School Corporation has entered into a capital lease with the Metropolitan School District of New Durham Township School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments totaling \$970,800 and \$979,800 were made during the fiscal years ending June 30, 2007 and June 30, 2008, respectively.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55. Currently, 3 retirees meet these eligibility requirements. The School Corporation provides 53% of these postemployment benefits; the retirees provide 47% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$9,000 were recognized for postemployment benefits.

These funds are held in reserve to pay health insurance premiums of qualified retirees for a limited time, in accordance with various governmental regulations.

D. Pension Plan

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

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

annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$109,660, \$104,013, and \$73,364, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

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

	Special Education Preschool	Rainy Day Fund	School Lunch	Textbook Rental Fund	Levy Excess Fund	Education License Plate
Receipts:						
Local sources	\$ 2,082	\$ -	\$ 178,434	\$ 51,569	\$ -	\$ -
Intermediate sources	-	-	-	-	-	356
State sources	11,849	-	-	16,414	-	-
Federal sources	-	-	121,541	-	-	-
Total receipts	<u>13,931</u>	<u>-</u>	<u>299,975</u>	<u>67,983</u>	<u>-</u>	<u>356</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	112,016	273,650	82,131	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	24,042	-	-	-	-	-
Total disbursements	<u>24,042</u>	<u>112,016</u>	<u>273,650</u>	<u>82,131</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(10,111)</u>	<u>(112,016)</u>	<u>26,325</u>	<u>(14,148)</u>	<u>-</u>	<u>356</u>
Other financing sources (uses):						
Transfers in	-	145,321	-	8,708	127,781	-
Transfers out	(138)	-	-	-	(6,378)	-
Total other financing sources (uses)	<u>(138)</u>	<u>145,321</u>	<u>-</u>	<u>8,708</u>	<u>121,403</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,249)</u>	<u>33,305</u>	<u>26,325</u>	<u>(5,440)</u>	<u>121,403</u>	<u>356</u>
Cash and investments - beginning	<u>27,313</u>	<u>77,512</u>	<u>124,320</u>	<u>(235,654)</u>	<u>6,378</u>	<u>1,234</u>
Cash and investments - ending	<u>\$ 17,064</u>	<u>\$ 110,817</u>	<u>\$ 150,645</u>	<u>\$ (241,094)</u>	<u>\$ 127,781</u>	<u>\$ 1,590</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 17,064</u>	<u>\$ 110,817</u>	<u>\$ 150,645</u>	<u>\$ (241,094)</u>	<u>\$ 127,781</u>	<u>\$ 1,590</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 17,064</u>	<u>\$ 110,817</u>	<u>\$ 150,645</u>	<u>\$ (241,094)</u>	<u>\$ 127,781</u>	<u>\$ 1,590</u>

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

	Early Intervention Grant	Courtyard 2004	Blue Chip Wagering Fund	Gifts Donations Bequests	Gifted and Talented	Computer Consortium Advance
Receipts:						
Local sources	\$ -	\$ 1,953	\$ 19,114	\$ 1,612	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	500	-	-	-	11,503	-
Federal sources	-	-	-	-	-	-
Total receipts	500	1,953	19,114	1,612	11,503	-
Disbursements:						
Current:						
Instruction	-	-	14,170	4,011	12,503	-
Support services	-	2,146	-	-	-	77,060
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	2,146	14,170	4,011	12,503	77,060
Excess (deficiency) of receipts over disbursements	500	(193)	4,944	(2,399)	(1,000)	(77,060)
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	500	(193)	4,944	(2,399)	(1,000)	(77,060)
Cash and investments - beginning	-	547	50,221	2,637	996	-
Cash and investments - ending	<u>\$ 500</u>	<u>\$ 354</u>	<u>\$ 55,165</u>	<u>\$ 238</u>	<u>\$ (4)</u>	<u>\$ (77,060)</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 500</u>	<u>\$ 354</u>	<u>\$ 55,165</u>	<u>\$ 238</u>	<u>\$ (4)</u>	<u>\$ (77,060)</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 500</u>	<u>\$ 354</u>	<u>\$ 55,165</u>	<u>\$ 238</u>	<u>\$ (4)</u>	<u>\$ (77,060)</u>

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

	Technology Planning Grant	Internet	Title I FY 05/06	Title I FY 06/07	Innovative Education Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	57,625	-	-	-	-
Federal sources	-	-	1,628	101,048	1,336
Total receipts	<u>57,625</u>	<u>-</u>	<u>1,628</u>	<u>101,048</u>	<u>1,336</u>
Disbursements:					
Current:					
Instruction	-	-	12,809	85,602	-
Support services	-	-	-	4,747	3,741
Community services	-	-	-	450	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>12,809</u>	<u>90,799</u>	<u>3,741</u>
Excess (deficiency) of receipts over disbursements	<u>57,625</u>	<u>-</u>	<u>(11,181)</u>	<u>10,249</u>	<u>(2,405)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	57,625	-	(11,181)	10,249	(2,405)
Cash and investments - beginning	-	3,795	11,181	-	3,741
Cash and investments - ending	<u>\$ 57,625</u>	<u>\$ 3,795</u>	<u>\$ -</u>	<u>\$ 10,249</u>	<u>\$ 1,336</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 57,625</u>	<u>\$ 3,795</u>	<u>\$ -</u>	<u>\$ 10,249</u>	<u>\$ 1,336</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 57,625</u>	<u>\$ 3,795</u>	<u>\$ -</u>	<u>\$ 10,249</u>	<u>\$ 1,336</u>

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

	Drug Free Grant	Carl Perkins Grant	Improving Teacher Quality	Technology Grant	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 254,764
Intermediate sources	-	-	-	-	356
State sources	-	5,000	-	-	102,891
Federal sources	2,911	-	21,952	-	250,416
Total receipts	2,911	5,000	21,952	-	608,427
Disbursements:					
Current:					
Instruction	2,710	4,654	-	-	136,459
Support services	659	-	16,277	1,738	574,165
Community services	-	-	-	-	450
Nonprogrammed charges	-	-	-	-	24,042
Total disbursements	3,369	4,654	16,277	1,738	735,116
Excess (deficiency) of receipts over disbursements	(458)	346	5,675	(1,738)	(126,689)
Other financing sources (uses):					
Transfers in	-	-	-	-	281,810
Transfers out	-	-	-	-	(6,516)
Total other financing sources (uses)	-	-	-	-	275,294
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(458)	346	5,675	(1,738)	148,605
Cash and investments - beginning	4,740	215	22,789	3,507	105,472
Cash and investments - ending	<u>\$ 4,282</u>	<u>\$ 561</u>	<u>\$ 28,464</u>	<u>\$ 1,769</u>	<u>\$ 254,077</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 4,282</u>	<u>\$ 561</u>	<u>\$ 28,464</u>	<u>\$ 1,769</u>	<u>\$ 254,077</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 4,282</u>	<u>\$ 561</u>	<u>\$ 28,464</u>	<u>\$ 1,769</u>	<u>\$ 254,077</u>

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

	Special Education Preschool	Rainy Day Fund	School Lunch	Textbook Rental Fund	Levy Excess Fund	Education License Fund
Receipts:						
Local sources	\$ 3,573	\$ -	\$ 176,410	\$ 75,504	\$ -	\$ -
Intermediate sources	-	-	-	-	-	75
State sources	12,999	-	-	37,270	-	-
Federal sources	-	-	125,380	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	170	-	-	-
Total receipts	16,572	-	301,960	112,774	-	75
Disbursements:						
Current:						
Instruction	-	8,394	-	-	-	-
Support services	-	127,064	286,805	100,824	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	27,145	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	27,145	135,458	286,805	100,824	-	-
Excess (deficiency) of receipts over disbursements	(10,573)	(135,458)	15,155	11,950	-	75
Other financing sources (uses):						
Transfers in	-	93,117	-	13,951	15,233	-
Transfers out	(16)	-	-	-	(127,781)	1
Total other financing sources (uses)	(16)	93,117	-	13,951	(112,548)	1
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,589)	(42,341)	15,155	25,901	(112,548)	76
Cash and investments - beginning	17,064	110,817	150,645	(241,094)	127,781	1,590
Cash and investments - ending	<u>\$ 6,475</u>	<u>\$ 68,476</u>	<u>\$ 165,800</u>	<u>\$ (215,193)</u>	<u>\$ 15,233</u>	<u>\$ 1,666</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 6,475</u>	<u>\$ 68,476</u>	<u>\$ 165,800</u>	<u>\$ (215,193)</u>	<u>\$ 15,233</u>	<u>\$ 1,666</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 6,475</u>	<u>\$ 68,476</u>	<u>\$ 165,800</u>	<u>\$ (215,193)</u>	<u>\$ 15,233</u>	<u>\$ 1,666</u>

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

	Early Intervention Fund	Courtyard 2004	Blue Chip Wagering Fund	Gifts Donations Bequests	Gifted and Talented	Computer Consortium Advancement
Receipts:						
Local sources	\$ -	\$ 1,270	\$ 19,114	\$ 1,600	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	500	-	-	-	28,920	77,060
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	500	1,270	19,114	1,600	28,920	77,060
Disbursements:						
Current:						
Instruction	-	-	25,457	-	21,088	-
Support services	1,000	378	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,000	378	25,457	-	21,088	-
Excess (deficiency) of receipts over disbursements	(500)	892	(6,343)	1,600	7,832	77,060
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	(500)	892	(6,343)	1,600	7,832	77,060
Cash and investments - beginning	500	354	55,165	238	(4)	(77,060)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,246</u>	<u>\$ 48,822</u>	<u>\$ 1,838</u>	<u>\$ 7,828</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 1,246</u>	<u>\$ 48,822</u>	<u>\$ 1,838</u>	<u>\$ 7,828</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 1,246</u>	<u>\$ 48,822</u>	<u>\$ 1,838</u>	<u>\$ 7,828</u>	<u>\$ -</u>

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

	Technology Planning Grant	Intelnet	Title I FY 06/07	Title I FY 07/08	Innovative Education Grant	Drug Free Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	6,500	130,108	1,345	2,952
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	6,500	130,108	1,345	2,952
Disbursements:						
Current:						
Instruction	57,625	-	15,846	119,288	-	1,948
Support services	-	-	903	336	1,731	1,056
Community services	-	-	-	484	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	57,625	-	16,749	120,108	1,731	3,004
Excess (deficiency) of receipts over disbursements	(57,625)	-	(10,249)	10,000	(386)	(52)
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	(57,625)	-	(10,249)	10,000	(386)	(52)
Cash and investments - beginning	57,625	3,795	10,249	(1)	1,336	4,282
Cash and investments - ending	\$ -	\$ 3,795	\$ -	\$ 9,999	\$ 950	\$ 4,230
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 3,795	\$ -	\$ 9,999	\$ 950	\$ 4,230
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 3,795	\$ -	\$ 9,999	\$ 950	\$ 4,230

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

	Carl Perkins Grant	Improving Teacher Quality	Technology Grant	Templeton Funds	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 98,291	\$ 375,762
Intermediate sources	-	-	-	-	75
State sources	5,000	-	-	-	161,749
Federal sources	-	22,827	-	-	289,112
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	170
Total receipts	<u>5,000</u>	<u>22,827</u>	<u>-</u>	<u>98,291</u>	<u>826,868</u>
Disbursements:					
Current:					
Instruction	5,559	-	-	-	255,205
Support services	-	19,883	1,769	-	541,749
Community services	-	-	-	-	484
Nonprogrammed charges	-	-	-	-	27,145
Debt services	-	-	-	101,245	101,245
Total disbursements	<u>5,559</u>	<u>19,883</u>	<u>1,769</u>	<u>101,245</u>	<u>925,828</u>
Excess (deficiency) of receipts over disbursements	<u>(559)</u>	<u>2,944</u>	<u>(1,769)</u>	<u>(2,954)</u>	<u>(98,960)</u>
Other financing sources (uses):					
Transfers in	-	-	-	3,500	125,801
Transfers out	-	-	-	(445)	(128,241)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,055</u>	<u>(2,440)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(559)</u>	<u>2,944</u>	<u>(1,769)</u>	<u>101</u>	<u>(101,400)</u>
Cash and investments - beginning	<u>562</u>	<u>28,464</u>	<u>1,769</u>	<u>-</u>	<u>254,077</u>
Cash and investments - ending	<u>\$ 3</u>	<u>\$ 31,408</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 152,677</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 3</u>	<u>\$ 31,408</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 152,677</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 3</u>	<u>\$ 31,408</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 152,677</u>

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,306,999
Buildings	12,930,393
Improvements other than buildings	1,509,330
Machinery and equipment	<u>1,603,049</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 19,349,771</u>

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

June 30, 2008

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
School building improvements	\$ 10,291,604	\$ 980,800
Loans payable	65,774	33,564
General obligation bonds:		
To fund retirement/severance obligation of the school	<u>1,135,000</u>	<u>99,530</u>
Total governmental activities long-term debt	<u>\$ 11,492,378</u>	<u>\$ 1,113,894</u>

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances were overdrawn as follows:

<u>Fund</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Textbook Rental	<u>\$ 241,094</u>	<u>\$ 215,022</u>

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)

TEXTBOOK RENTAL DEPOSITS (Applies to Westville Public Schools)

Textbook rental receipts were not always deposited within a reasonable time. Some receipts were held up to 29 days before being deposited.

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

METROPOLITAN SCHOOL DISTRICT OF NEW DURHAM TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2009, with Dr. James Thorne, Superintendent of Schools (incoming, effective July 1, 2009); Richard Cook, Corporation Manager; Ronald Warnke, President of the School Board; and Terri Stachowiak, Treasurer. The official response has been made a part of this report and may be found on pages 30 and 31.

METROPOLITAN SCHOOL DISTRICT of NEW DURHAM TOWNSHIP

207 E. Valparaiso Street, Westville, Indiana 46391-9712

Phone (219) 785-2239 • Fax (219) 785-4584

Administration

Richard G. Cook, Corporation Manager
Robert J. Harbart, Superintendent
Wm. Mark Yates, Secondary Principal
Larry Cook, Elementary Principal
William D. Berger, Athletic Director/Administrator

Board of Trustees

Ronald Warnke, President
Nancy Milcarek, Vice President
Richard Wozniak, Secretary
Wayne R. Hodge, Deputy Secretary
Dr. Tim Willis, Member

June 30, 2009

State Board of Accounts
302 W. Washington St., Rm. E418
Indianapolis, IN 46204-2765

Gentlemen:

Please let this letter serve as our official response from the Metropolitan School District of New Durham Township concerning the recent audit for school years 2006–2007 and 2007–2008.

First, I would like to thank Ms. Lisa Jackson for her professionalism in reviewing our books for the two (2) school years shown above. Lisa was very courteous in her requests made to the administration, and she was very courteous in discussing the deficiencies shown in the audit. Please pass this information on to Lisa so she is aware of same.

Shown below is our response to the deficiencies the auditor found for MSD of New Durham Township:

OVERDRAWN CASH BALANCE

The auditor cited our school corporation for negative balance in the Textbook Rental Fund. The corporation agrees with this finding.

First, two (2) problems arise in trying to make the Textbook Rental Fund a positive figure rather than a negative figure. The State of Indiana is not compensating school corporations at one hundred percent (100%) of textbook rental funds. The state law has allowed us to tax for any difference between the amount submitted and the amount the State of Indiana pays. As long as the corporation receives one hundred percent (100%) tax collection, this would cover the figures that are submitted for reimbursement.

Secondly, the way the law reads we are not able to collect the difference between the textbook amount and the actual dollar figure addressed to parents if the students are free/reduced lunch. Several supply items are also shown in the textbook rental fund. The statute needs to be changed so we are allowed to address parents of free/reduced lunch students to collect this difference rather than take a loss. The current statute does not allow us to do this.

Realistically, if the law was changed, the school corporation could recoup these funds through the small claims court which would help bring our negative figure to a positive one.

It is my belief that at no time would our textbook rental fund be in a black figure. Each year our school corporation has to pay the costs of new textbooks even though one-sixth (1/6) of the cost of these textbooks will only be received in that school year; five-sixth's (5/6) of that cost will be collected in the following five (5) school years. The same procedure will be addressed in the following school years for the new adoptions for each curricular area. Because of this collection procedure, the textbook rental fund would never be in the black.

ECA DEPOSITS

This deficiency has been shown on our last two (2) audits. Each time I have instructed the school treasurer (K-12) to make a minimum of weekly deposits. At the beginning of each semester or trimester, the deposits should be made on a daily basis. The corporation agrees that a twenty-nine (29) day period between deposits far exceeds the statute. Please be advised this matter will again be addressed to this employee.

The exit interview was held on Tuesday, June 30, 2009, and was attended by your auditor, Lisa Jackson, and the following MSD of New Durham Township employees, Terri Stachowiak (Corporation Treasurer), Dr. James Thorne (Superintendent effective July 1, 2009), Ronald Warnke (School Board President), and myself. Ms. Jackson did a thorough job in explaining the deficiencies I addressed above. Please be advised our school corporation will make every effort to correct the two (2) deficiencies shown.

Sincerely,



Richard G. Cook
Corporation Manager