

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

AUDIT REPORT  
OF  
METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
WABASH COUNTY, INDIANA  
July 1, 2007 to June 30, 2009



**FILED**  
03/11/2010



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund .....	11-12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	13-14
Notes to Financial Statements .....	15-25
Required Supplementary Information:	
Schedule of Funding Progress .....	26
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	27-36
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds .....	37-38
Schedule of Long-Term Debt .....	39
Audit Results and Comments:	
Overdrawn Cash Balances.....	40
Capital Asset Records .....	40
Supplemental Audit of Federal Awards:	
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.....	42-43
Schedule of Expenditures of Federal Awards .....	44
Notes to Schedule of Expenditures of Federal Awards.....	45
Schedule of Findings and Questioned Costs .....	46
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	47
Exit Conference.....	48

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Brian K. Dawson	07-01-07 to 06-30-10
Superintendent of Schools	Dr. Scott D. Hanback Dr. Sandra S. Weaver	07-01-07 to 06-30-08 07-01-08 to 06-30-10
President of the School Board	Paul Karst	07-01-07 to 06-30-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF WABASH COUNTY, WABASH 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 Wabash County (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 February 23, 2010, 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.

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.

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

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, 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

February 23, 2010



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF WABASH COUNTY, WABASH 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 Wabash County (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 23, 2010

METROPOLITAN SCHOOL DISTRICT OF WABASH 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>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,661,197	\$ -	\$ 123,259	\$ (12,537,938)
Support services	7,949,490	616,498	303,462	(7,029,530)
Noninstructional services	899,176	-	-	(899,176)
Facilities acquisition and construction	1,644,860	-	-	(1,644,860)
Debt service	3,308,702	-	-	(3,308,702)
Nonprogrammed charges	<u>3,250,582</u>	<u>-</u>	<u>-</u>	<u>(3,250,582)</u>
Total governmental activities	<u>\$ 29,714,007</u>	<u>\$ 616,498</u>	<u>\$ 426,721</u>	<u>(28,670,788)</u>
General receipts:				
Property taxes				5,228,759
Other local sources				5,448,010
State aid				9,082,419
Bonds and loans				1,963,548
Grants and contributions not restricted to specific programs				2,605,180
Sale of property				88,304
Investment earnings				254,466
Other				<u>174,620</u>
Total general receipts				<u>24,845,306</u>
Change in net assets				(3,825,482)
Net assets - beginning				<u>8,487,625</u>
Net assets - ending				<u>\$ 4,662,143</u>
<u>Assets</u>				
Cash and investments				\$ 2,832,179
Restricted assets:				
Cash and investments				<u>1,829,964</u>
Total assets				<u>\$ 4,662,143</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 40,831
Other purposes				1,789,133
Unrestricted				<u>2,832,179</u>
Total net assets				<u>\$ 4,662,143</u>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,163,746	\$ -	\$ 302,919	\$ (11,860,827)
Support services	8,930,870	706,153	336,762	(7,887,955)
Noninstructional services	1,122,032	-	-	(1,122,032)
Facilities acquisition and construction	2,161,341	-	-	(2,161,341)
Debt service	3,913,301	-	-	(3,913,301)
Nonprogrammed charges	3,562,509	-	-	(3,562,509)
<b>Total governmental activities</b>	<b><u>\$ 31,853,799</u></b>	<b><u>\$ 706,153</u></b>	<b><u>\$ 639,681</u></b>	<b><u>(30,507,965)</u></b>
General receipts:				
Property taxes				8,412,916
Other local sources				5,612,406
State aid				10,561,677
Bonds and loans				1,835,427
Grants and contributions not restricted to specific programs				4,163,666
Sale of property				12,343
Investment earnings				89,920
Other				277,457
<b>Total general receipts</b>				<b><u>30,965,812</u></b>
Change in net assets				457,847
Net assets - beginning				<u>4,662,143</u>
Net assets - ending				<b><u>\$ 5,119,990</u></b>
<u>Assets</u>				
Cash and investments				\$ 2,995,479
Restricted assets:				
Cash and investments				<u>2,124,511</u>
<b>Total assets</b>				<b><u>\$ 5,119,990</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 371,111
Other purposes				1,753,400
Unrestricted				<u>2,995,479</u>
<b>Total net assets</b>				<b><u>\$ 5,119,990</u></b>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH 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	Textbook Rental	Special Education Joint Service and Supply	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 4,632,286	\$ 184,015	\$ 1,811,759	\$ 1,503,859	\$ 78,074	\$ 2,905,659	\$ 11,115,652
Intermediate sources	718	-	-	-	-	386,866	387,584
State sources	9,168,563	32,042	-	-	-	94,844	9,295,449
Federal sources	-	-	-	-	-	2,818,870	2,818,870
Temporary loans	1,539,637	-	-	-	-	423,911	1,963,548
Other	249	20,514	15	74,728	-	79,114	174,620
<b>Total receipts</b>	<b>15,341,453</b>	<b>236,571</b>	<b>1,811,774</b>	<b>1,578,587</b>	<b>78,074</b>	<b>6,709,264</b>	<b>25,755,723</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	10,821,995	-	864,927	-	-	2,434,849	14,121,771
Support services	3,796,351	147,908	1,281,340	620,284	253,681	2,393,865	8,493,429
Noninstructional services	139,071	-	-	-	-	780,031	919,102
Facilities acquisition and construction	-	-	5,380	1,619,480	-	20,000	1,644,860
Debt services	1,404,532	-	-	-	-	1,904,170	3,308,702
Nonprogrammed charges	1,262,242	-	22,240	-	-	90,582	1,375,064
<b>Total disbursements</b>	<b>17,424,191</b>	<b>147,908</b>	<b>2,173,887</b>	<b>2,239,764</b>	<b>253,681</b>	<b>7,623,497</b>	<b>29,862,928</b>
Excess (deficiency) of receipts over disbursements	(2,082,738)	88,663	(362,113)	(661,177)	(175,607)	(914,233)	(4,107,205)
<b>Other financing sources (uses):</b>							
Sale of capital assets	1,662	921	14	46,576	-	39,131	88,304
Transfers in	296,279	-	60,790	66,153	8,184	488,819	920,225
Transfers out	(80,510)	-	-	-	-	(839,715)	(920,225)
<b>Total other financing sources (uses)</b>	<b>217,431</b>	<b>921</b>	<b>60,804</b>	<b>112,729</b>	<b>8,184</b>	<b>(311,765)</b>	<b>88,304</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,865,307)	89,584	(301,309)	(548,448)	(167,423)	(1,225,998)	(4,018,901)
Cash and investments - beginning	3,066,543	229,369	749,776	1,200,501	358,747	1,286,975	6,891,911
Cash and investments - ending	\$ 1,201,236	\$ 318,953	\$ 448,467	\$ 652,053	\$ 191,324	\$ 60,977	2,873,010
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							<u>1,789,133</u>
Net assets of governmental activities							<u>\$ 4,662,143</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,201,236	\$ 318,953	\$ 448,467	\$ 652,053	\$ 191,324	\$ 20,146	\$ 2,832,179
Restricted assets:							
Cash and investments	-	-	-	-	-	40,831	40,831
<b>Total cash and investment assets - ending</b>	<b>\$ 1,201,236</b>	<b>\$ 318,953</b>	<b>\$ 448,467</b>	<b>\$ 652,053</b>	<b>\$ 191,324</b>	<b>\$ 60,977</b>	<b>\$ 2,873,010</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	40,831	40,831
Unrestricted	1,201,236	318,953	448,467	652,053	191,324	20,146	2,832,179
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,201,236</b>	<b>\$ 318,953</b>	<b>\$ 448,467</b>	<b>\$ 652,053</b>	<b>\$ 191,324</b>	<b>\$ 60,977</b>	<b>\$ 2,873,010</b>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH 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, 2009

	General	Textbook Rental	Special Education Joint Service and Supply	14209-058-PN01 2008/09	Fiscal Stabilization	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 5,490,208	\$ 177,945	\$ 2,274,520	\$ -	\$ -	\$ 2,443,458	\$ 284,068	\$ 3,896,023	\$ 14,566,222
Intermediate sources	1,224	-	-	-	-	-	-	231,351	232,575
State sources	10,827,037	33,645	-	-	-	-	-	189,061	11,049,743
Federal sources	-	-	-	1,870,129	1,198,892	-	-	1,246,258	4,315,279
Temporary loans	557,489	-	-	-	-	522,522	-	755,416	1,835,427
Other	93,250	8,166	236	-	-	4,625	-	171,180	277,457
<b>Total receipts</b>	<b>16,969,208</b>	<b>219,756</b>	<b>2,274,756</b>	<b>1,870,129</b>	<b>1,198,892</b>	<b>2,970,605</b>	<b>284,068</b>	<b>6,489,289</b>	<b>32,276,703</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	10,521,594	-	773,431	1,129,746	-	-	-	1,257,368	13,682,139
Support services	3,780,603	381,915	1,341,742	296,492	-	1,334,126	55,286	2,320,222	9,510,386
Noninstructional services	324,282	-	-	-	-	-	-	820,804	1,145,086
Facilities acquisition and construction	-	-	31,418	20,000	-	2,106,388	-	3,535	2,161,341
Debt services	2,097,126	-	-	-	-	-	-	1,816,175	3,913,301
Nonprogrammed charges	1,273,771	-	23,827	-	-	-	-	85,615	1,383,213
<b>Total disbursements</b>	<b>17,997,376</b>	<b>381,915</b>	<b>2,170,418</b>	<b>1,446,238</b>	<b>-</b>	<b>3,440,514</b>	<b>55,286</b>	<b>6,303,719</b>	<b>31,795,466</b>
Excess (deficiency) of receipts over disbursements	(1,028,168)	(162,159)	104,338	423,891	1,198,892	(469,909)	228,782	185,570	481,237
<b>Other financing sources (uses):</b>									
Sale of capital assets	-	-	5,374	-	-	2,820	3,775	374	12,343
Transfers in	-	-	60,790	-	-	-	-	286,085	346,875
Transfers out	(80,510)	-	-	-	-	-	-	(266,365)	(346,875)
<b>Total other financing sources (uses)</b>	<b>(80,510)</b>	<b>-</b>	<b>66,164</b>	<b>-</b>	<b>-</b>	<b>2,820</b>	<b>3,775</b>	<b>20,094</b>	<b>12,343</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,108,678)	(162,159)	170,502	423,891	1,198,892	(467,089)	232,557	205,664	493,580
Cash and investments - beginning	1,201,236	318,953	448,467	-	-	652,053	191,324	60,977	2,873,010
Cash and investments - ending	\$ 92,558	\$ 156,794	\$ 618,969	\$ 423,891	\$ 1,198,892	\$ 184,964	\$ 423,881	\$ 266,641	3,366,590
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									1,753,400
Net assets of governmental activities									\$ 5,119,990
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 92,558	\$ 156,794	\$ 618,969	\$ 423,891	\$ 1,198,892	\$ 184,964	\$ 423,881	\$ (104,470)	\$ 2,995,479
Restricted assets:									
Cash and investments	-	-	-	-	-	-	-	371,111	371,111
<b>Total cash and investment assets - ending</b>	<b>\$ 92,558</b>	<b>\$ 156,794</b>	<b>\$ 618,969</b>	<b>\$ 423,891</b>	<b>\$ 1,198,892</b>	<b>\$ 184,964</b>	<b>\$ 423,881</b>	<b>\$ 266,641</b>	<b>\$ 3,366,590</b>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,111	\$ 371,111
Unrestricted	92,558	156,794	618,969	423,891	1,198,892	184,964	423,881	(104,470)	2,995,479
<b>Total cash and investment fund balance - ending</b>	<b>\$ 92,558</b>	<b>\$ 156,794</b>	<b>\$ 618,969</b>	<b>\$ 423,891</b>	<b>\$ 1,198,892</b>	<b>\$ 184,964</b>	<b>\$ 423,881</b>	<b>\$ 266,641</b>	<b>\$ 3,366,590</b>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,205,291
Miscellaneous	44,499
Total operating receipts	2,249,790
Operating disbursements:	
Insurance claims and expense	1,003,242
Other	1,053,129
Total operating disbursements	2,056,371
Change in net assets	193,419
Cash and investment fund balance - beginning	1,595,714
Cash and investment fund balance - ending	\$ 1,789,133
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,789,133
Total cash and investment assets - ending	\$ 1,789,133
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,789,133
Total cash and investment fund balance - ending	\$ 1,789,133

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,305,395
Miscellaneous	22,600
Total operating receipts	2,327,995
Operating disbursements:	
Other	2,363,728
Change in net assets	(35,733)
Cash and investment fund balance - beginning	1,789,133
Cash and investment fund balance - ending	\$ 1,753,400
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,753,400
Total cash and investment assets - ending	\$ 1,753,400
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,753,400
Total cash and investment fund balance - ending	\$ 1,753,400

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

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

	Pension Trust Fund	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 32,495
Deductions:		
Administrative and general	-	41,566
Deficiency of total additions over total deductions	-	(9,071)
Cash and investment fund balance - beginning	410,895	16,211
Cash and investment fund balance - ending	\$ 410,895	\$ 7,140
Net assets:		
Cash and investments	\$ 410,895	\$ 7,140
Total net assets - cash and investment basis held in trust	\$ 410,895	\$ 7,140

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 33,077
	<u>          </u>	<u>          </u>
Deductions:		
Benefits	7,233	-
Administrative and general	<u>          </u>	<u>29,504</u>
	<u>7,233</u>	<u>29,504</u>
Total deductions		
	<u>7,233</u>	<u>29,504</u>
Excess (deficiency) of total additions over total deductions	(7,233)	3,573
Cash and investment fund balance - beginning	<u>410,895</u>	<u>7,140</u>
Cash and investment fund balance - ending	<u>\$ 403,662</u>	<u>\$ 10,713</u>
Net assets:		
Cash and investments	<u>\$ 403,662</u>	<u>\$ 10,713</u>
Total net assets - cash and investment basis held in trust	<u>\$ 403,662</u>	<u>\$ 10,713</u>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH 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 primary government, Metropolitan School District of Wabash 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 Manchester Community Schools, Peru Community Schools and Wabash City Schools in a joint venture to operate Wabash-Miami Area Program for Exceptional Children which was created to operate a comprehensive program of education for special needs children. The School Corporation is obligated by contract to remit its proportionate share of operating costs of the program as determined each June by the program's advisory committee. The School Corporation maintains the treasury function for Wabash-Miami Area Program and has responsibility over fiscal matters.

The School Corporation is a participant with Manchester Community Schools, North Miami Community Schools, Peru Community Schools and Wabash City Schools in a joint venture to operate Heartland Career Center which was created to operate an area vocational educational school. The School Corporation is obligated by contract to remit its proportionate share of operating, control and maintenance costs of the program as determined by each school corporation's student participation. Complete financial statements for Heartland Career Center can be obtained from the joint venture's administrative office at 79 South County Road 200 West, Wabash, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non exchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

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

and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The textbook rental fund is used to account for receipts and disbursements concerning textbooks and workbooks furnished to students.

The special education joint service and supply fund accounts for joint special education cooperative programs by school corporations.

The 14209-058-PN01 2008/09 fund accounts for receipts and disbursements to be used in the education of special needs children.

The fiscal stabilization fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state and federal programs.

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

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

The School Corporation reports the following major proprietary fund:

The internal service fund accounts for receipts and disbursements concerning employee medical health self-insurance.

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the school corporation in a trustee capacity.

The private-purpose trust funds report trust arrangements under which principal and income benefit the school corporation.

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.

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

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.

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

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

1. 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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

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

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. 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 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, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

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

Fund	June 30, 2008	June 30, 2009
Child Development	\$ 802,292	\$ 986,299
Title I MSD 2007/08	6,020	-
Retirement Severance Bonds	92,268	-
Scholarships and Awards	100	-
Awards Employees	211	132
Miscellaneous Donations	635	855
Title I MSD 2008/09	-	15,636

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a

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

federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in how interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	June 30, 2008	June 30, 2008
	Special Education Joint Service and Supply Fund	\$ 60,790	\$ 60,790
General Fund	Other governmental funds	19,720	19,720
General Fund	General Fund	296,279	-
Other governmental funds	Capital Projects Fund	66,153	-
Other governmental funds	School Bus Replacement Fund	8,184	-
Other governmental funds	Other governmental funds	469,099	266,365
		<u>          </u>	<u>          </u>
Totals		<u>\$ 920,225</u>	<u>\$ 346,875</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	Balance as Restated July 1, 2007
Governmental Activities	\$ 6,888,931	\$ 2,980	\$ 6,891,911
Aggregate Remaining Fund Information	19,191	(2,980)	16,211

IV. Other Information

A. Risk Management

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

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

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

Medical Benefits to Employees

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with MSD Wabash County School Building Corporation and M.S.D. of Wabash Building Corporation (the lessors). The lessors were organized as 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 related parties of the School Corporation. Lease payments during the year ended June 30, 2009, totaled \$781,005.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 191,378
Interest on net pension obligation	(28,708)
Adjustment to annual required contribution	32,715
Annual pension cost	195,385
Contributions made	182,389
Increase in net pension obligation	12,996
Net pension obligation, beginning of year	(395,973)
Net pension obligation, end of year	\$ (382,977)

	PERF
Contribution rates:	
School Corporation	6%
Plan members	3%
Actuarial valuation date	07-01-08
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%

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 158,307	115%	\$ (393,468)
	06-30-07	183,332	101%	(395,973)
	06-30-08	195,385	93%	(382,977)

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 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$350,309, \$326,355, and \$287,940, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 3,501,757	\$ 3,326,982	\$ 174,775	105%	\$ 2,983,523	6%
07-01-07	3,801,238	3,681,587	119,651	103%	3,038,272	4%
07-01-08	3,924,696	3,789,399	135,297	104%	2,883,157	5%

METROPOLITAN SCHOOL DISTRICT OF WABASH 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

	Transportation Operating	Special Education Preschool	School Lunch	Levy Excess	Child Development	WMAP Preschool	Safe Haven
<b>Receipts:</b>							
Local sources	\$ 711,224	\$ 9,201	\$ 554,684	\$ 4,110	\$ 362,106	\$ 321,673	\$ -
Intermediate sources	-	-	-	-	386,866	-	-
State sources	-	33,128	14,386	-	-	-	4,466
Federal sources	-	-	257,034	-	-	-	-
Temporary loans	423,911	-	-	-	-	-	-
Other	948	-	2,374	-	-	-	-
<b>Total receipts</b>	<b>1,136,083</b>	<b>42,329</b>	<b>828,478</b>	<b>4,110</b>	<b>748,972</b>	<b>321,673</b>	<b>4,466</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	409,989	150,398	-
Support services	1,148,978	-	-	-	384,375	179,742	7,867
Noninstructional services	-	-	778,372	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	325,370	-	-	-	-	-	-
Nonprogrammed charges	-	79,483	-	-	7,999	3,100	-
<b>Total disbursements</b>	<b>1,474,348</b>	<b>79,483</b>	<b>778,372</b>	<b>-</b>	<b>802,363</b>	<b>333,240</b>	<b>7,867</b>
Excess (deficiency) of receipts over disbursements	(338,265)	(37,154)	50,106	4,110	(53,391)	(11,567)	(3,401)
<b>Other financing sources (uses):</b>							
Sale of capital assets	23,144	-	653	-	-	-	-
Transfers in	82,127	470	-	-	15,494	1,098	-
Transfers out	-	-	-	(450,823)	-	-	-
<b>Total other financing sources (uses)</b>	<b>105,271</b>	<b>470</b>	<b>653</b>	<b>(450,823)</b>	<b>15,494</b>	<b>1,098</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(232,994)	(36,684)	50,759	(446,713)	(37,897)	(10,469)	(3,401)
Cash and investments - beginning	427,760	132,684	171,820	446,713	(764,395)	33,481	6,656
Cash and investments - ending	\$ 194,766	\$ 96,000	\$ 222,579	\$ -	\$ (802,292)	\$ 23,012	\$ 3,255
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 194,766	\$ 96,000	\$ 222,579	\$ -	\$ (802,292)	\$ 23,012	\$ 3,255
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 194,766</b>	<b>\$ 96,000</b>	<b>\$ 222,579</b>	<b>\$ -</b>	<b>\$ (802,292)</b>	<b>\$ 23,012</b>	<b>\$ 3,255</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	194,766	96,000	222,579	-	(802,292)	23,012	3,255
<b>Total cash and investment fund balance - ending</b>	<b>\$ 194,766</b>	<b>\$ 96,000</b>	<b>\$ 222,579</b>	<b>\$ -</b>	<b>\$ (802,292)</b>	<b>\$ 23,012</b>	<b>\$ 3,255</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	Early Intervention	Gifted and Talented 2006/07	Gifted and Talented 2007/08	Non English Speaking	E-Rate Reimbursement	Schools Taking Action	Title I MSD 2007/08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,936	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	2,500	-	36,600	1,264	-	2,500	-
Federal sources	-	-	-	-	-	-	196,097
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	2,761	-	-
<b>Total receipts</b>	<b>2,500</b>	<b>-</b>	<b>36,600</b>	<b>1,264</b>	<b>5,697</b>	<b>2,500</b>	<b>196,097</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	3,419	24,592	1,264	-	-	199,888
Support services	2,500	-	-	-	24,604	-	2,229
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,500</b>	<b>3,419</b>	<b>24,592</b>	<b>1,264</b>	<b>24,604</b>	<b>-</b>	<b>202,117</b>
Excess (deficiency) of receipts over disbursements	-	(3,419)	12,008	-	(18,907)	2,500	(6,020)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	15,334	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,334</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,419)	12,008	-	(3,573)	2,500	(6,020)
Cash and investments - beginning	-	3,419	-	-	25,617	-	-
Cash and investments - ending	\$ -	\$ -	\$ 12,008	\$ -	\$ 22,044	\$ 2,500	\$ (6,020)
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 12,008	\$ -	\$ 22,044	\$ 2,500	\$ (6,020)
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,008</b>	<b>\$ -</b>	<b>\$ 22,044</b>	<b>\$ 2,500</b>	<b>\$ (6,020)</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	12,008	-	22,044	2,500	(6,020)
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,008</b>	<b>\$ -</b>	<b>\$ 22,044</b>	<b>\$ 2,500</b>	<b>\$ (6,020)</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	Title I MSD 2006/07	Title I White's 2006/07	Title I White's 2007/08	Title I AYP S. Wood Elem 2007/08	Title V Part A	14207-058-PN01 2006/07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	14,435	-	164,018	23,278	3,825	465,444
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>14,435</b>	<b>-</b>	<b>164,018</b>	<b>23,278</b>	<b>3,825</b>	<b>465,444</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	699	37,388	100,941	17,713	-	114,995
Support services	-	16,702	55,438	3,180	16,289	25,239
Noninstructional services	-	-	-	1,659	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>699</b>	<b>54,090</b>	<b>156,379</b>	<b>22,552</b>	<b>16,289</b>	<b>140,234</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>13,736</b>	<b>(54,090)</b>	<b>7,639</b>	<b>726</b>	<b>(12,464)</b>	<b>325,210</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	10,758	-	-	-
Transfers out	-	(10,758)	-	-	-	(324,563)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,758)</b>	<b>10,758</b>	<b>-</b>	<b>-</b>	<b>(324,563)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>13,736</b>	<b>(64,848)</b>	<b>18,397</b>	<b>726</b>	<b>(12,464)</b>	<b>647</b>
<b>Cash and investments - beginning</b>	<b>(13,736)</b>	<b>64,848</b>	<b>-</b>	<b>-</b>	<b>12,464</b>	<b>(647)</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,397</b>	<b>\$ 726</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 18,397	\$ 726	\$ -	\$ -
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,397</b>	<b>\$ 726</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	18,397	726	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,397</b>	<b>\$ 726</b>	<b>\$ -</b>	<b>\$ -</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	14208-058-PN01 2007/08	14207-058-PY02 2007/08	14206-058-PY02 Carryover	45707-058-PN01 2006/07	45708-058-PN01 2007/08	Drug Free
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,558,273	-	-	-	72,807	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,558,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,807</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,137,259	113,325	30,829	11,022	61,024	-
Support services	290,991	125,818	68,163	-	-	8,000
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	20,000	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,448,250</b>	<b>239,143</b>	<b>98,992</b>	<b>11,022</b>	<b>61,024</b>	<b>8,000</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>110,023</b>	<b>(239,143)</b>	<b>(98,992)</b>	<b>(11,022)</b>	<b>11,783</b>	<b>(8,000)</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	324,563	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>324,563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>110,023</b>	<b>85,420</b>	<b>(98,992)</b>	<b>(11,022)</b>	<b>11,783</b>	<b>(8,000)</b>
Cash and investments - beginning	-	-	98,992	11,022	-	13,222
Cash and investments - ending	<u>\$ 110,023</u>	<u>\$ 85,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,783</u>	<u>\$ 5,222</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 110,023	\$ 85,420	\$ -	\$ -	\$ 11,783	\$ 5,222
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 110,023</u>	<u>\$ 85,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,783</u>	<u>\$ 5,222</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	110,023	85,420	-	-	11,783	5,222
<b>Total cash and investment fund balance - ending</b>	<u>\$ 110,023</u>	<u>\$ 85,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,783</u>	<u>\$ 5,222</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	Title II Part A	Title II Part D	Debt Service	Retirement Severance Bonds	Sundheimer Foundation	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 844,257	\$ 95,468	\$ -	\$ 2,905,659
Intermediate sources	-	-	-	-	-	386,866
State sources	-	-	-	-	-	94,844
Federal sources	63,659	-	-	-	-	2,818,870
Temporary loans	-	-	-	-	-	423,911
Other	-	-	-	73,031	-	79,114
<b>Total receipts</b>	<b>63,659</b>	<b>-</b>	<b>844,257</b>	<b>168,499</b>	<b>-</b>	<b>6,709,264</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	20,104	-	-	-	-	2,434,849
Support services	30,423	347	-	-	2,980	2,393,865
Noninstructional services	-	-	-	-	-	780,031
Facilities acquisition and construction	-	-	-	-	-	20,000
Debt services	-	-	1,243,287	335,513	-	1,904,170
Nonprogrammed charges	-	-	-	-	-	90,582
<b>Total disbursements</b>	<b>50,527</b>	<b>347</b>	<b>1,243,287</b>	<b>335,513</b>	<b>2,980</b>	<b>7,623,497</b>
Excess (deficiency) of receipts over disbursements	13,132	(347)	(399,030)	(167,014)	(2,980)	(914,233)
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	39,131
Transfers in	-	-	46,159	8,150	-	488,819
Transfers out	-	-	(53,571)	-	-	(839,715)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(7,412)</b>	<b>8,150</b>	<b>-</b>	<b>(311,765)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,132	(347)	(406,442)	(158,864)	(2,980)	(1,225,998)
Cash and investments - beginning	7,591	347	539,541	66,596	2,980	1,286,975
Cash and investments - ending	\$ 20,723	\$ -	\$ 133,099	\$ (92,268)	\$ -	\$ 60,977
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 20,723	\$ -	\$ -	\$ -	\$ -	\$ 20,146
Restricted assets:						
Cash and investments	-	-	133,099	(92,268)	-	40,831
<b>Total cash and investment assets - ending</b>	<b>\$ 20,723</b>	<b>\$ -</b>	<b>\$ 133,099</b>	<b>\$ (92,268)</b>	<b>\$ -</b>	<b>\$ 60,977</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 133,099	\$ (92,268)	\$ -	\$ 40,831
Unrestricted	20,723	-	-	-	-	20,146
<b>Total cash and investment fund balance - ending</b>	<b>\$ 20,723</b>	<b>\$ -</b>	<b>\$ 133,099</b>	<b>\$ (92,268)</b>	<b>\$ -</b>	<b>\$ 60,977</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Child Development	WMAP Preschool	Safe Haven	Safe School Haven 08/09
<b>Receipts:</b>							
Local sources	\$ 1,181,276	\$ 12,945	\$ 577,518	\$ 407,574	\$ 379,788	\$ -	\$ -
Intermediate sources	-	-	-	231,351	-	-	-
State sources	-	36,630	13,561	-	-	-	1,000
Federal sources	-	-	289,556	-	-	-	-
Temporary loans	591,670	-	-	-	-	-	-
Other	17,989	-	3,064	-	-	-	-
<b>Total receipts</b>	<b>1,790,935</b>	<b>49,575</b>	<b>883,699</b>	<b>638,925</b>	<b>379,788</b>	<b>-</b>	<b>1,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	373,530	133,148	-	-
Support services	1,128,136	-	4,865	455,745	207,706	3,255	594
Noninstructional services	-	-	820,201	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	573,210	-	-	-	-	-	-
Nonprogrammed charges	-	71,717	-	9,151	3,704	-	-
<b>Total disbursements</b>	<b>1,701,346</b>	<b>71,717</b>	<b>825,066</b>	<b>838,426</b>	<b>344,558</b>	<b>3,255</b>	<b>594</b>
Excess (deficiency) of receipts over disbursements	89,589	(22,142)	58,633	(199,501)	35,230	(3,255)	406
<b>Other financing sources (uses):</b>							
Sale of capital assets	374	-	-	-	-	-	-
Transfers in	3,128	-	-	15,494	1,098	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,502</b>	<b>-</b>	<b>-</b>	<b>15,494</b>	<b>1,098</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	93,091	(22,142)	58,633	(184,007)	36,328	(3,255)	406
Cash and investments - beginning	194,766	96,000	222,579	(802,292)	23,012	3,255	-
Cash and investments - ending	\$ 287,857	\$ 73,858	\$ 281,212	\$ (986,299)	\$ 59,340	\$ -	\$ 406
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 287,857	\$ 73,858	\$ 281,212	\$ (986,299)	\$ 59,340	\$ -	\$ 406
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 287,857</b>	<b>\$ 73,858</b>	<b>\$ 281,212</b>	<b>\$ (986,299)</b>	<b>\$ 59,340</b>	<b>\$ -</b>	<b>\$ 406</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	287,857	73,858	281,212	(986,299)	59,340	-	406
<b>Total cash and investment fund balance - ending</b>	<b>\$ 287,857</b>	<b>\$ 73,858</b>	<b>\$ 281,212</b>	<b>\$ (986,299)</b>	<b>\$ 59,340</b>	<b>\$ -</b>	<b>\$ 406</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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, 2009  
 (Continued)

	Gifted and Talented 2007/08	High Ability 2008/09	Non English Speaking	E-Rate Reimbursement	Technology Plan Grant	Schools Taking Action	Title I MSD 2007/08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	36,600	1,499	-	99,563	-	-
Federal sources	-	-	-	-	-	-	20,000
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	77,550	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>36,600</b>	<b>1,499</b>	<b>77,550</b>	<b>99,563</b>	<b>-</b>	<b>20,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	12,008	23,070	-	-	-	-	-
Support services	-	-	-	76,694	96,351	1,380	13,980
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>12,008</b>	<b>23,070</b>	<b>-</b>	<b>76,694</b>	<b>96,351</b>	<b>1,380</b>	<b>13,980</b>
Excess (deficiency) of receipts over disbursements	(12,008)	13,530	1,499	856	3,212	(1,380)	6,020
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,008)	13,530	1,499	856	3,212	(1,380)	6,020
Cash and investments - beginning	12,008	-	-	22,044	-	2,500	(6,020)
Cash and investments - ending	\$ -	\$ 13,530	\$ 1,499	\$ 22,900	\$ 3,212	\$ 1,120	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 13,530	\$ 1,499	\$ 22,900	\$ 3,212	\$ 1,120	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 13,530</b>	<b>\$ 1,499</b>	<b>\$ 22,900</b>	<b>\$ 3,212</b>	<b>\$ 1,120</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	13,530	1,499	22,900	3,212	1,120	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 13,530</b>	<b>\$ 1,499</b>	<b>\$ 22,900</b>	<b>\$ 3,212</b>	<b>\$ 1,120</b>	<b>\$ -</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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, 2009  
 (Continued)

	Title I MSD 2008/09	Title I White's 2007/08	Title I White's 2008/09	Title I AYP S. Wood Elem 2007/08	Title V Part A	14208-058-PN01 2007/08	14207-058-PY02 2007/08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	190,834	11,742	235,515	5,200	3,662	295,342	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>190,834</b>	<b>11,742</b>	<b>235,515</b>	<b>5,200</b>	<b>3,662</b>	<b>295,342</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	202,200	30,139	140,224	5,223	9,717	117,957	23,280
Support services	3,227	-	82,985	100	496	39,381	62,140
Noninstructional services	-	-	-	603	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	1,043	-	-	-	-	-	-
<b>Total disbursements</b>	<b>206,470</b>	<b>30,139</b>	<b>223,209</b>	<b>5,926</b>	<b>10,213</b>	<b>157,338</b>	<b>85,420</b>
Excess (deficiency) of receipts over disbursements	(15,636)	(18,397)	12,306	(726)	(6,551)	138,004	(85,420)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	18,338	-	-
Transfers out	-	-	-	-	-	(248,027)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,338</b>	<b>(248,027)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,636)	(18,397)	12,306	(726)	11,787	(110,023)	(85,420)
Cash and investments - beginning	-	18,397	-	726	-	110,023	85,420
Cash and investments - ending	<u>\$ (15,636)</u>	<u>\$ -</u>	<u>\$ 12,306</u>	<u>\$ -</u>	<u>\$ 11,787</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (15,636)	\$ -	\$ 12,306	\$ -	\$ 11,787	\$ -	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ (15,636)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,306</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,787</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(15,636)	-	12,306	-	11,787	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (15,636)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,306</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,787</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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, 2009  
 (Continued)

	14208-058-PY02 2008/09	45709-058-PN01 2008/09	45708-058-PN01 2007/08	Drug Free	Drug Free	Title II Part A	Title II, Part A 2007/08
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	67,309	-	5,513	7,251	-	74,120
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>67,309</b>	<b>-</b>	<b>5,513</b>	<b>7,251</b>	<b>-</b>	<b>74,120</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	87,155	62,814	11,783	-	-	13,227	11,730
Support services	97,942	-	-	5,222	3,278	7,496	22,570
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>185,097</b>	<b>62,814</b>	<b>11,783</b>	<b>5,222</b>	<b>3,278</b>	<b>20,723</b>	<b>34,300</b>
Excess (deficiency) of receipts over disbursements	(185,097)	4,495	(11,783)	291	3,973	(20,723)	39,820
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	248,027	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(7,338)
<b>Total other financing sources (uses)</b>	<b>248,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,338)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	62,930	4,495	(11,783)	291	3,973	(20,723)	32,482
Cash and investments - beginning	-	-	11,783	5,222	-	20,723	-
<b>Cash and investments - ending</b>	<b>\$ 62,930</b>	<b>\$ 4,495</b>	<b>\$ -</b>	<b>\$ 5,513</b>	<b>\$ 3,973</b>	<b>\$ -</b>	<b>\$ 32,482</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 62,930	\$ 4,495	\$ -	\$ 5,513	\$ 3,973	\$ -	\$ 32,482
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 62,930</b>	<b>\$ 4,495</b>	<b>\$ -</b>	<b>\$ 5,513</b>	<b>\$ 3,973</b>	<b>\$ -</b>	<b>\$ 32,482</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	62,930	4,495	-	5,513	3,973	-	32,482
<b>Total cash and investment fund balance - ending</b>	<b>\$ 62,930</b>	<b>\$ 4,495</b>	<b>\$ -</b>	<b>\$ 5,513</b>	<b>\$ 3,973</b>	<b>\$ -</b>	<b>\$ 32,482</b>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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, 2009  
 (Continued)

	Title II, Part A 2008/09	Limited English Grant	FEMA May 2008	Debt Service	Retirement Severance Bonds	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ 992,928	\$ 343,994	\$ 3,896,023
Intermediate sources	-	-	-	-	-	231,351
State sources	-	208	-	-	-	189,061
Federal sources	30,000	-	10,214	-	-	1,246,258
Temporary loans	-	-	-	-	163,746	755,416
Other	-	-	-	-	72,577	171,180
<b>Total receipts</b>	<b>30,000</b>	<b>208</b>	<b>10,214</b>	<b>992,928</b>	<b>580,317</b>	<b>6,489,289</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	163	-	-	-	1,257,368
Support services	-	-	6,679	-	-	2,320,222
Noninstructional services	-	-	-	-	-	820,804
Facilities acquisition and construction	-	-	3,535	-	-	3,535
Debt services	-	-	-	905,040	337,925	1,816,175
Nonprogrammed charges	-	-	-	-	-	85,615
<b>Total disbursements</b>	<b>-</b>	<b>163</b>	<b>10,214</b>	<b>905,040</b>	<b>337,925</b>	<b>6,303,719</b>
Excess (deficiency) of receipts over disbursements	30,000	45	-	87,888	242,392	185,570
<b>Other financing sources (uses):</b>						
Sale of capital assets	-	-	-	-	-	374
Transfers in	-	-	-	-	-	286,085
Transfers out	(11,000)	-	-	-	-	(266,365)
<b>Total other financing sources (uses)</b>	<b>(11,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,094</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,000	45	-	87,888	242,392	205,664
Cash and investments - beginning	-	-	-	133,099	(92,268)	60,977
Cash and investments - ending	\$ 19,000	\$ 45	\$ -	\$ 220,987	\$ 150,124	\$ 266,641
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 19,000	\$ 45	\$ -	\$ -	\$ -	\$ (104,470)
Restricted assets:						
Cash and investments	-	-	-	220,987	150,124	371,111
<b>Total cash and investment assets - ending</b>	<b>\$ 19,000</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 220,987</b>	<b>\$ 150,124</b>	<b>\$ 266,641</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 220,987	\$ 150,124	\$ 371,111
Unrestricted	19,000	45	-	-	-	(104,470)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 19,000</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 220,987</b>	<b>\$ 150,124</b>	<b>\$ 266,641</b>

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

	Scholarships and Awards	Awards Students and Employees	Awards Employees	Ford Meter Box Grant	Wells Fargo Grant	Miscellaneous Donations	Totals
Additions:							
Contributions:							
Other	\$ 500	\$ 3,954	\$ 1,886	\$ 12,000	\$ 6,155	\$ 8,000	\$ 32,495
Deductions:							
Administrative and general	500	4,165	2,111	12,000	11,844	10,946	41,566
Deficiency of total additions over total deductions	-	(211)	(225)	-	(5,689)	(2,946)	(9,071)
Cash and investment fund balance - beginning	(100)	4,256	14	-	9,730	2,311	16,211
Cash and investments - June 30	<u>\$ (100)</u>	<u>\$ 4,045</u>	<u>\$ (211)</u>	<u>\$ -</u>	<u>\$ 4,041</u>	<u>\$ (635)</u>	<u>\$ 7,140</u>
Net assets:							
Cash and investments	\$ (100)	\$ 4,045	\$ (211)	\$ -	\$ 4,041	\$ (635)	\$ 7,140
Total net assets - cash and investment basis held in trust	<u>\$ (100)</u>	<u>\$ 4,045</u>	<u>\$ (211)</u>	<u>\$ -</u>	<u>\$ 4,041</u>	<u>\$ (635)</u>	<u>\$ 7,140</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009

	Scholarships and Awards	Awards Students and Employees	Awards Employees	Ford Meter Box Grant	Wells Fargo Grant	Miscellaneous Donations	Totals
Additions:							
Contributions:							
Other	\$ 400	\$ 3,973	\$ 1,825	\$ 12,000	\$ 14,879	\$ -	\$ 33,077
Deductions:							
Administrative and general	250	5,110	1,746	12,000	10,178	220	29,504
Excess (deficiency) of total additions over total deductions	150	(1,137)	79	-	4,701	(220)	3,573
Cash and investment fund balance - beginning	(100)	4,045	(211)	-	4,041	(635)	7,140
Cash and investments - June 30	<u>\$ 50</u>	<u>\$ 2,908</u>	<u>\$ (132)</u>	<u>\$ -</u>	<u>\$ 8,742</u>	<u>\$ (855)</u>	<u>\$ 10,713</u>
Net assets:							
Cash and investments	\$ 50	\$ 2,908	\$ (132)	\$ -	\$ 8,742	\$ (855)	\$ 10,713
Total net assets - cash and investment basis held in trust	<u>\$ 50</u>	<u>\$ 2,908</u>	<u>\$ (132)</u>	<u>\$ -</u>	<u>\$ 8,742</u>	<u>\$ (855)</u>	<u>\$ 10,713</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2007 School Building Corporation	\$ 5,470,000	\$ 367,400
2007 Building Improvements (energy savings)	4,905,952	686,114
2007 Computer Equipment	37,586	20,200
2009 Computer Equipment	109,780	39,368
Notes and loans payable:		
Common School Loan A0282	75,000	78,375
Bonds payable:		
General obligation bonds:		
Pension Bonds	<u>2,480,000</u>	<u>170,800</u>
Total governmental activities debt	<u>\$ 13,078,318</u>	<u>\$ 1,362,257</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of various funds were overdrawn during the audit period. The Child Development Fund, Title I MSD 2007/08 Fund, Retirement Severance Bonds Fund, Scholarships and Awards Fund, Awards Employees Fund and Miscellaneous Donations Fund were overdrawn as of June 30, 2008. The Child Development Fund, Title I MSD 2008/09 Fund, Awards Employees Fund and Miscellaneous Donations Fund were overdrawn as of June 30, 2009. A similar comment appeared in prior Report B31702.

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)

CAPITAL ASSET RECORDS

Capital asset records were not updated for additions and deletions during the audit period.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

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

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 WABASH COUNTY, WABASH COUNTY, INDIANA

Compliance

We have audited the compliance of the Metropolitan School District of Wabash 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 its major federal program for the years ended June 30, 2008 and 2009. The School Corporation's major federal program is 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 its major federal program 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 its major federal program for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 23, 2010

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Other Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 36,144	\$ 48,012
National School Lunch Program	10.555		262,538	334,156
Total for federal grantor agency			<u>298,682</u>	<u>382,168</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		07-8050	699	-
		08-8050	202,117	13,981
		09-8050	-	206,470
		Part D, 07-8050	39,453	-
		Part D, 08-8050	156,378	30,139
		Part D, 09-8050	-	223,210
Total for cluster			<u>398,647</u>	<u>473,800</u>
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-058-PN01	231	-
		14206-058-PY02	93,468	-
		14207-058-PN01	71,641	-
		14207-058-PY02	239,143	85,420
		14208-058-PN01	1,448,251	157,337
		14208-058-PY02	-	193,546
		14209-058-PN01	-	1,446,238
Total for program			<u>1,852,734</u>	<u>1,882,541</u>
Special Education - Preschool Grants	84.173			
		45707-058-PN01	6,275	-
		45708-058-PN01	61,024	11,783
		45709-058-PN01	-	62,814
Total for program			<u>67,299</u>	<u>74,597</u>
Total for cluster			<u>1,920,033</u>	<u>1,957,138</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		05-121	5,834	-
		8050-06	2,166	5,222
		8050-07	-	3,278
Total for program			<u>8,000</u>	<u>8,500</u>
State Grants for Innovative Programs	84.298			
		05-126	4,797	-
		06-8050	11,000	-
		08-8050	-	10,213
Total for program			<u>15,797</u>	<u>10,213</u>
Education Technology State Grants	84.318	FY 2007	347	-
Pass-Through Region 8 Education Service Center				
English Language Acquisition Grants	84.365			
		FY 2007	1,264	-
		FY 2008	-	163
Total for program			<u>1,264</u>	<u>163</u>
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367			
		05-085	4,766	-
		06-8050	45,761	20,723
		07-8050	-	34,300
		SY 2007-08 STARS	-	1,380
Total for program			<u>50,527</u>	<u>56,403</u>
School Improvement Grants	84.377	AYP School Improvement Plan, SY 07-08	22,551	5,927
Total for federal grantor agency			<u>2,417,166</u>	<u>2,512,144</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance	97.036	DR #1766	-	10,214
Total for federal grantor agency			<u>-</u>	<u>10,214</u>
Total federal awards expended			<u>\$ 2,715,848</u>	<u>\$ 2,904,526</u>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH 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 Wabash 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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2008	For the Year Ended June 30, 2009
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 7,742	\$ 7,699
National School Lunch Program	10.555	<u>56,483</u>	<u>54,124</u>
Totals for cluster		<u>\$ 64,225</u>	<u>\$ 61,823</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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 Program:

Name of Federal Program or Cluster

Special Education Cluster

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 WABASH COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2010, with Dr. Sandra S. Weaver, Superintendent of Schools; Dr. Brian K. Dawson, Treasurer; and Paul Karst, President of the School Board. The officials concurred with our audit findings.