

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

AUDIT REPORT

OF

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY

POSEY COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED
03/02/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol A. Lupfer	07-01-08 to 06-30-11
Superintendent of Schools	John D. Wood Todd Camp	07-01-08 to 06-30-09 07-01-09 to 06-30-11
President of the School Board	Larry Lewis Joe Neidig	01-01-08 to 12-31-09 01-01-10 to 12-31-11



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of North Posey County (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 January 27, 2011, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The Schedule of Funding Progress 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, Schedule of Contributions From the Employer and Other Contributing Entities, 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

January 27, 2011



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of North Posey County (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

January 27, 2011

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,386,980	\$ -	\$ 92,137	\$ (6,294,843)
Support services	3,940,189	292,074	174,520	(3,473,595)
Noninstructional services	640,426	-	-	(640,426)
Facilities acquisition and construction	350,236	-	-	(350,236)
Debt service	6,591,315	-	-	(6,591,315)
Nonprogrammed charges	94,964	-	-	(94,964)
	<u>\$ 18,004,110</u>	<u>\$ 292,074</u>	<u>\$ 266,657</u>	<u>(17,445,379)</u>
Total governmental activities				
General receipts:				
Property taxes				7,844,517
Other local sources				1,260,512
State aid				6,038,246
Bonds and loans				7,500,000
Grants and contributions not restricted to specific programs				1,266,812
Sale of property				2,000
Investment earnings				16,978
Other				37,520
				<u>23,966,585</u>
Total general receipts				
Change in net assets				
Net assets - beginning				
Net assets - ending				
<u>Assets</u>				
Cash and investments				
Restricted assets:				
Cash and investments				
Total assets				
<u>Net Assets</u>				
Restricted for:				
Debt service				
Unrestricted				
Total net assets				

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,274,827	\$ -	\$ 46,525	\$ (6,228,302)
Support services	4,230,460	306,074	194,204	(3,730,182)
Noninstructional services	609,929	-	-	(609,929)
Facilities acquisition and construction	819,997	-	-	(819,997)
Debt service	6,632,852	-	-	(6,632,852)
Nonprogrammed charges	<u>86,836</u>	<u>-</u>	<u>-</u>	<u>(86,836)</u>
Total governmental activities	<u>\$ 18,654,901</u>	<u>\$ 306,074</u>	<u>\$ 240,729</u>	<u>(18,108,098)</u>
General receipts:				
Property taxes				5,591,697
Other local sources				798,893
State aid				8,077,509
Grants and contributions not restricted to specific programs				1,005,501
Sale of property				2,500
Investment earnings				12,819
Other				<u>14,496</u>
Total general receipts				<u>15,503,415</u>
Change in net assets				(2,604,683)
Net assets - beginning				<u>7,123,397</u>
Net assets - ending				<u>\$ 4,518,714</u>
<u>Assets</u>				
Cash and investments				\$ 3,666,315
Restricted assets:				
Cash and investments				<u>852,399</u>
Total assets				<u>\$ 4,518,714</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 852,399
Unrestricted				<u>3,666,315</u>
Total net assets				<u>\$ 4,518,714</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 4,438,873	\$ -	\$ 1,427,094	\$ 1,615,742	\$ 1,925,176	\$ 9,406,885
Intermediate sources	1,387	-	-	-	9,967	11,354
State sources	6,073,062	-	-	-	168,957	6,242,019
Federal sources	-	-	-	-	1,325,538	1,325,538
Temporary loans	7,500,000	-	-	-	-	7,500,000
Other	3,819	-	-	22,723	10,978	37,520
Total receipts	18,017,141	-	1,427,094	1,638,465	3,440,616	24,523,316
Disbursements:						
Current:						
Instruction	5,831,351	-	-	-	555,629	6,386,980
Support services	2,295,946	-	-	710,483	933,760	3,940,189
Noninstructional services	164,145	-	-	-	476,281	640,426
Facilities acquisition and construction	-	-	-	319,864	30,372	350,236
Debt services	5,028,903	-	1,205,551	-	356,861	6,591,315
Nonprogrammed charges	55,666	-	-	-	39,298	94,964
Total disbursements	13,376,011	-	1,205,551	1,030,347	2,392,201	18,004,110
Excess of receipts over disbursements	4,641,130	-	221,543	608,118	1,048,415	6,519,206
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	2,000	2,000
Transfers in	539	-	352,000	860,000	782,580	1,995,119
Transfers out	(1,978,000)	-	(11,532)	-	(5,587)	(1,995,119)
Total other financing sources (uses)	(1,977,461)	-	340,468	860,000	778,993	2,000
Excess of receipts and other financing sources over disbursements and other financing uses	2,663,669	-	562,011	1,468,118	1,827,408	6,521,206
Cash and investments - beginning	1,616,731	550,000	(263,830)	(956,047)	(344,663)	602,191
Cash and investments - ending	<u>\$ 4,280,400</u>	<u>\$ 550,000</u>	<u>\$ 298,181</u>	<u>\$ 512,071</u>	<u>\$ 1,482,745</u>	<u>\$ 7,123,397</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,280,400	\$ 550,000	\$ -	\$ 512,071	\$ 1,376,751	\$ 6,719,222
Restricted assets:						
Cash and investments	-	-	298,181	-	105,994	404,175
Total cash and investment assets - ending	<u>\$ 4,280,400</u>	<u>\$ 550,000</u>	<u>\$ 298,181</u>	<u>\$ 512,071</u>	<u>\$ 1,482,745</u>	<u>\$ 7,123,397</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 298,181	\$ -	\$ 105,994	\$ 404,175
Unrestricted	4,280,400	550,000	-	512,071	1,376,751	6,719,222
Total cash and investment fund balance - ending	<u>\$ 4,280,400</u>	<u>\$ 550,000</u>	<u>\$ 298,181</u>	<u>\$ 512,071</u>	<u>\$ 1,482,745</u>	<u>\$ 7,123,397</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 58,759	\$ -	\$ 2,036,338	\$ 2,092,227	\$ 2,509,984	\$ 6,697,308
Intermediate sources	555	-	-	-	10,846	11,401
State sources	8,093,111	-	-	-	101,590	8,194,701
Federal sources	-	-	-	-	1,129,812	1,129,812
Other	-	-	-	14,496	-	14,496
Total receipts	8,152,425	-	2,036,338	2,106,723	3,752,232	16,047,718
Disbursements:						
Current:						
Instruction	4,928,112	-	-	-	1,346,718	6,274,830
Support services	2,524,813	-	-	602,578	1,103,067	4,230,458
Noninstructional services	163,073	-	-	-	446,856	609,929
Facilities acquisition and construction	-	200,000	-	619,997	-	819,997
Debt services	5,000,000	-	1,279,688	-	353,163	6,632,851
Nonprogrammed charges	53,061	-	-	-	33,775	86,836
Total disbursements	12,669,059	200,000	1,279,688	1,222,575	3,283,579	18,654,901
Excess (deficiency) of receipts over disbursements	(4,516,634)	(200,000)	756,650	884,148	468,653	(2,607,183)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	2,500	2,500
Transfers in	2,065,994	200,000	-	-	18,441	2,284,435
Transfers out	(6,000)	-	(352,435)	(860,000)	(1,066,000)	(2,284,435)
Total other financing sources (uses)	2,059,994	200,000	(352,435)	(860,000)	(1,045,059)	2,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,456,640)	-	404,215	24,148	(576,406)	(2,604,683)
Cash and investments - beginning	4,280,400	550,000	298,181	512,071	1,482,745	7,123,397
Cash and investments - ending	<u>\$ 1,823,760</u>	<u>\$ 550,000</u>	<u>\$ 702,396</u>	<u>\$ 536,219</u>	<u>\$ 906,339</u>	<u>\$ 4,518,714</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,823,760	\$ 550,000	\$ -	\$ 536,219	\$ 756,336	\$ 3,666,315
Restricted assets:						
Cash and investments	-	-	702,396	-	150,003	852,399
Total cash and investment assets - ending	<u>\$ 1,823,760</u>	<u>\$ 550,000</u>	<u>\$ 702,396</u>	<u>\$ 536,219</u>	<u>\$ 906,339</u>	<u>\$ 4,518,714</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 702,396	\$ -	\$ 150,003	\$ 852,399
Unrestricted	1,823,760	550,000	-	536,219	756,336	3,666,315
Total cash and investment fund balance - ending	<u>\$ 1,823,760</u>	<u>\$ 550,000</u>	<u>\$ 702,396</u>	<u>\$ 536,219</u>	<u>\$ 906,339</u>	<u>\$ 4,518,714</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 2,150	
Total additions	<u>-</u>	<u>2,150</u>	
Deductions:			
Benefits	54,593	-	
Administrative and general	<u>-</u>	<u>5,258</u>	
Total deductions	<u>54,593</u>	<u>5,258</u>	
Deficiency of total additions over total deductions	(54,593)	(3,108)	
Cash and investment fund balance - beginning	<u>192,473</u>	<u>7,029</u>	
Cash and investment fund balance - ending	<u>\$ 137,880</u>	<u>\$ 3,921</u>	<u>\$ 30,993</u>
Net assets:			
Cash and investments	<u>\$ 137,880</u>	<u>\$ 3,921</u>	<u>\$ 30,993</u>
Total net assets - cash and investment basis held in trust	<u>\$ 137,880</u>	<u>\$ 3,921</u>	<u>\$ 30,993</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 4,993	
Total additions	-	4,993	
Deductions:			
Benefits	128,912	-	
Administrative and general	-	2,179	
Total deductions	128,912	2,179	
Excess (deficiency) of total additions over total deductions	(128,912)	2,814	
Cash and investment fund balance - beginning	137,880	3,921	
Cash and investment fund balance - ending	\$ 8,968	\$ 6,735	\$ 81,636
Net Assets:			
Cash and investments	\$ 8,968	\$ 6,735	\$ 81,636
Total net assets - cash and investment basis held in trust	\$ 8,968	\$ 6,735	\$ 81,636

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Metropolitan School District of North Posey 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 Evansville-Vanderburgh School Corporation, Metropolitan School District of Mount Vernon and New Harmony Town and Township Consolidated Schools in a joint venture which was created to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education. The School Corporation is obligated by contract to remit payment to the General Fund of the Evansville-Vanderburgh School Corporation for transfer students from its district based upon the Evansville-Vanderburgh Corporation per pupil cost of the exceptionality area in which the student is enrolled. The per pupil cost for each service area shall be determined on the average daily attendance. Complete financial statements for the joint venture can be obtained from the Evansville-Vanderburgh School Corporation administrative office, 1 Southeast 9th Street, Evansville, IN 47708.

The School Corporation is a participant with New Harmony Town and Township Consolidated Schools and the Metropolitan School District of Mount Vernon in a joint venture which created the Posey County Special Services to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education but are not covered under the joint venture described above. The School Corporation is obligated for the debts of the Posey County Special Services. Transfer tuition costs are paid to the receiving corporation for students based on the average daily attendance for each district. Complete financial statements for the Posey County Special Services can be obtained from Metropolitan School District of Mount Vernon administrative office, 1000 West Fourth Street, Mt. Vernon, IN 47620.

Related Organizations

The School Corporation's officials are also responsible for appointing the voting majority of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints the voting majority of the North Posey School Building Corporation and the Metropolitan School District of North Posey County Multi-School Building Corporation.

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

The rainy day fund is to account for transfers of unused and unencumbered funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

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

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

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individuals residing within the school corporation district limits.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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 or internal service 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. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may become delinquent if

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

not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

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

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

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

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008-2009	2009-2010
Title II Improving Teacher Quality	\$ (2,914)	\$ -
High School ECA Trips/Workers	(793)	(248)
Jr. High ECA Trips	(400)	(109)
Elementary ECA Trips	(495)	(495)
Resource Grant	-	(172)

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

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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$4,616,053.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2008-2009	2009-2010
General Fund	Debt Service	\$ 352,000	\$ -
	Capital Projects	860,000	-
	Other Governmental Funds	766,000	6,000
Debt Service	General Fund	-	352,000
	Other Governmental Funds	11,532	435
Capital Projects	General Fund	-	860,000
Other Governmental Funds	General Fund	539	853,994
	Rainy Day	-	200,000
	Other Governmental Funds	5,048	12,006
Totals		<u>\$ 1,995,119</u>	<u>\$ 2,284,435</u>

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

IV. Other Information

A. Risk Management

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

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

B. Holding Corporations

The School Corporation has entered into a capital lease with North Posey School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$719,500, and \$742,500, respectively.

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

The School Corporation has entered into a capital lease with Metropolitan School District of North Posey County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$392,000, and \$401,000, respectively.

C. Subsequent Events

On January 11, 2010, the School Board passed a Cash Flow Loan Resolution allowing the School Corporation to borrow up to \$3,000,000 as a line of credit to pay current expenses prior to the receipt of revenue from taxes and state tuition support distributions for such funds.

D. Termination Benefits

The School Board approved a retirement incentive for qualified certified staff. The incentive was a one-time payment of \$10,000 into the qualified staff's 401A account. It was available for certified employees who were at the top of the salary schedule and were eligible for retirement with the State Teacher Retirement Program and submitted a letter of retirement before March 15, 2010. One employee took advantage of the retirement incentive.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

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

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

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$205,157.

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

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's contributions to the plan during the period were \$375,103.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 769,389	\$ 923,061	\$ (153,672)	83%	\$ 880,912	(17%)
07-01-08	888,269	1,088,444	(200,175)	82%	891,433	(22%)
07-01-09	979,466	1,220,837	(241,371)	80%	919,883	(26%)

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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	School Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education Plate Fees	Library Grant
Receipts:							
Local sources	\$ 872,266	\$ 61,961	\$ 294,118	\$ 85,737	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	450	-
State sources	-	36,636	9,605	17,361	-	-	-
Federal sources	-	-	143,186	-	-	-	-
Other	10,978	-	-	-	-	-	-
Total receipts	883,244	98,597	446,909	103,098	-	450	-
Disbursements:							
Current:							
Instruction	-	33,169	-	-	-	-	-
Support services	710,618	70,429	-	91,655	-	-	-
Noninstructional services	-	-	475,133	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	5,742	-	-	-	-	-
Total disbursements	710,618	109,340	475,133	91,655	-	-	-
Excess (deficiency) of receipts over disbursements	172,626	(10,743)	(28,224)	11,443	-	450	-
Other financing sources (uses):							
Sale of capital assets	2,000	-	-	-	-	-	-
Transfers in	405,000	-	-	11,532	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	407,000	-	-	11,532	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	579,626	(10,743)	(28,224)	22,975	-	450	-
Cash and investments - beginning	(407,269)	90,180	55,745	145,065	12,978	1,068	4
Cash and investments - ending	\$ 172,357	\$ 79,437	\$ 27,521	\$ 168,040	\$ 12,978	\$ 1,518	\$ 4
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 172,357	\$ 79,437	\$ 27,521	\$ 168,040	\$ 12,978	\$ 1,518	\$ 4
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 172,357	\$ 79,437	\$ 27,521	\$ 168,040	\$ 12,978	\$ 1,518	\$ 4
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	172,357	79,437	27,521	168,040	12,978	1,518	4
Total cash and investment fund balance - ending	\$ 172,357	\$ 79,437	\$ 27,521	\$ 168,040	\$ 12,978	\$ 1,518	\$ 4

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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)

	High Ability Grant 08/09	Study Group Grant	Medicaid Reimbursement	Non-English Speaking Grant	School Technology	Technology Grants	Resource Grant 05/06
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	9,517	-	-
State sources	31,572	-	208	750	-	72,825	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	31,572	-	208	750	9,517	72,825	-
Disbursements:							
Current:							
Instruction	15,575	-	87	1,090	-	-	134
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	15,575	-	87	1,090	-	-	134
Excess (deficiency) of receipts over disbursements	15,997	-	121	(340)	9,517	72,825	(134)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(539)	-	-	-	-
Total other financing sources (uses)	-	-	(539)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,997	-	(418)	(340)	9,517	72,825	(134)
Cash and investments - beginning	-	250	3,107	1,038	6,283	-	134
Cash and investments - ending	\$ 15,997	\$ 250	\$ 2,689	\$ 698	\$ 15,800	\$ 72,825	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 15,997	\$ 250	\$ 2,689	\$ 698	\$ 15,800	\$ 72,825	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 15,997	\$ 250	\$ 2,689	\$ 698	\$ 15,800	\$ 72,825	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	15,997	250	2,689	698	15,800	72,825	-
Total cash and investment fund balance - ending	\$ 15,997	\$ 250	\$ 2,689	\$ 698	\$ 15,800	\$ 72,825	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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)

	Resource Grant	PCCF	Title I 08/09	Title I 07/08	P.L. 103-382 ECIA Title VI	Title V Innovation Programs	P.L. 108-446 FY 2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	14,800	-	84,389	8,396	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	14,800	-	84,389	8,396	-	-	-
Disbursements:							
Current:							
Instruction	19,604	-	66,027	-	-	-	25,820
Support services	-	-	-	-	-	500	283
Noninstructional services	-	-	-	-	-	178	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	29,757
Total disbursements	19,604	-	66,027	-	-	678	55,860
Excess (deficiency) of receipts over disbursements	(4,804)	-	18,362	8,396	-	(678)	(55,860)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	5,048	-	-	-	-
Transfers out	-	-	-	(5,048)	-	-	-
Total other financing sources (uses)	-	-	5,048	(5,048)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,804)	-	23,410	3,348	-	(678)	(55,860)
Cash and investments - beginning	8,682	5	-	(3,348)	18	678	55,860
Cash and investments - ending	<u>\$ 3,878</u>	<u>\$ 5</u>	<u>\$ 23,410</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 3,878	\$ 5	\$ 23,410	\$ -	\$ 18	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,878</u>	<u>\$ 5</u>	<u>\$ 23,410</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,878	5	23,410	-	18	-	-
Total cash and investment fund balance - ending	<u>\$ 3,878</u>	<u>\$ 5</u>	<u>\$ 23,410</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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)

	P.L. 101-476 IDEA	Preschool Federal 07/08	P.L. 99-457 Preschool Handicap	Safe and Drug Free Schools	Drug Free Schools Title IV 08/09	STARS Program	Biomedical Grant Voc. And Technical
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	241,979	-	27,930	-	2,741	-	25,000
Other	-	-	-	-	-	-	-
Total receipts	241,979	-	27,930	-	2,741	-	25,000
Disbursements:							
Current:							
Instruction	154,693	35	-	-	2,000	360	24,956
Support services	19,027	-	27,251	358	455	-	-
Noninstructional services	-	-	-	290	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,789	-	10	-	-	-
Total disbursements	173,720	3,824	27,251	658	2,455	360	24,956
Excess (deficiency) of receipts over disbursements	68,259	(3,824)	679	(658)	286	(360)	44
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	68,259	(3,824)	679	(658)	286	(360)	44
Cash and investments - beginning	-	3,824	-	658	-	3,212	-
Cash and investments - ending	\$ 68,259	\$ -	\$ 679	\$ -	\$ 286	\$ 2,852	\$ 44
Cash and Investment Assets - Ending							
Cash and investments	\$ 68,259	\$ -	\$ 679	\$ -	\$ 286	\$ 2,852	\$ 44
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 68,259	\$ -	\$ 679	\$ -	\$ 286	\$ 2,852	\$ 44
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	68,259	-	679	-	286	2,852	44
Total cash and investment fund balance - ending	\$ 68,259	\$ -	\$ 679	\$ -	\$ 286	\$ 2,852	\$ 44

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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)

	HSTW Voc. and Tech. Board	High Ability Grant 07/08	Title II Part A	Federal Stimulus Stabilization	Retirement/ Severance Bond	School Bus Replacement	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 440,178	\$ 170,916	\$ 1,925,176
Intermediate sources	-	-	-	-	-	-	9,967
State sources	-	-	-	-	-	-	168,957
Federal sources	-	-	59,394	717,723	-	-	1,325,538
Other	-	-	-	-	-	-	10,978
Total receipts	-	-	59,394	717,723	440,178	170,916	3,440,616
Disbursements:							
Current:							
Instruction	1,439	-	88,725	121,915	-	-	555,629
Support services	-	-	-	13,184	-	-	933,760
Noninstructional services	-	-	680	-	-	-	476,281
Facilities acquisition and construction	-	30,372	-	-	-	-	30,372
Debt services	-	-	-	-	356,861	-	356,861
Nonprogrammed charges	-	-	-	-	-	-	39,298
Total disbursements	1,439	30,372	89,405	135,099	356,861	-	2,392,201
Excess (deficiency) of receipts over disbursements	(1,439)	(30,372)	(30,011)	582,624	83,317	170,916	1,048,415
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	2,000
Transfers in	-	-	-	-	233,000	128,000	782,580
Transfers out	-	-	-	-	-	-	(5,587)
Total other financing sources (uses)	-	-	-	-	233,000	128,000	778,993
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,439)	(30,372)	(30,011)	582,624	316,317	298,916	1,827,408
Cash and investments - beginning	1,439	30,372	27,097	-	(210,323)	(171,420)	(344,663)
Cash and investments - ending	\$ -	\$ -	\$ (2,914)	\$ 582,624	\$ 105,994	\$ 127,496	\$ 1,482,745
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ (2,914)	\$ 582,624	\$ -	\$ 127,496	\$ 1,376,751
Restricted assets:							
Cash and investments	-	-	-	-	105,994	-	105,994
Total cash and investment assets - ending	\$ -	\$ -	\$ (2,914)	\$ 582,624	\$ 105,994	\$ 127,496	\$ 1,482,745
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 105,994	\$ -	\$ 105,994
Unrestricted	-	-	(2,914)	582,624	-	127,496	1,376,751
Total cash and investment fund balance - ending	\$ -	\$ -	\$ (2,914)	\$ 582,624	\$ 105,994	\$ 127,496	\$ 1,482,745

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010

	Transportation Operating	School Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education Plate Fees	Library Grant
Receipts:							
Local sources	\$ 1,233,000	\$ -	\$ 296,001	\$ 86,107	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	281	-
State sources	-	23,375	9,616	17,646	-	-	-
Federal sources	-	-	167,687	-	-	-	-
Total receipts	1,233,000	23,375	473,304	103,753	-	281	-
Disbursements:							
Current:							
Instruction	-	6,378	-	-	-	-	-
Support services	649,831	8,440	-	102,930	-	-	-
Noninstructional services	-	-	437,185	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	649,831	14,818	437,185	102,930	-	-	-
Excess (deficiency) of receipts over disbursements	583,169	8,557	36,119	823	-	281	-
Other financing sources (uses):							
Sale of capital assets	2,500	-	-	-	-	-	-
Transfers in	-	-	-	435	-	-	-
Transfers out	(505,000)	(87,994)	-	-	-	-	-
Total other financing sources (uses)	(502,500)	(87,994)	-	435	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	80,669	(79,437)	36,119	1,258	-	281	-
Cash and investments - beginning	172,357	79,437	27,521	168,040	12,978	1,518	4
Cash and investments - ending	\$ 253,026	\$ -	\$ 63,640	\$ 169,298	\$ 12,978	\$ 1,799	\$ 4
Cash and Investment Assets - Ending							
Cash and investments	\$ 253,026	\$ -	\$ 63,640	\$ 169,298	\$ 12,978	\$ 1,799	\$ 4
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 253,026	\$ -	\$ 63,640	\$ 169,298	\$ 12,978	\$ 1,799	\$ 4
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	253,026	-	63,640	169,298	12,978	1,799	4
Total cash and investment fund balance - ending	\$ 253,026	\$ -	\$ 63,640	\$ 169,298	\$ 12,978	\$ 1,799	\$ 4

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010
 (Continued)

	High Ability Grant 09/10	High Ability Grant 08/09	Study Group Grant	Medicaid Reimbursement	Non-English Speaking Grant	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	10,565
State sources	30,925	-	-	28	-	-
Federal sources	-	-	-	-	-	-
Total receipts	30,925	-	-	28	-	10,565
Disbursements:						
Current:						
Instruction	30,924	15,997	-	-	698	-
Support services	-	-	-	-	-	10,636
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	30,924	15,997	-	-	698	10,636
Excess (deficiency) of receipts over disbursements	1	(15,997)	-	28	(698)	(71)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1	(15,997)	-	28	(698)	(71)
Cash and investments - beginning	-	15,997	250	2,689	698	15,800
Cash and investments - ending	\$ 1	\$ -	\$ 250	\$ 2,717	\$ -	\$ 15,729
Cash and Investment Assets - Ending						
Cash and investments	\$ 1	\$ -	\$ 250	\$ 2,717	\$ -	\$ 15,729
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1	\$ -	\$ 250	\$ 2,717	\$ -	\$ 15,729
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1	-	250	2,717	-	15,729
Total cash and investment fund balance - ending	\$ 1	\$ -	\$ 250	\$ 2,717	\$ -	\$ 15,729

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010
 (Continued)

	Technology Grants	Resource Grant	PCCF	Title 1 08/09	Title I 09/10	P.L. 103-382 ECIA Title VI
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	18,298	-	10,028	59,145	-
Total receipts	-	18,298	-	10,028	59,145	-
Disbursements:						
Current:						
Instruction	-	22,348	-	21,432	54,465	-
Support services	72,825	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	72,825	22,348	-	21,432	54,465	-
Excess (deficiency) of receipts over disbursements	(72,825)	(4,050)	-	(11,404)	4,680	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	12,006	-
Transfers out	-	-	-	(12,006)	-	-
Total other financing sources (uses)	-	-	-	(12,006)	12,006	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(72,825)	(4,050)	-	(23,410)	16,686	-
Cash and investments - beginning	72,825	3,878	5	23,410	-	18
Cash and investments - ending	\$ -	\$ (172)	\$ 5	\$ -	\$ 16,686	\$ 18
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (172)	\$ 5	\$ -	\$ 16,686	\$ 18
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ (172)	\$ 5	\$ -	\$ 16,686	\$ 18
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(172)	5	-	16,686	18
Total cash and investment fund balance - ending	\$ -	\$ (172)	\$ 5	\$ -	\$ 16,686	\$ 18

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010
 (Continued)

	P.L 108-440 Grant	P.L 101-476 IDEA	P.L 99-457 Preschool Federal	P.L. 99-457 Preschool Handicap	Drug Free Schools Title IV 09/10	Drug Free Schools Title IV 08/09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	268,230	-	22,135	-	3,779	-
Total receipts	268,230	-	22,135	-	3,779	-
Disbursements:						
Current:						
Instruction	151,153	31,359	-	-	1,268	-
Support services	20,499	3,770	21,486	34	-	105
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	33,130	-	645	-	-
Total disbursements	171,652	68,259	21,486	679	1,268	105
Excess (deficiency) of receipts over disbursements	96,578	(68,259)	649	(679)	2,511	(105)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	96,578	(68,259)	649	(679)	2,511	(105)
Cash and investments - beginning	-	68,259	-	679	-	286
Cash and investments - ending	\$ 96,578	\$ -	\$ 649	\$ -	\$ 2,511	\$ 181
Cash and Investment Assets - Ending						
Cash and investments	\$ 96,578	\$ -	\$ 649	\$ -	\$ 2,511	\$ 181
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 96,578	\$ -	\$ 649	\$ -	\$ 2,511	\$ 181
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	96,578	-	649	-	2,511	181
Total cash and investment fund balance - ending	\$ 96,578	\$ -	\$ 649	\$ -	\$ 2,511	\$ 181

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010
 (Continued)

	STARS Program	Biomedical Grant Voc. And Technical	PLTW - Voc. and Tech. Biomedical	PLTW - Voc. and Tech. USI Subaward	Title II Part A	Safe Schools/ Healthy Students
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 13,501
Intermediate sources	-	-	-	-	-	-
State sources	-	-	20,000	-	-	-
Federal sources	-	-	-	-	65,692	-
Total receipts	-	-	20,000	5,000	65,692	13,501
Disbursements:						
Current:						
Instruction	340	44	20,000	5,000	58,610	614
Support services	-	-	-	-	441	12,887
Noninstructional services	-	-	-	-	700	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	340	44	20,000	5,000	59,751	13,501
Excess (deficiency) of receipts over disbursements	(340)	(44)	-	-	5,941	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(340)	(44)	-	-	5,941	-
Cash and investments - beginning	2,852	44	-	-	(2,914)	-
Cash and investments - ending	\$ 2,512	\$ -	\$ -	\$ -	\$ 3,027	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,512	\$ -	\$ -	\$ -	\$ 3,027	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,512	\$ -	\$ -	\$ -	\$ 3,027	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,512	-	-	-	3,027	-
Total cash and investment fund balance - ending	\$ 2,512	\$ -	\$ -	\$ -	\$ 3,027	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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, 2010
 (Continued)

	Federal Stimulus Stabilization	Special Education Part B	Special Education Part B Preschool	Retirement/ Severance Bond	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 630,172	\$ 246,203	\$ 2,509,984
Intermediate sources	-	-	-	-	-	10,846
State sources	-	-	-	-	-	101,590
Federal sources	<u>278,108</u>	<u>225,913</u>	<u>10,797</u>	<u>-</u>	<u>-</u>	<u>1,129,812</u>
Total receipts	<u>278,108</u>	<u>225,913</u>	<u>10,797</u>	<u>630,172</u>	<u>246,203</u>	<u>3,752,232</u>
Disbursements:						
Current:						
Instruction	834,364	82,856	8,868	-	-	1,346,718
Support services	26,368	21,142	-	-	151,673	1,103,067
Noninstructional services	-	8,971	-	-	-	446,856
Debt services	-	-	-	353,163	-	353,163
Nonprogrammed charges	-	-	-	-	-	33,775
Total disbursements	<u>860,732</u>	<u>112,969</u>	<u>8,868</u>	<u>353,163</u>	<u>151,673</u>	<u>3,283,579</u>
Excess (deficiency) of receipts over disbursements	<u>(582,624)</u>	<u>112,944</u>	<u>1,929</u>	<u>277,009</u>	<u>94,530</u>	<u>468,653</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	2,500
Transfers in	-	-	-	-	6,000	18,441
Transfers out	-	-	-	(233,000)	(228,000)	(1,066,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,000)</u>	<u>(222,000)</u>	<u>(1,045,059)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(582,624)</u>	<u>112,944</u>	<u>1,929</u>	<u>44,009</u>	<u>(127,470)</u>	<u>(576,406)</u>
Cash and investments - beginning	<u>582,624</u>	<u>-</u>	<u>-</u>	<u>105,994</u>	<u>127,496</u>	<u>1,482,745</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 112,944</u>	<u>\$ 1,929</u>	<u>\$ 150,003</u>	<u>\$ 26</u>	<u>\$ 906,339</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 112,944	\$ 1,929	\$ -	\$ 26	\$ 756,336
Restricted assets:						
Cash and investments	-	-	-	150,003	-	150,003
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 112,944</u>	<u>\$ 1,929</u>	<u>\$ 150,003</u>	<u>\$ 26</u>	<u>\$ 906,339</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 150,003	\$ -	\$ 150,003
Unrestricted	-	112,944	1,929	-	26	756,336
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 112,944</u>	<u>\$ 1,929</u>	<u>\$ 150,003</u>	<u>\$ 26</u>	<u>\$ 906,339</u>

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

	<u>SINE Instruction and Support</u>	<u>Library Grant Four Book</u>	<u>PCCF - Biomedical Program</u>	<u>Toyota Grant 2006</u>	<u>Totals</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 2,150	\$ -	\$ 2,150
Deductions:					
Administrative and general	98	-	5,160	-	5,258
Deficiency of total additions over total deductions	(98)	-	(3,010)	-	(3,108)
Cash and investment fund balance - beginning	500	1,165	5,160	204	7,029
Cash and investments - June 30	<u>\$ 402</u>	<u>\$ 1,165</u>	<u>\$ 2,150</u>	<u>\$ 204</u>	<u>\$ 3,921</u>
Net assets:					
Cash and investments	\$ 402	\$ 1,165	\$ 2,150	\$ 204	\$ 3,921
Total net assets - cash and investment basis held in trust	<u>\$ 402</u>	<u>\$ 1,165</u>	<u>\$ 2,150</u>	<u>\$ 204</u>	<u>\$ 3,921</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	<u>SINE Instruction and Support</u>	<u>Four Book</u>	<u>PCCF - Biomedical Program</u>	<u>Miscellaneous Programs - Donations/Gifts</u>	<u>Toyota Grant 2006</u>	<u>Totals</u>
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ 4,993	\$ -	\$ 4,993
Deductions:						
Administrative and general	34	-	2,145	-	-	2,179
Excess (deficiency) of total additions over total deductions	(34)	-	(2,145)	4,993	-	2,814
Cash and investment fund balance - beginning	402	1,165	2,150	-	204	3,921
Cash and investments - June 30	<u>\$ 368</u>	<u>\$ 1,165</u>	<u>\$ 5</u>	<u>\$ 4,993</u>	<u>\$ 204</u>	<u>\$ 6,735</u>
Net assets:						
Cash and investments	\$ 368	\$ 1,165	\$ 5	\$ 4,993	\$ 204	\$ 6,735
Total net assets - cash and investment basis held in trust	<u>\$ 368</u>	<u>\$ 1,165</u>	<u>\$ 5</u>	<u>\$ 4,993</u>	<u>\$ 204</u>	<u>\$ 6,735</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	Federal Clearing	OASI Certified	Noncertified OASI	State Tax	Local Tax	Welborn HMO	AFLAC
Additions:							
Agency fund additions	\$ 771,621	\$ 425,981	\$ 111,128	\$ 225,995	\$ 35,495	\$ 311,604	\$ 14,300
Deductions:							
Agency fund deductions	771,621	425,981	111,128	225,995	35,495	309,761	14,284
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	1,843	16
Cash and investment fund balance - beginning	-	-	-	-	-	3,224	2,301
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,067	\$ 2,317

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	<u>Franklin Life</u>	<u>Fort Dearborn Life</u>	<u>Franklin TSA</u>	<u>Prudential Insurance TSA</u>	<u>Minnesota Mutual Annuity</u>	<u>Lincoln National Annuity</u>	<u>American Funds</u>
Additions:							
Agency fund additions	\$ 8,928	\$ 8,879	\$ 1,428	\$ 1,250	\$ 65	\$ 50	\$ 2,978
Deductions:							
Agency fund deductions	<u>8,928</u>	<u>8,163</u>	<u>1,428</u>	<u>1,250</u>	<u>65</u>	<u>50</u>	<u>2,978</u>
Excess (deficiency) of total additions over total deductions	-	716	-	-	-	-	-
Cash and investment fund balance - beginning	<u>325</u>	<u>289</u>	<u>109</u>	<u>2,182</u>	<u>864</u>	<u>489</u>	<u>603</u>
Cash and investment fund balance - ending	<u>\$ 325</u>	<u>\$ 1,005</u>	<u>\$ 109</u>	<u>\$ 2,182</u>	<u>\$ 864</u>	<u>\$ 489</u>	<u>\$ 603</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	CUNA Brokerage Service	Horace Mann Annuity	Teacher Dues	Uniforms	High School ECA Trips/Workers	Jr. High ECA Trips	Children Support
Additions:							
Agency fund additions	\$ 22,746	\$ 103,997	\$ 53,422	\$ 90	\$ 10,041	\$ 1,865	\$ 8,428
Deductions:							
Agency fund deductions	22,746	103,997	53,422	157	9,878	2,095	8,428
Excess (deficiency) of total additions over total deductions	-	-	-	(67)	163	(230)	-
Cash and investment fund balance - beginning	7,405	162	-	67	(956)	(170)	-
Cash and investment fund balance - ending	<u>\$ 7,405</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (793)</u>	<u>\$ (400)</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	<u>Garnishment - Student Loan</u>	<u>Transfer Account</u>	<u>Elementary ECA Trips</u>	<u>Flex Plan</u>	<u>Dental Plan</u>	<u>Horace Mann - Roth IRA</u>	<u>CUNA Mutual Life Insurance</u>
Additions:							
Agency fund additions	\$ 4,706	\$ 17,662	\$ 1,237	\$ 10,263	\$ 43,718	\$ 26,016	\$ 750
Deductions:							
Agency fund deductions	4,706	16,086	1,075	10,263	44,006	26,016	750
Excess (deficiency) of total additions over total deductions	-	1,576	162	-	(288)	-	-
Cash and investment fund balance - beginning	-	-	(657)	-	1,192	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,576</u>	<u>\$ (495)</u>	<u>\$ -</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Hot Lunch - State Reimbursement	Valic	TRF - Vol. Contribution Pretax	403B ASP	Life Insurance Over \$50,000	Food In Trust	Totals
Additions:							
Agency fund additions	\$ 156,951	\$ 125,260	\$ 11,345	\$ 3,096	\$ 1,479	\$ 20,938	\$ 2,543,712
Deductions:							
Agency fund deductions	156,951	125,260	11,345	3,096	1,479	11,265	2,530,148
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	9,673	13,564
Cash and investment fund balance - beginning	-	-	-	-	-	-	17,429
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,673	\$ 30,993

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Federal Clearing	OASI Certified	Noncertified OASI	State Tax	Local Tax	Welborn HMO	AFLAC
Additions:							
Agency fund additions	\$ 646,355	\$ 405,107	\$ 119,398	\$ 220,700	\$ 54,238	\$ 463,627	\$ 14,082
Deductions:							
Agency fund deductions	646,355	405,107	119,398	220,700	54,238	421,736	14,085
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	41,891	(3)
Cash and investment fund balance - beginning	-	-	-	-	-	5,067	2,317
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,958	\$ 2,314

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Franklin Life	Fort Dearborn Life Long-Term	Fort Dearborn Life	Franklin TSA	United Way	Prudential Insurance TSA	Minnesota Mutual Annuity
Additions:							
Agency fund additions	\$ 4,159	\$ 168	\$ 10,272	\$ -	\$ 1,708	\$ -	\$ -
Deductions:							
Agency fund deductions	4,159	168	9,928	-	1,708	-	-
Excess (deficiency) of total additions over total deductions	-	-	344	-	-	-	-
Cash and investment fund balance - beginning	325	-	1,005	109	-	2,182	864
Cash and investment fund balance - ending	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ 1,349</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 2,182</u>	<u>\$ 864</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Lincoln National Annuity	American Funds	CUNA Brokerage Service	Horace Mann Annuity	Teacher Dues	High School ECA Trips/Workers
Additions:						
Agency fund additions	\$ -	\$ 595	\$ -	\$ 131,933	\$ 57,485	\$ 10,155
Deductions:						
Agency fund deductions	-	-	-	131,933	57,485	9,610
Excess (deficiency) of total additions over total deductions	-	595	-	-	-	545
Cash and investment fund balance - beginning	489	603	7,405	162	-	(793)
Cash and investment fund balance - ending	<u>\$ 489</u>	<u>\$ 1,198</u>	<u>\$ 7,405</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ (248)</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Jr. High ECA Trips	Children Support	Garnishment - Student Loan	Transfer Account	PERF Vol. Post Tax	Elementary ECA Trips
Additions:						
Agency fund additions	\$ 2,919	\$ 9,828	\$ 4,551	\$ 220	\$ 5,128	\$ 988
Deductions:						
Agency fund deductions	2,628	9,828	4,551	1,796	5,128	988
Excess (deficiency) of total additions over total deductions	291	-	-	(1,576)	-	-
Cash and investment fund balance - beginning	(400)	-	-	1,576	-	(495)
Cash and investment fund balance - ending	<u>\$ (109)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (495)</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Flex Plan	Dental Plan	Horace Mann - Roth IRA	Hot Lunch - State Reimbursement	Valic	TRF - Vol. Contribution Pretax
Additions: Agency fund additions	\$ 13,610	\$ 48,763	\$ 30,842	\$ 176,530	\$ 111,652	\$ 4,743
Deductions: Agency fund deductions	<u>13,610</u>	<u>48,555</u>	<u>30,842</u>	<u>176,530</u>	<u>111,652</u>	<u>4,743</u>
Excess (deficiency) of total additions over total deductions	-	208	-	-	-	-
Cash and investment fund balance - beginning	<u>-</u>	<u>904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	403B ASP	Criminal History Employee Paid	Retiree - Health Insurance	Life Insurance Over \$50,000	Food In Trust	Totals
Additions:						
Agency fund additions	\$ 16,268	\$ 600	\$ 95,137	\$ 608	\$ 1,886	\$ 2,664,255
Deductions:						
Agency fund deductions	16,268	600	85,787	608	2,888	2,613,612
Excess (deficiency) of total additions over total deductions	-	-	9,350	-	(1,002)	50,643
Cash and investment fund balance - beginning	-	-	-	-	9,673	30,993
Cash and investment fund balance - ending	\$ -	\$ -	\$ 9,350	\$ -	\$ 8,671	\$ 81,636

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

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:		
2002 lease of school improvements	\$ 4,395,000	\$ 451,000
2003 lease of school improvements	2,765,000	447,500
2004 lease of school improvements	170,000	168,000
Bonds payable:		
General obligation bonds:		
2004 Pension	<u>2,615,000</u>	<u>353,779</u>
Total governmental activities debt	<u>\$ 9,945,000</u>	<u>\$ 1,420,279</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
AUDIT RESULTS AND COMMENTS

TRAVEL POLICY

A travel policy was not presented for audit.

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

OVERDRAWN CASH BALANCES

The cash balance of the Title II Improving Teacher Quality, High School ECA Trips/Workers, Jr. High ECA Trips, and Elementary ECA Trips Funds were overdrawn as of June 30, 2009. The cash balance of the High School ECA Trips/Workers, Jr. High ECA Trips, Elementary ECA Trips and Resource Grant Funds were overdrawn as of June 30, 2010.

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)

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Metropolitan School District of North Posey County (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

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

STATE BOARD OF ACCOUNTS

January 27, 2011

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 08/09 FY 09/10	\$ 20,596 -	\$ - 23,914
Total for program			<u>20,596</u>	<u>23,914</u>
National School Lunch Program	10.555	FY 08/09 FY 09/10	162,695 -	- 176,975
Total for program			<u>162,695</u>	<u>176,975</u>
Total for cluster			<u>183,291</u>	<u>200,889</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
Pass-Through University of Southern Indiana WIA Pilots, Demonstrations, and Research Projects Project Lead the Way	17.261	FY 09/10	-	5,000
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	FY 07/08 FY 08/09 FY 09/10	- 66,027 -	- 21,432 54,465
Total for cluster			<u>66,027</u>	<u>75,897</u>
Pass-Through Metropolitan School District of Mount Vernon Special Education Cluster Special Education - Grants to States	84.027	FY 08 FY 09 FY 10	55,859 173,720 -	- 68,259 171,651
Total for program			<u>229,579</u>	<u>239,910</u>
Special Education - Preschool Grants	84.173	FY 07/08 FY 08/09 FY 09/10	3,823 27,250 -	- 679 21,485
Total for program			<u>31,073</u>	<u>22,164</u>
Pass-Through Indiana Department of Education Special Education Cluster ARRA - Special Education Grants to States, Recovery Act	84.391	33310-SN01	-	112,969
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-SN01	-	8,868
Total for cluster			<u>260,652</u>	<u>383,911</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	6600 6600	135,099 -	682,051 178,681
Total for cluster			<u>135,099</u>	<u>860,732</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States High Schools that Work Biomedical Biomedical	84.048	07-1303-6600 C1-8-SPL BIO-7-208 C1-10-SPL BIO-9-208	1,439 24,955 -	- 44 20,000
Total for program			<u>26,394</u>	<u>20,044</u>
Pass-Through Metropolitan School District of Mount Vernon Safe and Drug-Free Schools and Communities - National Programs Safe Schools/Healthy Schools	84.184	Q184L080320	-	13,501
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 07/08 FY 08/09 FY 09/10	658 2,455 -	- 105 1,267
Total for program			<u>3,113</u>	<u>1,372</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	07-6600	678	-
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	6600	89,405	59,751
Total for federal grantor agency			<u>581,368</u>	<u>1,415,208</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Youth Service Bureau, Incorporated Block Grants for Prevention and Treatment of Substance Abuse STARS Program	93.959	71309-01	360	340
Total federal awards expended			<u>\$ 765,019</u>	<u>\$ 1,621,437</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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 North Posey County (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2009	2010
Child Nutrition Cluster	\$ 35,945	\$ 33,975

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY 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
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee?	yes
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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 NORTH POSEY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 27, 2011, with Carol A. Lupfer, Treasurer; Todd Camp, Superintendent of Schools; and Larry Lewis, School Board member. The officials concurred with our audit findings.