

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF
NORTH POSEY COUNTY
POSEY COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/19/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-15
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	18-31
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	34-35
Schedule of Expenditures of Federal Awards	38-39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41
Exit Conference	42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol Lupfer	07-01-10 to 06-30-13
Superintendent of Schools	Todd Camp	07-01-10 to 06-30-13
President of the School Board	Joe Neidig Steve Bender	01-01-10 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Metropolitan School District of North Posey County (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 24, 2013



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement of the Metropolitan School District of North Posey County (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 24, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
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 statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 24, 2013

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

(This page intentionally left blank.)

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 1,823,760	\$ 8,471,680	\$ 8,487,221	\$ 52,646	\$ 1,860,865	\$ 8,497,670	\$ 8,398,465	\$ (8,440)	\$ 1,951,630
Debt Service	702,396	1,059,512	1,069,850	(111,881)	580,177	1,027,969	987,987	-	620,159
Retirement/Severance Bond Debt Service	150,003	411,082	353,779	(4,599)	202,707	256,038	353,497	-	105,248
Capital Projects	536,218	1,400,730	1,078,722	(113,416)	744,810	1,406,856	1,314,274	661	838,053
Transportation Operating	253,026	821,682	689,155	28,497	414,050	852,619	732,036	17,288	551,921
School Bus Replacement	26	402,072	6,000	(57,375)	338,723	293,689	252,924	-	379,488
Rainy Day	550,000	-	-	250,000	800,000	-	214,441	-	585,559
Retirement/Severance Bond	8,970	-	8,970	-	-	-	-	-	-
School Lunch	63,640	486,371	479,777	-	70,234	547,319	511,717	1,322	107,158
Textbook Rental	169,298	109,568	196,151	(45,000)	37,715	121,823	132,655	-	26,883
Levy Excess	12,978	-	-	26,234	39,212	-	-	-	39,212
Educational License Plates	1,799	188	-	-	1,987	150	-	-	2,137
Library Grant	4	-	-	(4)	-	-	-	-	-
SAFE School Haven - ICJL	-	-	-	-	-	12,000	12,000	-	-
SINE - Instruction Support	368	-	360	-	8	-	-	-	8
Library Grant - Four Block	1,165	-	-	(1,165)	-	-	-	-	-
PCCF - Biomedical Program	5	-	5	-	-	-	-	-	-
PCCF - IPAD Project - North Elementary	-	2,000	-	-	2,000	-	1,996	-	4
Dorcas Neidig Preschool Scholarship	-	3,325	-	-	3,325	100	360	-	3,065
PCCF - North Elementary - Playground	4,993	-	4,343	-	650	-	650	-	-
Toyota Grant 2006	204	-	-	(204)	-	-	-	-	-
High Ability Grant 2009 - 10	1	-	1	-	-	29,482	29,482	-	-
High Ability Grant 2010 - 11	-	30,461	30,461	-	-	-	-	-	-
Study Group Grant	250	-	-	(250)	-	-	-	-	-
Tech Prep - Biomedical FY 11	-	11,486	11,890	-	(404)	3,513	3,109	-	-
Medicaid Reimbursement	2,717	28	-	-	2,745	42	-	-	2,787
School Technology	15,729	19,162	19,960	-	14,931	19,164	27,219	-	6,876
Resource Grant	(172)	10,635	10,694	-	(231)	13,779	15,099	-	(1,551)
Excess PTRC Distributions	-	21,460	-	(21,460)	-	-	-	-	-
PCCF	5	-	-	(5)	-	-	-	-	-
Title I FY 11	-	59,974	73,882	4,663	(9,245)	28,552	19,307	-	-
Title I FY 12	-	-	-	-	-	66,506	90,217	330	(23,381)
Title I 09/10	16,686	-	12,023	(4,663)	-	-	-	-	-
P.L. 103-382 ECIA Title VI	18	-	-	(18)	-	-	-	-	-
P.L. 108-440 Grant	96,578	-	96,579	-	(1)	181,667	208,988	1,322	(26,000)
P.L. 108-446	-	178,795	198,578	-	(19,783)	58,553	38,770	-	-
P.L 99-457 Preschool Federal	649	-	649	-	-	27,984	29,442	-	(1,458)
P.L 99-457 Preschool Handicap	-	14,180	20,758	-	(6,578)	6,586	8	-	-
Drug Free Schools - Title IV 09/10	2,511	-	2,134	-	377	-	-	-	377
Title IV Safe and Drug Free 08 - 09	181	-	-	-	181	-	-	-	181
STARS Program	2,512	-	1,279	-	1,233	-	340	-	893
PLTW - Biomedical 2011/2012	-	-	-	-	-	10,000	10,000	-	-
Title II, Part A - Improving Teacher Quality	3,027	53,875	55,047	-	1,855	220	2,075	-	-
Title IIA, Part A - Improving Teacher Quality	-	-	-	-	-	24,714	32,784	-	(8,070)
Safe Schools/Healthy Students	-	10,543	10,543	-	-	11,413	11,413	-	-
SS/HS - SRO Program	-	-	-	-	-	10,000	10,000	-	-
ARRA - Special Education - Part B	112,944	92,279	133,905	-	71,318	-	71,156	-	162
ARRA - Special Education - Part B - Preschool	1,929	982	2,784	-	127	-	127	-	-
Education Jobs	-	-	-	-	-	276,090	276,090	-	-
Agency	81,635	2,566,086	2,621,909	-	25,812	3,380,340	3,380,549	-	25,603
Totals	\$ 4,616,053	\$ 16,238,156	\$ 15,677,409	\$ 2,000	\$ 5,178,800	\$ 17,164,838	\$ 17,169,177	\$ 12,483	\$ 5,186,944

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Holding Corporations

The School Corporation has entered into capital leases with North Posey School Building Corporation and the Metropolitan School District of North Posey County Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year totaled \$1,067,082 and \$984,000, respectively.

Note 7. Cash Balance Deficits

The financial statement contains funds with deficits in cash. Cash and investment deficits arose primarily from disbursements exceeding receipts due to the funds being set up for reimbursable grants. The reimbursements for expenditures were received in the following year.

Note 8. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

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

Note 9. Subsequent Events

Annexation of New Harmony School

Effective July 1, 2012, the School Corporation annexed the New Harmony Town and Township Consolidated Schools (New Harmony School). Per the terms of the agreement, New Harmony School will transfer all assets, including real estate, to the School Corporation who will then inspect all personal property to determine whether it can be used or should be disposed. New Harmony School had no outstanding bonds at the date of the annexation. Any debt or obligations for educational services provided to New Harmony students prior to July 1, 2012, shall be paid by the School Corporation with funds held or related grants also being transferred to the School Corporation. No amount shall be paid by the School Corporation for personal property and real estate received.

Lease Agreement

Effective July, 2012, a real estate lease agreement between the Town of New Harmony and the School Corporation was entered into for a two year period ending June 30, 2014. The School Corporation agreed to pay the Town of New Harmony \$50,000 per year for each of the two years.

Purchase of Real Estate

In August 2012, the School Corporation purchased property for \$98,500 to be used as an employee health clinic. In October, 2012, the School Board approved remodeling of the building at an approximate cost of \$38,000.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,823,760	\$ 702,396	\$ 150,003	\$ 536,218	\$ 253,026	\$ 26	\$ 550,000	\$ 8,970
Receipts:								
Local sources	85,864	1,059,512	411,082	1,398,276	821,196	396,072	-	-
Intermediate sources	555	-	-	-	-	-	-	-
State sources	8,385,261	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	6,000	-	-
Other	-	-	-	2,454	486	-	-	-
Total receipts	8,471,680	1,059,512	411,082	1,400,730	821,682	402,072	-	-
Disbursements:								
Current:								
Instruction	5,828,706	-	-	-	-	-	-	8,970
Support services	2,468,809	-	-	595,460	689,155	-	-	-
Noninstructional services	168,706	-	-	-	-	-	-	-
Facilities acquisition and construction	21,000	-	-	483,262	-	-	-	-
Debt services	-	1,069,850	353,779	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	6,000	-	-
Total disbursements	8,487,221	1,069,850	353,779	1,078,722	689,155	6,000	-	8,970
Excess (deficiency) of receipts over disbursements	(15,541)	(10,338)	57,303	322,008	132,527	396,072	-	(8,970)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	2,000	-	-	-
Transfers in	52,646	-	-	-	34,438	(6,000)	250,000	-
Transfers out	-	(111,881)	(4,599)	(113,416)	(7,941)	(51,375)	-	-
Total other financing sources (uses)	52,646	(111,881)	(4,599)	(113,416)	28,497	(57,375)	250,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,105	(122,219)	52,704	208,592	161,024	338,697	250,000	(8,970)
Cash and investments - ending	\$ 1,860,865	\$ 580,177	\$ 202,707	\$ 744,810	\$ 414,050	\$ 338,723	\$ 800,000	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Library Grant	SAFE School Haven - ICJI	SINE - Instruction Support	Library Grant - Four Block
Cash and investments - beginning	\$ 63,640	\$ 169,298	\$ 12,978	\$ 1,799	\$ 4	\$ -	\$ 368	\$ 1,165
Receipts:								
Local sources	306,991	88,711	-	-	-	-	-	-
Intermediate sources	-	-	-	188	-	-	-	-
State sources	9,423	20,857	-	-	-	-	-	-
Federal sources	169,957	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	486,371	109,568	-	188	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	196,151	-	-	-	-	360	-
Noninstructional services	479,777	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	479,777	196,151	-	-	-	-	360	-
Excess (deficiency) of receipts over disbursements	6,594	(86,583)	-	188	-	-	(360)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	39,212	-	-	-	-	-
Transfers out	-	(45,000)	(12,978)	-	(4)	-	-	(1,165)
Total other financing sources (uses)	-	(45,000)	26,234	-	(4)	-	-	(1,165)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,594	(131,583)	26,234	188	(4)	-	(360)	(1,165)
Cash and investments - ending	\$ 70,234	\$ 37,715	\$ 39,212	\$ 1,987	\$ -	\$ -	\$ 8	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	PCCF - Biomedical Program	PCCF - IPAD Project - North Elementary	Dorcas Neidig Preschool Scholarship	PCCF - North Elementary - Playground	Toyota Grant 2006	High Ability Grant 2009 - 10	High Ability Grant 2010 - 11
Cash and investments - beginning	\$ 5	\$ -	\$ -	\$ 4,993	\$ 204	\$ 1	\$ -
Receipts:							
Local sources	-	2,000	3,325	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	30,461
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	2,000	3,325	-	-	-	30,461
Disbursements:							
Current:							
Instruction	5	-	-	-	-	1	30,461
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	4,343	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	5	-	-	4,343	-	1	30,461
Excess (deficiency) of receipts over disbursements	(5)	2,000	3,325	(4,343)	-	(1)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(204)	-	-
Total other financing sources (uses)	-	-	-	-	(204)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5)	2,000	3,325	(4,343)	(204)	(1)	-
Cash and investments - ending	\$ -	\$ 2,000	\$ 3,325	\$ 650	\$ -	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Study Group Grant	Tech Prep - Biomedical FY 11	Medicaid Reimbursement	School Technology	Resource Grant	Excess PTRC Distributions	PCCF
Cash and investments - beginning	\$ 250	\$ -	\$ 2,717	\$ 15,729	\$ (172)	\$ -	\$ 5
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	10,781	-	-	-
State sources	-	-	28	8,381	-	21,460	-
Federal sources	-	11,486	-	-	10,635	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	11,486	28	19,162	10,635	21,460	-
Disbursements:							
Current:							
Instruction	-	11,890	-	-	10,694	-	-
Support services	-	-	-	19,960	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	11,890	-	19,960	10,694	-	-
Excess (deficiency) of receipts over disbursements	-	(404)	28	(798)	(59)	21,460	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(250)	-	-	-	-	(21,460)	(5)
Total other financing sources (uses)	(250)	-	-	-	-	(21,460)	(5)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(250)	(404)	28	(798)	(59)	-	(5)
Cash and investments - ending	\$ -	\$ (404)	\$ 2,745	\$ 14,931	\$ (231)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I FY 11	Title I FY 12	Title I 09/10	P.L. 103-382 ECIA Title VI	P.L. 108-440 Grant	P.L. 108-446	P.L. 99-457 Preschool Federal
Cash and investments - beginning	\$ -	\$ -	\$ 16,686	\$ 18	\$ 96,578	\$ -	\$ 649
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	59,974	-	-	-	-	178,795	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	59,974	-	-	-	-	178,795	-
Disbursements:							
Current:							
Instruction	73,882	-	12,023	-	91,903	175,226	649
Support services	-	-	-	-	4,676	23,352	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	73,882	-	12,023	-	96,579	198,578	649
Excess (deficiency) of receipts over disbursements	(13,908)	-	(12,023)	-	(96,579)	(19,783)	(649)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	4,663	-	-	-	-	-	-
Transfers out	-	-	(4,663)	(18)	-	-	-
Total other financing sources (uses)	4,663	-	(4,663)	(18)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,245)	-	(16,686)	(18)	(96,579)	(19,783)	(649)
Cash and investments - ending	\$ (9,245)	\$ -	\$ -	\$ -	\$ (1)	\$ (19,783)	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	P.L. 99-457 Preschool Handicap	Drug Free Schools - Title IV 09/10	Title IV Safe and Drug Free 08 - 09	STARS Program	PLTW - Biomedical 2011/2012	Title II, Part A - Improving Teacher Quality	Title IIA, Part A - Improving Teacher Quality
Cash and investments - beginning	\$ -	\$ 2,511	\$ 181	\$ 2,512	\$ -	\$ 3,027	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	14,180	-	-	-	-	53,875	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	14,180	-	-	-	-	53,875	-
Disbursements:							
Current:							
Instruction	-	2,134	-	1,279	-	54,212	-
Support services	20,758	-	-	-	-	255	-
Noninstructional services	-	-	-	-	-	580	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	20,758	2,134	-	1,279	-	55,047	-
Excess (deficiency) of receipts over disbursements	(6,578)	(2,134)	-	(1,279)	-	(1,172)	-
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	(6,578)	(2,134)	-	(1,279)	-	(1,172)	-
Cash and investments - ending	\$ (6,578)	\$ 377	\$ 181	\$ 1,233	\$ -	\$ 1,855	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Safe Schools/ Healthy Students	SS/HS - SRO Program	ARRA - Special Education Part B	ARRA - Special Education Part B Preschool	Education Jobs	Agency	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 112,944	\$ 1,929	\$ -	\$ 81,635	\$ 4,616,053
Receipts:							
Local sources	10,543	-	-	-	-	-	4,583,572
Intermediate sources	-	-	-	-	-	-	11,524
State sources	-	-	-	-	-	-	8,475,871
Federal sources	-	-	92,279	982	-	-	592,163
Interfund loans	-	-	-	-	-	-	6,000
Other	-	-	-	-	-	2,566,086	2,569,026
Total receipts	10,543	-	92,279	982	-	2,566,086	16,238,156
Disbursements:							
Current:							
Instruction	-	-	108,277	2,784	-	-	6,413,096
Support services	10,543	-	13,069	-	-	-	4,042,548
Noninstructional services	-	-	12,559	-	-	-	661,622
Facilities acquisition and construction	-	-	-	-	-	-	508,605
Debt services	-	-	-	-	-	-	1,423,629
Nonprogrammed charges	-	-	-	-	-	2,621,909	2,621,909
Interfund loans	-	-	-	-	-	-	6,000
Total disbursements	10,543	-	133,905	2,784	-	2,621,909	15,677,409
Excess (deficiency) of receipts over disbursements	-	-	(41,626)	(1,802)	-	(55,823)	560,747
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	2,000
Transfers in	-	-	-	-	-	-	374,959
Transfers out	-	-	-	-	-	-	(374,959)
Total other financing sources (uses)	-	-	-	-	-	-	2,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(41,626)	(1,802)	-	(55,823)	562,747
Cash and investments - ending	\$ -	\$ -	\$ 71,318	\$ 127	\$ -	\$ 25,812	\$ 5,178,800

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,860,865	\$ 580,177	\$ 202,707	\$ 744,810	\$ 414,050	\$ 338,723	\$ 800,000	\$ -
Receipts:								
Local sources	157,598	1,027,969	256,038	1,401,465	852,619	293,689	-	-
Intermediate sources	277	-	-	-	-	-	-	-
State sources	8,338,329	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	1,466	-	-	5,391	-	-	-	-
Total receipts	<u>8,497,670</u>	<u>1,027,969</u>	<u>256,038</u>	<u>1,406,856</u>	<u>852,619</u>	<u>293,689</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,730,358	-	-	-	-	-	-	-
Support services	2,496,554	-	-	653,230	732,036	252,924	-	-
Noninstructional services	171,553	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	661,044	-	-	214,441	-
Debt services	-	987,987	353,497	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,398,465</u>	<u>987,987</u>	<u>353,497</u>	<u>1,314,274</u>	<u>732,036</u>	<u>252,924</u>	<u>214,441</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>99,205</u>	<u>39,982</u>	<u>(97,459)</u>	<u>92,582</u>	<u>120,583</u>	<u>40,765</u>	<u>(214,441)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	483	-	-	-	12,000	-	-	-
Transfers in	-	-	-	661	5,288	-	-	-
Transfers out	<u>(8,923)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,440)</u>	<u>-</u>	<u>-</u>	<u>661</u>	<u>17,288</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>90,765</u>	<u>39,982</u>	<u>(97,459)</u>	<u>93,243</u>	<u>137,871</u>	<u>40,765</u>	<u>(214,441)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,951,630</u>	<u>\$ 620,159</u>	<u>\$ 105,248</u>	<u>\$ 838,053</u>	<u>\$ 551,921</u>	<u>\$ 379,488</u>	<u>\$ 585,559</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Library Grant	SAFE School Haven - ICJI	SINE - Instruction Support	Library Grant - Four Block
Cash and investments - beginning	\$ 70,234	\$ 37,715	\$ 39,212	\$ 1,987	\$ -	\$ -	\$ 8	\$ -
Receipts:								
Local sources	326,267	88,829	-	-	-	-	-	-
Intermediate sources	-	-	-	150	-	-	-	-
State sources	9,624	32,994	-	-	-	12,000	-	-
Federal sources	211,428	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>547,319</u>	<u>121,823</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	132,655	-	-	-	12,000	-	-
Noninstructional services	511,717	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>511,717</u>	<u>132,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>35,602</u>	<u>(10,832)</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	1,322	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>36,924</u>	<u>(10,832)</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 107,158</u>	<u>\$ 26,883</u>	<u>\$ 39,212</u>	<u>\$ 2,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	PCCF - Biomedical Program	PCCF - IPAD Project - North Elementary	Dorcas Neidig Preschool Scholarship	PCCF - North Elementary - Playground	Toyota Grant 2006	High Ability Grant 2009 - 10	High Ability Grant 2010 - 11
Cash and investments - beginning	\$ -	\$ 2,000	\$ 3,325	\$ 650	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	100	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	29,482	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	100	-	-	29,482	-
Disbursements:							
Current:							
Instruction	-	1,996	360	-	-	29,482	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	650	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	1,996	360	650	-	29,482	-
Excess (deficiency) of receipts over disbursements	-	(1,996)	(260)	(650)	-	-	-
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	-	(1,996)	(260)	(650)	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Study Group Grant	Tech Prep - Biomedical FY 11	Medicaid Reimbursement	School Technology	Resource Grant	Excess PTRC Distributions	PCCF
Cash and investments - beginning	\$ -	\$ (404)	\$ 2,745	\$ 14,931	\$ (231)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	10,780	-	-	-
State sources	-	-	42	8,384	-	-	-
Federal sources	-	3,513	-	-	13,779	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	3,513	42	19,164	13,779	-	-
Disbursements:							
Current:							
Instruction	-	3,109	-	-	15,099	-	-
Support services	-	-	-	27,219	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	3,109	-	27,219	15,099	-	-
Excess (deficiency) of receipts over disbursements	-	404	42	(8,055)	(1,320)	-	-
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	-	404	42	(8,055)	(1,320)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 2,787	\$ 6,876	\$ (1,551)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I FY 11	Title I FY 12	Title I 09/10	P.L. 103-382 ECIA Title VI	P.L. 108-440 Grant	P.L. 108-446	P.L. 99-457 Preschool Federal
Cash and investments - beginning	\$ (9,245)	\$ -	\$ -	\$ -	\$ (1)	\$ (19,783)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	28,552	66,506	-	-	181,667	58,553	27,984
Other	-	-	-	-	-	-	-
Total receipts	28,552	66,506	-	-	181,667	58,553	27,984
Disbursements:							
Current:							
Instruction	19,307	90,217	-	-	184,369	33,294	-
Support services	-	-	-	-	24,619	5,476	29,442
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	19,307	90,217	-	-	208,988	38,770	29,442
Excess (deficiency) of receipts over disbursements	9,245	(23,711)	-	-	(27,321)	19,783	(1,458)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	330	-	-	1,322	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	330	-	-	1,322	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,245	(23,381)	-	-	(25,999)	19,783	(1,458)
Cash and investments - ending	\$ -	\$ (23,381)	\$ -	\$ -	\$ (26,000)	\$ -	\$ (1,458)

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	P.L. 99-457 Preschool Handicap	Drug Free Schools - Title IV 09/10	Title IV Safe and Drug Free 08 - 09	STARS Program	PLTW - Biomedical 2011/2012	Title II, Part A - Improving Teacher Quality	Title IIA, Part A - Improving Teacher Quality
Cash and investments - beginning	\$ (6,578)	\$ 377	\$ 181	\$ 1,233	\$ -	\$ 1,855	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	6,586	-	-	-	10,000	220	24,714
Other	-	-	-	-	-	-	-
Total receipts	<u>6,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>220</u>	<u>24,714</u>
Disbursements:							
Current:							
Instruction	-	-	-	340	10,000	-	32,281
Support services	8	-	-	-	-	1,452	-
Noninstructional services	-	-	-	-	-	623	503
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>8</u>	<u>-</u>	<u>-</u>	<u>340</u>	<u>10,000</u>	<u>2,075</u>	<u>32,784</u>
Excess (deficiency) of receipts over disbursements	<u>6,578</u>	<u>-</u>	<u>-</u>	<u>(340)</u>	<u>-</u>	<u>(1,855)</u>	<u>(8,070)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,578</u>	<u>-</u>	<u>-</u>	<u>(340)</u>	<u>-</u>	<u>(1,855)</u>	<u>(8,070)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 181</u>	<u>\$ 893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,070)</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Safe Schools/ Healthy Students	SS/HS - SRO Program	ARRA - Special Education Part B	ARRA - Special Education Part B Preschool	Education Jobs	Agency	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 71,318	\$ 127	\$ -	\$ 25,812	\$ 5,178,800
Receipts:							
Local sources	11,413	-	-	-	-	-	4,415,987
Intermediate sources	-	-	-	-	-	-	11,207
State sources	-	10,000	-	-	-	-	8,440,855
Federal sources	-	-	-	-	276,090	-	909,592
Other	-	-	-	-	-	3,380,340	3,387,197
Total receipts	11,413	10,000	-	-	276,090	3,380,340	17,164,838
Disbursements:							
Current:							
Instruction	-	-	53,667	127	239,158	-	6,443,164
Support services	11,413	10,000	17,489	-	36,932	-	4,443,449
Noninstructional services	-	-	-	-	-	-	684,396
Facilities acquisition and construction	-	-	-	-	-	-	876,135
Debt services	-	-	-	-	-	-	1,341,484
Nonprogrammed charges	-	-	-	-	-	3,380,549	3,380,549
Total disbursements	11,413	10,000	71,156	127	276,090	3,380,549	17,169,177
Excess (deficiency) of receipts over disbursements	-	-	(71,156)	(127)	-	(209)	(4,339)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	12,483
Transfers in	-	-	-	-	-	-	8,923
Transfers out	-	-	-	-	-	-	(8,923)
Total other financing sources (uses)	-	-	-	-	-	-	12,483
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(71,156)	(127)	-	(209)	8,144
Cash and investments - ending	\$ -	\$ -	\$ 162	\$ -	\$ -	\$ 25,603	\$ 5,186,944

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
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 Metropolitan School District of North Posey County's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 24, 2013

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 10/11	\$ 19,153	\$ -
		FY 11/12	-	29,426
Total for program			19,153	29,426
National School Lunch Program	10.555			
		FY 10/11	186,788	-
		FY 11/12	-	219,319
Total for program			186,788	219,319
Total for federal grantor agency			205,941	248,745
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
		10-6600	12,023	-
		11-6600	64,637	28,552
		12-6600	-	66,506
Total for cluster			76,660	95,058
Pass-Through Metropolitan School District of Mount Vernon Special Education Cluster (IDEA) Special Education - Grants to States	84.027			
		10-6600	96,578	-
		11-6600	178,794	58,553
		12-6600	-	181,667
Total for program			275,372	240,220
Special Education - Preschool Grants	84.173			
		10-6600	649	-
		11-6600	14,180	6,586
		12-6600	-	27,984
Total for program			14,829	34,570
ARRA Special Education - Grants to States, Recovery Act	84.391			
		33310-SN01	133,904	71,156
ARRA Special Education - Preschool Grants, Recovery Act	84.392			
		44410-SN01	2,784	127
Total for cluster			426,889	346,073
Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States Biomedical 10-11 Biomedical 11-12	84.048			
		EDS# A58-1-11CI-060 P4242	11,486	3,514
			-	10,000
Total for program			11,486	13,514

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, 2011 and 2012
(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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Metropolitan School District of Mount Vernon				
Safe and Drug Free Schools and Communities - National Programs	84.184			
Safe Schools/Healthy Schools		Q184L080320	10,543	11,413
Safe Schools/Healthy Schools		Q184L080320	-	10,000
Total for program			<u>10,543</u>	<u>21,413</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants	84.186			
		09-6600	2,134	-
Improving Teacher Quality State Grants	84.367			
		6600	55,047	2,075
		6600	-	24,714
Total for program			<u>55,047</u>	<u>26,789</u>
Education Jobs Fund	84.410			
		6600	-	276,090
Total for federal grantor agency			<u>582,759</u>	<u>778,937</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	93.959			
STARS Program		71309-01	1,279	340
Total for federal grantor agency			<u>1,279</u>	<u>340</u>
Total federal awards expended			<u>\$ 789,979</u>	<u>\$ 1,028,022</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

Note 1. 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 statement. 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 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.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2011	2012
Child Nutrition Cluster	\$ 32,637	\$ 38,196

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

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
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2013, with Carol Lupfer, Treasurer, and Todd Camp, Superintendent of Schools. Our audit disclosed no material items that warrant comment at this time.