

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 WABASH COUNTY
WABASH COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/25/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Brian K. Dawson	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Sandra S. Weaver	07-01-11 to 06-30-14
President of the School Board	Kevin Bowman Matthew P. Driscoll	07-01-11 to 01-07-13 01-08-13 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY, WABASH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of Wabash County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 17, 2014, 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* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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 records 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 and Schedule of Leases and Debt, 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.



Paul D. Joyce, CPA
State Examiner

February 17, 2014



INDEPENDENT AUDITOR'S 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 WABASH COUNTY, WABASH COUNTY, INDIANA

We have audited, 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, the financial statement of the Metropolitan School District of Wabash County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated February 17, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

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

INDEPENDENT AUDITOR'S 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)

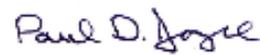
effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

Metropolitan School District of Wabash County's Response to Findings

The School Corporation's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 17, 2014

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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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11			Other Financing Sources (Uses)	Cash and Investments 06-30-12			Other Financing Sources (Uses)	Cash and Investments 06-30-13
	Receipts	Disbursements		Receipts	Disbursements				
General	\$ 464,632	\$ 14,433,030	\$ 14,745,905	\$ -	\$ 151,757	\$ 13,925,785	\$ 14,165,886	\$ -	\$ (88,344)
Debt Service	682,927	1,052,850	1,040,863	(5,817)	689,097	1,837,123	1,136,542	-	1,389,678
Retirement/Severance Bond Debt Service	316,374	207,174	338,756	-	184,792	372,224	337,085	-	219,931
Capital Projects	807,761	2,852,837	2,875,282	(9,261)	776,055	2,979,779	3,305,809	2,356	452,381
School Transportation	385,280	1,245,882	1,239,270	22,503	414,395	1,287,955	1,315,193	571	387,728
School Bus Replacement	506,931	271,089	21,044	(2,451)	754,525	303,521	110,006	4,600	952,640
Retirement/Severance Bond	403,662	-	-	-	403,662	-	-	-	403,662
Construction	2,000,000	600	1,859,428	20,006	161,178	38,788	99,149	14	100,831
School Lunch	522,862	891,044	829,366	-	584,540	865,358	869,295	-	580,603
Textbook Rental	427,463	223,953	394,163	-	257,253	399,859	160,838	-	496,274
Self-Insurance	1,122,154	2,609,098	2,811,855	-	919,397	2,580,820	3,447,764	-	52,453
Levy Excess	-	-	-	-	-	63,051	-	-	63,051
Joint Services and Supply - Special Education Cooperative	875,025	1,694,311	1,769,709	-	799,627	1,698,982	1,764,829	2,300	736,080
Child Development	(900,347)	674,123	821,917	-	(1,048,141)	629,201	776,431	-	(1,195,371)
Safe School Haven 08/09	205,656	280,239	271,203	-	214,692	208,167	238,964	-	183,895
Scholarships and Awards	-	500	500	-	-	500	500	-	-
Awards Students and Employees	-	-	3,164	3,800	636	498	3,724	3,800	1,210
Awards Employees	-	295	295	-	-	-	-	-	-
NHS D Walker Scholars	-	-	-	-	-	600	500	-	100
Miscellaneous Programs	-	15,000	10,988	(3,800)	212	15,000	8,200	(3,800)	3,212
Wells Fargo Grant	17,167	140	9,769	6,520	14,058	10,052	8,089	4,869	20,890
WMAP Miscellaneous Donations	510	5,750	3,750	-	2,510	-	-	-	2,510
Miscellaneous Donations	20,643	1,973	14,056	-	8,560	-	433	-	8,127
Talent Initiative Grant	-	2,400	1,735	-	665	-	665	-	-
Benevolent	-	1,578	-	-	1,578	1,754	282	-	3,050
Discover Brighter Future	-	15,100	-	-	15,100	-	14,590	-	510
Beginnergarten	-	-	-	-	-	-	4,500	-	(4,500)
High Ability Grant 10/11	4,957	-	4,957	-	-	-	-	-	-
High Ability Grant 11/12	-	33,927	24,751	-	9,176	-	9,176	-	-
High Ability Grant 12/13	-	-	-	-	-	34,195	26,273	-	7,922
Non-English Speaking 10/11	962	-	962	-	-	-	-	-	-
Non-English Speaking 11/12	-	669	376	-	293	566	740	-	119

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
School Technology	40,139	33,384	51,627	-	21,896	39,507	36,951	-	24,452
Senator David Ford Technology	154,145	18,331	178,830	-	(6,354)	65,699	65,787	-	(6,442)
Excess PTRC Distributions	-	-	-	-	-	103,205	-	-	103,205
Title I MSD 10/11	(10,385)	34,678	24,293	-	-	-	-	-	-
Title I MSD 11/12	-	185,486	213,996	-	(28,510)	56,599	28,089	-	-
Title I MSD 12/13	-	-	-	-	-	172,560	188,960	-	(16,400)
Title I White's 11/12	-	79,938	78,623	-	1,315	89,318	90,633	-	-
Title I White's 12/13	-	-	-	-	-	50,478	76,437	-	(25,959)
IDEA	-	52,730	52,730	-	-	-	-	-	-
14210-058-PN01 09/10	3,636	43,348	46,984	-	-	-	-	-	-
14211-058-PN01 10/11	(57,317)	472,345	426,792	-	(11,764)	144,948	133,184	-	-
14212-058-PN01 11/12	-	1,327,694	1,426,327	-	(98,633)	479,885	391,563	-	(10,311)
14213-058-PN01 12/13	-	-	-	-	-	1,411,792	1,489,127	-	(77,335)
45711-058-PN01 10/11	(4,969)	25,544	20,575	-	-	-	-	-	-
45712-058-PN01 11/12	-	42,020	46,180	-	(4,160)	27,843	23,683	-	-
Preschool 12/13	-	-	-	-	-	42,011	45,218	-	(3,207)
Safe and Drug Free 07 to 09	-	1,032	1,032	-	-	-	-	-	-
Safe and Drug Free 11/12	-	-	-	8,000	8,000	-	8,000	-	-
Title II Part A FY09	(7,182)	59,747	52,565	-	-	-	-	-	-
Title II Part A FY10	-	76,006	68,333	(8,000)	(327)	327	-	-	-
T-II Part A (HQ) 11/12	-	20,235	20,235	-	-	46,197	45,518	-	679
T-II Part A (HQ) 12/13	-	-	-	-	-	6,275	9,827	-	(3,552)
Limited English Grant	-	1,374	-	-	1,374	-	-	-	1,374
Special Education - Part B	(19,557)	277,995	258,438	-	-	-	-	-	-
Special Education - Part B - Preschool	(1,701)	6,745	5,044	-	-	-	-	-	-
Title I - Part D, Subpart 2	(5,306)	9,706	4,400	-	-	-	-	-	-
Education Jobs	(34,640)	262,283	259,083	-	(31,440)	118,391	86,951	-	-
Clearing	130,546	15,006,007	15,014,456	-	122,097	14,483,923	14,448,209	-	157,811
Totals	<u>\$ 8,052,028</u>	<u>\$ 44,550,190</u>	<u>\$ 47,344,607</u>	<u>\$ 31,500</u>	<u>\$ 5,289,111</u>	<u>\$ 44,592,736</u>	<u>\$ 44,973,600</u>	<u>\$ 14,710</u>	<u>\$ 4,922,957</u>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

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

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.

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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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, and self-insurance payments.

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

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:

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.

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

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.

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. 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.

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

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

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. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. In addition, the General and Child Development Funds deficits are a result of expenditures exceeding receipts.

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

Note 8. Restatements

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of June 30, 2011	New Fund	Prior Period Adjustment	Balance as of July 1, 2011
Clearing	\$ -	\$ 130,546	\$ -	\$ 130,546

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Metropolitan School District of Wabash Building Corporation and Metropolitan School District of Wabash 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 a related party of the School Corporation. Lease payments during the years 2011-2012 and 2012-2013 totaled \$1,022,700 and \$1,128,500, respectively.

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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 WABASH 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	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 464,632	\$ 682,927	\$ 316,374	\$ 807,761	\$ 385,280	\$ 506,931	\$ 403,662	\$ 2,000,000	\$ 522,862
Receipts:									
Local sources	1,034,886	1,052,850	207,174	2,101,324	1,189,137	271,089	-	-	479,526
Intermediate sources	273	-	-	-	-	-	-	-	-
State sources	13,389,150	-	-	-	-	-	-	-	12,347
Federal sources	-	-	-	-	-	-	-	-	397,806
Temporary loans	-	-	-	751,513	42,383	-	-	-	-
Other	8,721	-	-	-	14,362	-	-	600	1,365
Total receipts	<u>14,433,030</u>	<u>1,052,850</u>	<u>207,174</u>	<u>2,852,837</u>	<u>1,245,882</u>	<u>271,089</u>	<u>-</u>	<u>600</u>	<u>891,044</u>
Disbursements:									
Current:									
Instruction	10,706,646	-	-	-	-	-	-	-	-
Support services	3,794,898	-	-	903,942	1,239,270	21,044	-	-	5,006
Noninstructional services	244,361	-	-	-	-	-	-	-	824,360
Facilities acquisition and construction	-	-	-	1,220,150	-	-	-	1,859,428	-
Debt services	-	1,040,863	338,756	751,190	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>14,745,905</u>	<u>1,040,863</u>	<u>338,756</u>	<u>2,875,282</u>	<u>1,239,270</u>	<u>21,044</u>	<u>-</u>	<u>1,859,428</u>	<u>829,366</u>
Excess (deficiency) of receipts over disbursements	<u>(312,875)</u>	<u>11,987</u>	<u>(131,582)</u>	<u>(22,445)</u>	<u>6,612</u>	<u>250,045</u>	<u>-</u>	<u>(1,858,828)</u>	<u>61,678</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	4,722	252	-	-	20,006	-
Transfers in	-	-	-	-	22,251	-	-	-	-
Transfers out	-	(5,817)	-	(13,983)	-	(2,451)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(5,817)</u>	<u>-</u>	<u>(9,261)</u>	<u>22,503</u>	<u>(2,451)</u>	<u>-</u>	<u>20,006</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(312,875)</u>	<u>6,170</u>	<u>(131,582)</u>	<u>(31,706)</u>	<u>29,115</u>	<u>247,594</u>	<u>-</u>	<u>(1,838,822)</u>	<u>61,678</u>
Cash and investments - ending	<u>\$ 151,757</u>	<u>\$ 689,097</u>	<u>\$ 184,792</u>	<u>\$ 776,055</u>	<u>\$ 414,395</u>	<u>\$ 754,525</u>	<u>\$ 403,662</u>	<u>\$ 161,178</u>	<u>\$ 584,540</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	Child Development	Safe School Haven 08/09	Scholarships and Awards	Awards Students and Employees	Awards Employees
Cash and investments - beginning	\$ 427,463	\$ 1,122,154	\$ -	\$ 875,025	\$ (900,347)	\$ 205,656	\$ -	\$ -	\$ -
Receipts:									
Local sources	124,978	2,609,098	-	1,693,623	412,463	280,239	500	-	295
Intermediate sources	-	-	-	-	261,660	-	-	-	-
State sources	68,901	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	30,074	-	-	688	-	-	-	-	-
Total receipts	<u>223,953</u>	<u>2,609,098</u>	<u>-</u>	<u>1,694,311</u>	<u>674,123</u>	<u>280,239</u>	<u>500</u>	<u>-</u>	<u>295</u>
Disbursements:									
Current:									
Instruction	-	-	-	683,466	321,476	139,281	-	3,164	-
Support services	394,163	27,930	-	1,049,287	491,955	128,665	-	-	295
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	17,111	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,783,925	-	19,845	8,486	3,257	500	-	-
Total disbursements	<u>394,163</u>	<u>2,811,855</u>	<u>-</u>	<u>1,769,709</u>	<u>821,917</u>	<u>271,203</u>	<u>500</u>	<u>3,164</u>	<u>295</u>
Excess (deficiency) of receipts over disbursements	<u>(170,210)</u>	<u>(202,757)</u>	<u>-</u>	<u>(75,398)</u>	<u>(147,794)</u>	<u>9,036</u>	<u>-</u>	<u>(3,164)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	3,800	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(170,210)</u>	<u>(202,757)</u>	<u>-</u>	<u>(75,398)</u>	<u>(147,794)</u>	<u>9,036</u>	<u>-</u>	<u>636</u>	<u>-</u>
Cash and investments - ending	<u>\$ 257,253</u>	<u>\$ 919,397</u>	<u>\$ -</u>	<u>\$ 799,627</u>	<u>\$ (1,048,141)</u>	<u>\$ 214,692</u>	<u>\$ -</u>	<u>\$ 636</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	NHS D Walker Scholars	Miscellaneous Programs	Wells Fargo Grant	WMAP Miscellaneous Donations	Miscellaneous Donations	Talent Initiative Grant	Benevolent	Discover Brighter Future	Beginnergarten
Cash and investments - beginning	\$ -	\$ -	\$ 17,167	\$ 510	\$ 20,643	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	15,000	-	5,750	1,973	2,400	1,578	15,100	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	140	-	-	-	-	-	-
Total receipts	-	15,000	140	5,750	1,973	2,400	1,578	15,100	-
Disbursements:									
Current:									
Instruction	-	-	9,769	3,750	14,056	1,735	-	-	-
Support services	-	2,788	-	-	-	-	-	-	-
Noninstructional services	-	8,200	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	10,988	9,769	3,750	14,056	1,735	-	-	-
Excess (deficiency) of receipts over disbursements	-	4,012	(9,629)	2,000	(12,083)	665	1,578	15,100	-
Other financing sources (uses):									
Sale of capital assets	-	-	6,520	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(3,800)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(3,800)	6,520	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	212	(3,109)	2,000	(12,083)	665	1,578	15,100	-
Cash and investments - ending	\$ -	\$ 212	\$ 14,058	\$ 2,510	\$ 8,560	\$ 665	\$ 1,578	\$ 15,100	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	High Ability Grant 10/11	High Ability Grant 11/12	High Ability Grant 12/13	Non-English Speaking 10/11	Non-English Speaking 11/12	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I MSD 10/11
Cash and investments - beginning	\$ 4,957	\$ -	\$ -	\$ 962	\$ -	\$ 40,139	\$ 154,145	\$ -	\$ (10,385)
Receipts:									
Local sources	-	-	-	-	-	2,692	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	33,927	-	-	669	4,562	18,331	-	-
Federal sources	-	-	-	-	-	-	-	-	34,678
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	26,130	-	-	-
Total receipts	-	33,927	-	-	669	33,384	18,331	-	34,678
Disbursements:									
Current:									
Instruction	4,957	24,751	-	962	376	-	145,673	-	24,293
Support services	-	-	-	-	-	51,627	33,157	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,957	24,751	-	962	376	51,627	178,830	-	24,293
Excess (deficiency) of receipts over disbursements	(4,957)	9,176	-	(962)	293	(18,243)	(160,499)	-	10,385
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	(4,957)	9,176	-	(962)	293	(18,243)	(160,499)	-	10,385
Cash and investments - ending	\$ -	\$ 9,176	\$ -	\$ -	\$ 293	\$ 21,896	\$ (6,354)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH 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 MSD 11/12	Title I MSD 12/13	Title I White's 11/12	Title I White's 12/13	IDEA	14210-058-PN01 09/10	14211-058-PN01 10/11	14212-058-PN01 11/12	14213-058-PN01 12/13
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,636	\$ (57,317)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	185,486	-	79,938	-	52,730	43,348	472,345	1,327,694	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>185,486</u>	<u>-</u>	<u>79,938</u>	<u>-</u>	<u>52,730</u>	<u>43,348</u>	<u>472,345</u>	<u>1,327,694</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	213,414	-	78,223	-	52,730	26,356	185,248	598,076	-
Support services	582	-	400	-	-	20,628	241,544	805,851	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	22,400	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>213,996</u>	<u>-</u>	<u>78,623</u>	<u>-</u>	<u>52,730</u>	<u>46,984</u>	<u>426,792</u>	<u>1,426,327</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(28,510)</u>	<u>-</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>(3,636)</u>	<u>45,553</u>	<u>(98,633)</u>	<u>-</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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(28,510)</u>	<u>-</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>(3,636)</u>	<u>45,553</u>	<u>(98,633)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (28,510)</u>	<u>\$ -</u>	<u>\$ 1,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,764)</u>	<u>\$ (98,633)</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	45711-058-PN01 10/11	45712-058-PN01 11/12	Preschool 12/13	Safe and Drug Free 07 to 09	Safe and Drug Free 11/12	Title II Part A FY 09	Title II Part A FY 10	T-II Part A (HQ) 11/12
Cash and investments - beginning	\$ (4,969)	\$ -	\$ -	\$ -	\$ -	\$ (7,182)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	25,544	42,020	-	1,032	-	59,747	76,006	20,235
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>25,544</u>	<u>42,020</u>	<u>-</u>	<u>1,032</u>	<u>-</u>	<u>59,747</u>	<u>76,006</u>	<u>20,235</u>
Disbursements:								
Current:								
Instruction	20,575	46,180	-	-	-	15,285	4,427	-
Support services	-	-	-	1,032	-	37,280	61,214	20,235
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	2,692	-
Total disbursements	<u>20,575</u>	<u>46,180</u>	<u>-</u>	<u>1,032</u>	<u>-</u>	<u>52,565</u>	<u>68,333</u>	<u>20,235</u>
Excess (deficiency) of receipts over disbursements	<u>4,969</u>	<u>(4,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,182</u>	<u>7,673</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	8,000	-	-	-
Transfers out	-	-	-	-	-	-	(8,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,969</u>	<u>(4,160)</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>7,182</u>	<u>(327)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (4,160)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ (327)</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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)

	T-II Part A (HQ) 12/13	Limited English Grant	Special Education - Part B	Special Education - Part B - Preschool	Title I - Part D, Subpart 2	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (19,557)	\$ (1,701)	\$ (5,306)	\$ (34,640)	\$ 130,546	\$ 8,052,028
Receipts:								
Local sources	-	-	-	-	-	-	-	11,501,675
Intermediate sources	-	-	-	-	-	-	-	261,933
State sources	-	1,374	-	-	-	-	-	13,529,261
Federal sources	-	-	277,995	6,745	9,706	262,283	-	3,375,338
Temporary loans	-	-	-	-	-	-	-	793,896
Other	-	-	-	-	-	-	15,006,007	15,088,087
Total receipts	-	1,374	277,995	6,745	9,706	262,283	15,006,007	44,550,190
Disbursements:								
Current:								
Instruction	-	-	175,879	5,044	4,400	184,082	-	13,694,274
Support services	-	-	57,944	-	-	75,001	-	9,465,738
Noninstructional services	-	-	-	-	-	-	-	1,076,921
Facilities acquisition and construction	-	-	24,615	-	-	-	-	3,143,704
Debt services	-	-	-	-	-	-	-	2,130,809
Nonprogrammed charges	-	-	-	-	-	-	15,014,456	17,833,161
Total disbursements	-	-	258,438	5,044	4,400	259,083	15,014,456	47,344,607
Excess (deficiency) of receipts over disbursements	-	1,374	19,557	1,701	5,306	3,200	(8,449)	(2,794,417)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	31,500
Transfers in	-	-	-	-	-	-	-	34,051
Transfers out	-	-	-	-	-	-	-	(34,051)
Total other financing sources (uses)	-	-	-	-	-	-	-	31,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,374	19,557	1,701	5,306	3,200	(8,449)	(2,762,917)
Cash and investments - ending	\$ -	\$ 1,374	\$ -	\$ -	\$ -	\$ (31,440)	\$ 122,097	\$ 5,289,111

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 151,757	\$ 689,097	\$ 184,792	\$ 776,055	\$ 414,395	\$ 754,525	\$ 403,662	\$ 161,178	\$ 584,540
Receipts:									
Local sources	933,402	1,837,123	226,299	2,077,617	1,188,061	303,521	-	-	440,476
Intermediate sources	213	-	-	-	-	-	-	-	-
State sources	12,985,091	-	-	-	-	-	-	-	11,487
Federal sources	-	-	-	-	-	-	-	-	409,027
Temporary loans	-	-	-	884,149	85,775	-	-	-	-
Other	7,079	-	145,925	18,013	14,119	-	-	38,788	4,368
Total receipts	<u>13,925,785</u>	<u>1,837,123</u>	<u>372,224</u>	<u>2,979,779</u>	<u>1,287,955</u>	<u>303,521</u>	<u>-</u>	<u>38,788</u>	<u>865,358</u>
Disbursements:									
Current:									
Instruction	10,218,887	-	-	-	-	-	-	-	-
Support services	3,708,312	-	-	1,101,530	1,272,810	110,006	-	-	4,928
Noninstructional services	238,687	-	-	-	-	-	-	-	864,367
Facilities acquisition and construction	-	-	-	1,300,221	-	-	-	99,149	-
Debt services	-	1,136,542	337,085	904,058	42,383	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>14,165,886</u>	<u>1,136,542</u>	<u>337,085</u>	<u>3,305,809</u>	<u>1,315,193</u>	<u>110,006</u>	<u>-</u>	<u>99,149</u>	<u>869,295</u>
Excess (deficiency) of receipts over disbursements	<u>(240,101)</u>	<u>700,581</u>	<u>35,139</u>	<u>(326,030)</u>	<u>(27,238)</u>	<u>193,515</u>	<u>-</u>	<u>(60,361)</u>	<u>(3,937)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	2,356	571	4,600	-	14	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,356</u>	<u>571</u>	<u>4,600</u>	<u>-</u>	<u>14</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(240,101)</u>	<u>700,581</u>	<u>35,139</u>	<u>(323,674)</u>	<u>(26,667)</u>	<u>198,115</u>	<u>-</u>	<u>(60,347)</u>	<u>(3,937)</u>
Cash and investments - ending	<u>\$ (88,344)</u>	<u>\$ 1,389,678</u>	<u>\$ 219,931</u>	<u>\$ 452,381</u>	<u>\$ 387,728</u>	<u>\$ 952,640</u>	<u>\$ 403,662</u>	<u>\$ 100,831</u>	<u>\$ 580,603</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	Child Development	Safe School Haven 08/09	Scholarships and Awards	Awards Students and Employees	Awards Employees
Cash and investments - beginning	\$ 257,253	\$ 919,397	\$ -	\$ 799,627	\$ (1,048,141)	\$ 214,692	\$ -	\$ 636	\$ -
Receipts:									
Local sources	303,947	2,580,810	63,051	1,698,982	358,200	208,167	500	-	-
Intermediate sources	-	-	-	-	239,306	-	-	-	-
State sources	68,773	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	27,139	10	-	-	31,695	-	-	498	-
Total receipts	<u>399,859</u>	<u>2,580,820</u>	<u>63,051</u>	<u>1,698,982</u>	<u>629,201</u>	<u>208,167</u>	<u>500</u>	<u>498</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	735,993	346,690	104,039	-	3,724	-
Support services	160,838	25,490	-	999,889	421,362	131,816	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	9,700	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,422,274	-	19,247	8,379	3,109	500	-	-
Total disbursements	<u>160,838</u>	<u>3,447,764</u>	<u>-</u>	<u>1,764,829</u>	<u>776,431</u>	<u>238,964</u>	<u>500</u>	<u>3,724</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>239,021</u>	<u>(866,944)</u>	<u>63,051</u>	<u>(65,847)</u>	<u>(147,230)</u>	<u>(30,797)</u>	<u>-</u>	<u>(3,226)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	2,300	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	3,800	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>239,021</u>	<u>(866,944)</u>	<u>63,051</u>	<u>(63,547)</u>	<u>(147,230)</u>	<u>(30,797)</u>	<u>-</u>	<u>574</u>	<u>-</u>
Cash and investments - ending	<u>\$ 496,274</u>	<u>\$ 52,453</u>	<u>\$ 63,051</u>	<u>\$ 736,080</u>	<u>\$ (1,195,371)</u>	<u>\$ 183,895</u>	<u>\$ -</u>	<u>\$ 1,210</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	NHS D Walker Scholars	Miscellaneous Programs	Wells Fargo Grant	WMAP Miscellaneous Donations	Miscellaneous Donations	Talent Initiative Grant	Benevolent	Discover Brighter Future	Beginnergarten
Cash and investments - beginning	\$ -	\$ 212	\$ 14,058	\$ 2,510	\$ 8,560	\$ 665	\$ 1,578	\$ 15,100	\$ -
Receipts:									
Local sources	600	15,000	9,548	-	-	-	1,754	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	504	-	-	-	-	-	-
Total receipts	600	15,000	10,052	-	-	-	1,754	-	-
Disbursements:									
Current:									
Instruction	-	-	8,089	-	433	665	-	14,590	4,500
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	8,200	-	-	-	-	282	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	-	-	-	-	-	-	-	-
Total disbursements	500	8,200	8,089	-	433	665	282	14,590	4,500
Excess (deficiency) of receipts over disbursements	100	6,800	1,963	-	(433)	(665)	1,472	(14,590)	(4,500)
Other financing sources (uses):									
Sale of capital assets	-	-	4,869	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(3,800)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(3,800)	4,869	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	100	3,000	6,832	-	(433)	(665)	1,472	(14,590)	(4,500)
Cash and investments - ending	\$ 100	\$ 3,212	\$ 20,890	\$ 2,510	\$ 8,127	\$ -	\$ 3,050	\$ 510	\$ (4,500)

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	High Ability Grant 10/11	High Ability Grant 11/12	High Ability Grant 12/13	Non-English Speaking 10/11	Non-English Speaking 11/12	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I MSD 10/11
Cash and investments - beginning	\$ -	\$ 9,176	\$ -	\$ -	\$ 293	\$ 21,896	\$ (6,354)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	103,205	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	34,195	-	566	6,405	65,699	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	33,102	-	-	-
Total receipts	-	-	34,195	-	566	39,507	65,699	103,205	-
Disbursements:									
Current:									
Instruction	-	9,176	26,273	-	740	-	11,849	-	-
Support services	-	-	-	-	-	36,951	53,938	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	9,176	26,273	-	740	36,951	65,787	-	-
Excess (deficiency) of receipts over disbursements	-	(9,176)	7,922	-	(174)	2,556	(88)	103,205	-
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	-	(9,176)	7,922	-	(174)	2,556	(88)	103,205	-
Cash and investments - ending	\$ -	\$ -	\$ 7,922	\$ -	\$ 119	\$ 24,452	\$ (6,442)	\$ 103,205	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I MSD 11/12	Title I MSD 12/13	Title I White's 11/12	Title I White's 12/13	IDEA	14210-058-PN01 09/10	14211-058-PN01 10/11	14212-058-PN01 11/12	14213-058-PN01 12/13
Cash and investments - beginning	\$ (28,510)	\$ -	\$ 1,315	\$ -	\$ -	\$ -	\$ (11,764)	\$ (98,633)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	56,599	172,560	89,318	50,478	-	-	144,948	479,885	1,411,792
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>56,599</u>	<u>172,560</u>	<u>89,318</u>	<u>50,478</u>	<u>-</u>	<u>-</u>	<u>144,948</u>	<u>479,885</u>	<u>1,411,792</u>
Disbursements:									
Current:									
Instruction	28,089	188,386	90,233	76,437	-	-	35,484	205,080	639,881
Support services	-	574	400	-	-	-	97,700	186,483	835,646
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	13,600
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>28,089</u>	<u>188,960</u>	<u>90,633</u>	<u>76,437</u>	<u>-</u>	<u>-</u>	<u>133,184</u>	<u>391,563</u>	<u>1,489,127</u>
Excess (deficiency) of receipts over disbursements	<u>28,510</u>	<u>(16,400)</u>	<u>(1,315)</u>	<u>(25,959)</u>	<u>-</u>	<u>-</u>	<u>11,764</u>	<u>88,322</u>	<u>(77,335)</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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>28,510</u>	<u>(16,400)</u>	<u>(1,315)</u>	<u>(25,959)</u>	<u>-</u>	<u>-</u>	<u>11,764</u>	<u>88,322</u>	<u>(77,335)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (16,400)</u>	<u>\$ -</u>	<u>\$ (25,959)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,311)</u>	<u>\$ (77,335)</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	45711-058-PN01 10/11	45712-058-PN01 11/12	Preschool 12/13	Safe and Drug Free 07 to 09	Safe and Drug Free 11/12	Title II Part A FY 09	Title II Part A FY 10	T-II Part A (HQ) 11/12
Cash and investments - beginning	\$ -	\$ (4,160)	\$ -	\$ -	\$ 8,000	\$ -	\$ (327)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	27,843	42,011	-	-	-	-	46,197
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	327	-
Total receipts	<u>-</u>	<u>27,843</u>	<u>42,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327</u>	<u>46,197</u>
Disbursements:								
Current:								
Instruction	-	23,683	45,218	-	-	-	-	184
Support services	-	-	-	-	8,000	-	-	42,411
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,923
Total disbursements	<u>-</u>	<u>23,683</u>	<u>45,218</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>45,518</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>4,160</u>	<u>(3,207)</u>	<u>-</u>	<u>(8,000)</u>	<u>-</u>	<u>327</u>	<u>679</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>4,160</u>	<u>(3,207)</u>	<u>-</u>	<u>(8,000)</u>	<u>-</u>	<u>327</u>	<u>679</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,207)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	T-II Part A (HQ) 12/13	Limited English Grant	Special Education - Part B	Special Education - Part B - Preschool	Title I - Part D, Subpart 2	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ 1,374	\$ -	\$ -	\$ -	\$ (31,440)	\$ 122,097	\$ 5,289,111
Receipts:								
Local sources	-	-	-	-	-	-	-	12,350,263
Intermediate sources	-	-	-	-	-	-	-	239,519
State sources	-	-	-	-	-	-	-	13,172,216
Federal sources	6,275	-	-	-	-	118,391	-	3,055,324
Temporary loans	-	-	-	-	-	-	-	969,924
Other	-	-	-	-	-	-	14,483,923	14,805,490
Total receipts	<u>6,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,391</u>	<u>14,483,923</u>	<u>44,592,736</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	46,940	-	12,865,263
Support services	9,827	-	-	-	-	22,189	-	9,231,100
Noninstructional services	-	-	-	-	-	-	-	1,111,536
Facilities acquisition and construction	-	-	-	-	-	-	-	1,422,670
Debt services	-	-	-	-	-	-	-	2,420,068
Nonprogrammed charges	-	-	-	-	-	17,822	14,448,209	17,922,963
Total disbursements	<u>9,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,951</u>	<u>14,448,209</u>	<u>44,973,600</u>
Excess (deficiency) of receipts over disbursements	<u>(3,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,440</u>	<u>35,714</u>	<u>(380,864)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	14,710
Transfers in	-	-	-	-	-	-	-	3,800
Transfers out	-	-	-	-	-	-	-	(3,800)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,710</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,440</u>	<u>35,714</u>	<u>(366,154)</u>
Cash and investments - ending	<u>\$ (3,552)</u>	<u>\$ 1,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,811</u>	<u>\$ 4,922,957</u>

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METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 SCHEDULE OF LEASES AND DEBT
 June 30, 2013

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Capital Lease: 2007 School Building Corporation	Capital Lease 2007 Refunding	\$ 3,205,000	\$ 444,800
Capital Lease: Buildings Improvements	Energy Contract	2,513,857	343,057
Capital Lease: 2011 School Building Corporation	Capital Lease 2011 Refunding	5,910,000	237,000
Capital Lease: Computer Equipment	Computer Leases 2012	3,300,000	857,400
General Obligation Bonds	Pension Bond	<u>1,580,000</u>	<u>168,913</u>
Totals		<u>\$ 16,508,857</u>	<u>\$ 2,051,170</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM)

The information presented to support enrollment figures on Form No. 30A, Report of Average Daily Membership (ADM) for State Support, was insufficient for the school year ending June 30, 2013. The enrollment documents retained for the 2012-2013 school year to support the enrollment count taken in September 2012 did not agree with the enrollment figures reported to the State. Total ADM reported to the State was 2,121 compared to 2,126 students per the class lists. The differences were not identified and additional information was not presented for the school year. Records explaining why the enrollment documents were adjusted before the reporting to the State should be available at the time of the audit. A similar comment appeared in prior Report B40150.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 8)

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances at June 30, 2013:

<u>Fund</u>	<u>Amount Overdrawn</u>
General	\$ 88,344
Child Development	1,195,371

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

Other funds had overdrawn cash balances but are not included in this schedule because those funds were overdrawn due to reimbursement grants. A similar comment appeared in prior Report B40150.

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)

COLLECTION OF AMOUNTS DUE

The School Corporation is the Lead Educational Agency for the Wabash Miami Area Program. Billings to participating school corporations for Child Development transfer tuition are sent annually approximately six months after the close of the school year. As of January 21, 2014, \$232,795 was owed to the School Corporation for the 2009-2010, 2010-2011, and 2011-2012 school years. A similar comment appeared in prior Report B40150.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FINANCIAL ASSISTANCE FOR STUDENTS' TEXTBOOK REIMBURSEMENTS

Metropolitan School District of Wabash County reports to the Indiana Department of Education for financial assistance for students' textbook reimbursements. For the Fiscal Year 2012-2013, 903 students were reported as eligible students. The school lunch Verification Summary Report for Fiscal Year 2012-2013 reported 792 students eligible for free and reduced lunches. The free and reduced lunch students are the same students that qualify for textbook assistance. The number of eligible students reported for student textbook assistance is 111 more than what was reported for free and reduced lunches.

Indiana Code 20-33-5-7 states in part:

"(b) A school corporation shall receive a reimbursement from the department for some or all of the costs incurred by a school corporation during a school year in providing curricular materials assistance to students who are eligible under section 2 of this chapter . . . (d) In its request, the governing body shall certify to the department: (1) the number of students who are enrolled in that school corporation and who are eligible for assistance under this chapter; . . . (e) Each school within a school corporation shall maintain complete and accurate information concerning the number of students determined to be eligible for assistance under this chapter. This information shall be provided to the department upon request."

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 8)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY, WABASH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Wabash 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, 2011 to June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance 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, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 over compliance 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 17, 2014

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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 WABASH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program					
Regular funding	Indiana Department of Education	10.553	FY11-12	\$ 53,508	\$ -
Commodities			FY11-12	8,872	-
Regular funding			FY12-13	-	60,458
Commodities			FY12-13	-	10,267
Total - School Breakfast Program				62,380	70,725
National School Lunch Program					
Regular funding	Indiana Department of Education	10.555	FY11-12	341,243	-
Commodities			FY11-12	56,581	-
Regular funding			FY12-13	-	344,631
Commodities			FY12-13	-	58,525
Total - National School Lunch Program				397,824	403,156
Summer Food Service Program for Children					
	Indiana Department of Education	10.559	FY11-12	3,055	-
			FY12-13	-	3,938
Total - Summer Food Service Program for Children				3,055	3,938
Total - Child Nutrition Cluster				463,259	477,819
Total - Department of Agriculture				463,259	477,819
<u>DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies					
MSD Title I	Indiana Department of Education	84.010	MSD 11 8050	24,293	-
			MSD 12 8050	217,394	24,692
			MSD 13 8050	-	172,560
Whites Title I			Whites 12 8050	48,031	121,225
			Whites 13 8050	-	50,478
Total - Title I Grants to Local Educational Agencies				289,718	368,955
ARRA - Title I Grants to Local Educational Agencies, Recovery Act					
	Indiana Department of Education	84.389	10-8050	4,399	-
Total - Title I, Part A Cluster				294,117	368,955

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2012 and 2013
 (Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>DEPARTMENT OF EDUCATION (continued)</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
Part B, IDEA Technology Grant			FY11-12	52,730	-
			14210-058-PN01	46,984	-
			14211-058-PN01	415,028	144,948
			14212-058-PN01	1,327,694	479,885
			14213-058-PN01	-	1,411,792
				<u>1,842,436</u>	<u>2,036,625</u>
Total - Special Education - Grants to States					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
Fund 5420 10/11			45711-058-PN01	20,576	-
Fund 5430 11/12			45712-058-PN01	42,020	27,843
Fund 5440 12/13			45713-058-PN01	-	42,011
				<u>62,596</u>	<u>69,854</u>
Total - Special Education - Preschool Grants					
ARRA - Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391	33310-058-SN01	258,438	-
ARRA - Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392	44410-058-SN01	5,045	-
Total - Special Education Cluster (IDEA)				<u>2,168,515</u>	<u>2,106,479</u>
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	FY 2011	1,032	-
English Language Acquisition State Grants	Region 8 Education Service Center	84.365	FY11-12	1,374	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY09	52,565	-
			FY10	76,006	-
			FY11	20,235	46,197
			FY12	-	6,275
				<u>148,806</u>	<u>52,472</u>
Total - Improving Teacher Quality State Grants					
Education Jobs Fund	Indiana Department of Education	84.410	FY11-12	227,643	118,391
Total - Department of Education				<u>2,841,487</u>	<u>2,646,297</u>
Total federal awards expended				<u>\$ 3,304,746</u>	<u>\$ 3,124,116</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan School District of Wabash County (School Corporation) and is presented in accordance with the 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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the year ended June 30, 2012:

Program Title	Federal CFDA Number	For the Year Ended June 30, 2012
ARRA – Special Education – Grants to States, Recovery Act	84.391	\$ <u>55,831</u>

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2013
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 8,872	\$ 10,267
National School Lunch Program	10.555	<u>56,581</u>	<u>58,525</u>
Totals		<u>\$ 65,453</u>	<u>\$ 68,792</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH 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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Special Education Cluster (IDEA) Education Jobs Fund

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

FINDING 2013-001 - CONTROLS OVER PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted that the School Corporation did not accurately prepare the SEFA. There were three federal programs where the federal expenditures were understated and there were nine federal programs where the federal expenditures were overstated. Twelve federal programs had no CFDA number and four federal programs had no federal program name. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 17, 2014, with Dr. Sandra S. Weaver, Superintendent of Schools; Dr. Brian K. Dawson, Treasurer; Laura Baer, Deputy Treasurer; and Matthew P. Driscoll, President of the School Board.