

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

AUDIT REPORT  
OF

METROPOLITAN SCHOOL DISTRICT  
OF STEUBEN COUNTY  
STEUBEN COUNTY, INDIANA

July 1, 2004 to June 30, 2006



**FILED**

03/08/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Business Manager	Deborah Shoup	07-01-04 to 09-11-06
Treasurer	Sherry McManus	09-12-06 to 06-30-07
Business Manager	Monte VanGessel	01-15-07 to 06-30-07
Superintendent of Schools	Dr. David Goodwin	07-01-04 to 06-30-07
President of the School Board	Glen Armey	07-01-04 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of Steuben County (School Corporation), as of and for the years ended June 30, 2005 and 2006, which collectively comprise the School Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 21, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

The Schedule of Funding Progress, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 21, 2007



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Metropolitan School District of Steuben County (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated February 21, 2007. 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.

Compliance

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

February 21, 2007

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 4,408,761
Restricted assets:	
Cash and investments	<u>91,780</u>
Total assets	<u>\$ 4,500,541</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 91,780
Unrestricted	<u>4,408,761</u>
Total net assets	<u>\$ 4,500,541</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 9,626,463
Restricted assets:	
Cash and investments	<u>2,118,428</u>
Total assets	<u>\$ 11,744,891</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 2,118,428
Unrestricted	<u>9,626,463</u>
Total net assets	<u>\$ 11,744,891</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 9,079,260	\$ -	\$ 207,031	\$ (8,872,229)
Support services	11,897,257	842,762	379,585	(10,674,910)
Community services	338,877	-	-	(338,877)
Nonprogrammed charges	2,121,517	-	-	(2,121,517)
Debt service	15,946,443	-	-	(15,946,443)
<b>Total governmental activities</b>	<b><u>\$ 39,383,354</u></b>	<b><u>\$ 842,762</u></b>	<b><u>\$ 586,616</u></b>	<b><u>(37,953,976)</u></b>
General receipts:				
Property taxes				15,053,952
Other local sources				2,991,740
State aid				9,432,914
Grants and contributions not restricted				471,170
Bonds and loans				4,757,004
Sale of property, adjustments, and refunds				533,137
Investment earnings				147,657
Intergovernmental transfers				<u>1,901,106</u>
				Total general receipts and intergovernmental transfers <u>35,288,680</u>
				Change in cash and investments (2,665,296)
				Net assets - beginning <u>7,165,837</u>
				Net assets - ending <u><u>\$ 4,500,541</u></u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 9,340,943	\$ -	\$ 155,286	\$ (9,185,657)
Support services	14,213,898	818,989	521,700	(12,873,209)
Community services	333,042	-	-	(333,042)
Nonprogrammed charges	812,829	-	-	(812,829)
Debt service	9,297,255	-	-	(9,297,255)
<b>Total governmental activities</b>	<b><u>\$ 33,997,967</u></b>	<b><u>\$ 818,989</u></b>	<b><u>\$ 676,986</u></b>	<b><u>(32,501,992)</u></b>
General receipts:				
Property taxes				22,492,969
Other local sources				3,493,079
State aid				9,406,326
Grants and contributions not restricted				477,845
Bonds and loans				1,968,443
Sale of property, adjustments, and refunds				973,655
Investment earnings				391,689
Intergovernmental transfers				<u>542,336</u>
				Total general receipts and intergovernmental transfers <u>39,746,342</u>
				Change in cash and investments 7,244,350
				Net assets - beginning <u>4,500,541</u>
				Net assets - ending <u><u>\$ 11,744,891</u></u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 7,020,730	\$ 1,241,539	\$ 6,122,498	\$ 2,541,402	\$ 395,575	\$ 1,713,189	\$ 19,034,933
Intermediate sources	202	-	-	-	-	975	1,177
State sources	9,547,120	-	-	-	-	306,749	9,853,869
Federal sources	-	-	-	-	-	636,832	636,832
Bonds and loans	3,209,865	343,456	681,474	-	-	522,209	4,757,004
Sale of property, adjustments and refunds	511,581	866	-	961	-	19,729	533,137
Intergovernmental transfers	579,824	144,155	75,245	702,475	-	399,407	1,901,106
<b>Total receipts</b>	<u>20,869,322</u>	<u>1,730,016</u>	<u>6,879,217</u>	<u>3,244,838</u>	<u>395,575</u>	<u>3,599,090</u>	<u>36,718,058</u>
Disbursements:							
Current:							
Instruction	8,661,972	-	-	-	-	417,288	9,079,260
Support services	7,462,781	1,159,173	177	1,252,175	17,038	2,005,913	11,897,257
Community services	275,087	-	-	-	-	63,790	338,877
Nonprogrammed charges	800,233	122,650	75,246	723,980	-	399,408	2,121,517
Debt services	6,513,196	819,302	7,400,187	362,915	-	850,843	15,946,443
<b>Total disbursements</b>	<u>23,713,269</u>	<u>2,101,125</u>	<u>7,475,610</u>	<u>2,339,070</u>	<u>17,038</u>	<u>3,737,242</u>	<u>39,383,354</u>
Excess (deficiency) of total receipts over (under) total disbursements	(2,843,947)	(371,109)	(596,393)	905,768	378,537	(138,152)	(2,665,296)
Cash and investments - beginning	3,322,709	626,748	863,158	1,368,420	19,467	965,335	7,165,837
Cash and investments - ending	<u>\$ 478,762</u>	<u>\$ 255,639</u>	<u>\$ 266,765</u>	<u>\$ 2,274,188</u>	<u>\$ 398,004</u>	<u>\$ 827,183</u>	<u>\$ 4,500,541</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 11,490,695	\$ 1,980,193	\$ 7,156,513	\$ 3,418,304	\$ 336,069	\$ 2,813,720	\$ 27,195,494
Intermediate sources	202	-	-	-	-	1,031	1,233
State sources	9,484,291	-	-	-	-	228,722	9,713,013
Federal sources	2,204	-	-	-	-	845,939	848,143
Bonds and loans	1,777,804	190,639	-	-	-	-	1,968,443
Sale of property, adjustments and refunds	43,856	1,986	-	150	-	927,663	973,655
Intergovernmental transfers	78,470	45,252	198,955	-	-	219,659	542,336
<b>Total receipts</b>	<u>22,877,522</u>	<u>2,218,070</u>	<u>7,355,468</u>	<u>3,418,454</u>	<u>336,069</u>	<u>5,036,734</u>	<u>41,242,317</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	8,791,709	-	-	-	-	549,234	9,340,943
Support services	7,565,966	1,264,354	719	2,916,926	467,330	1,998,603	14,213,898
Community services	288,421	-	-	-	-	44,621	333,042
Nonprogrammed charges	315,301	34,501	209,707	-	-	253,320	812,829
Debt services	2,617,452	343,456	5,315,430	-	-	1,020,917	9,297,255
<b>Total disbursements</b>	<u>19,578,849</u>	<u>1,642,311</u>	<u>5,525,856</u>	<u>2,916,926</u>	<u>467,330</u>	<u>3,866,695</u>	<u>33,997,967</u>
Excess (deficiency) of total receipts over (under) total disbursements	3,298,673	575,759	1,829,612	501,528	(131,261)	1,170,039	7,244,350
Cash and investments - beginning	478,762	255,639	266,765	2,274,188	398,004	827,183	4,500,541
Cash and investments - ending	<u>\$ 3,777,435</u>	<u>\$ 831,398</u>	<u>\$ 2,096,377</u>	<u>\$ 2,775,716</u>	<u>\$ 266,743</u>	<u>\$ 1,997,222</u>	<u>\$ 11,744,891</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 For The Year Ended June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ 3,627	\$ -
Transfers	<u>252,306</u>	<u>-</u>
Total additions	<u>255,933</u>	<u>-</u>
Deductions:		
Support services	970,393	-
Nonprogrammed charges	<u>252,306</u>	<u>-</u>
Total deductions	<u>1,222,699</u>	<u>-</u>
Deficiency of total additions under total deductions	(966,766)	-
Cash and investments - beginning	<u>1,299,711</u>	<u>150</u>
Cash and investments - ending	<u>\$ 332,945</u>	<u>\$ 150</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 For The Year Ended June 30, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Local sources	\$ 5,460	\$ -
Deductions:		
Support services	<u>246,616</u>	<u>-</u>
Deficiency of total additions under total deductions	(241,156)	-
Cash and investments - beginning	<u>332,945</u>	<u>150</u>
Cash and investments - ending	<u>\$ 91,789</u>	<u>\$ 150</u>

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 332,945	\$ 150	\$ 8,788
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 332,945	\$ 150	

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 91,789	\$ 150	\$ (13,855)
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 91,789	\$ 150	

The accompanying notes are an integral part of the financial statements.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Metropolitan School District of Steuben County

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Ventures

The School Corporation is a participant with other interested school corporations in DeKalb, LaGrange, Noble and Steuben Counties in a joint venture to operate Four County Area Vocational Cooperative (Co-Op), which was created to provide vocational instruction for students. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Garrett-Keyser-Butler Community School District, 801 Houston Street, Garrett, Indiana, 46738.

The School Corporation is a participant with other interested school corporations in DeKalb, LaGrange, Noble and Steuben Counties in a joint venture to operate Northeast Indiana Special Education Cooperative (Co-op), which was created to provide programs and services for students with special needs. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from DeKalb Eastern Community School District, 300 East Washington Street, Butler, Indiana, 46721.

The School Corporation is a participant with other interested school corporations in LaGrange and Steuben Counties in a joint venture to operate the Educational Opportunity Center Cooperative (Co-op), which was created to provide alternative means to achieve high school credit. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. The financial activities for this Co-op are represented in the Educational Opportunity Center Fund, a special revenue fund type.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints a board member of the Steuben County Library.

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

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

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for receipts and disbursements concerning retirement/severance benefits as authorized by statute.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit a scholarship recipient.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

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

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 15 days per year based on years of service. Unused sick leave may be accumulated to a maximum of 150 days for certified employees and 195 days for classified employees. Accumulated sick leave in excess of the maximum is paid to certified employees through cash payments at a rate of 75% of the daily substitute rate for each day. Additional vacation days may be granted for accumulated sick leave in excess of the maximum at a rate of 1 vacation day for 3 sick days for classified employees.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Unused vacation leave is converted to sick leave at fiscal year end.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave is converted to sick leave at fiscal year end.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

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

Transfer From	Transfer To	2005	2006
General Fund	Transportation Operating Fund	\$ -	\$ 34,500
	Debt Service Fund	-	23,970
	Capital Projects Fund	579,824	-
Transportation Operating Fund	General Fund	-	34,500
	Capital Projects Fund	122,651	-
Debt Service Fund	General Fund	-	23,970
	Transportation Operating Fund	-	10,752
	Other governmental	75,245	174,985
Capital Projects Fund	General Fund	579,824	-
	Transportation Operating Fund	144,155	-
Other governmental	General Fund	-	20,000
	Debt Service Fund	75,245	174,985
	Other governmental	71,856	44,674
	All others	252,306	-
All others	Other governmental	<u>252,306</u>	<u>-</u>
Totals		<u>\$ 2,153,412</u>	<u>\$ 542,336</u>

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

IV. Other Information

A. Risk Management

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

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

B. Holding Corporations

The School Corporation has entered into capital leases with Metropolitan School District of Steuben County Building Corporation, Metropolitan School District of Steuben County K-5 Building Corporation and Angola Middle 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 government. The lessors have been determined to be related parties of the School Corporation. Lease payments during the audit period totaled \$8,914,419.

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

C. Postemployment Benefits

In addition to the pension benefits described in Note IV.D, the School Corporation provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age allowed by Indiana State 85 Rule with at least twenty years of service. Currently, 26 retirees meet these eligibility requirements. The School Corporation provides the sum equal to the school corporation contribution of the health insurance plan at the time of the employee's retirement. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the audit period, disbursements of \$63,027 were recognized for post-employment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 195,106
Interest on net pension obligation	(18,406)
Adjustment to annual required contribution	20,975
Annual pension cost	197,675
Contributions made	208,935
Decrease in net pension obligation	(11,260)
Net pension obligation, beginning of year	(253,876)
Net pension obligation, end of year	\$ (265,136)
Contribution rates:	
School Corporation	6.25%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 179,489	115%	\$ (230,136)
	06-30-04	164,995	131%	(253,876)
	06-30-05	197,675	127%	(265,136)

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

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$238,296, \$224,885, and \$193,055, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 3,084,051	\$ 3,310,943	\$ (226,892)	93%	\$ 2,935,597	(8%)
07-01-04	3,175,691	3,640,497	(464,806)	87%	3,151,575	(15%)
07-01-05	3,340,899	4,177,627	(836,728)	80%	3,184,227	(26%)

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

June 30, 2006

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

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,821,943
Buildings	53,943,624
Improvements other than buildings	740,440
Machinery and equipment	7,305,247
Construction in progress	<u>2,242,832</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 66,054,086</u>

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

Description of Debt	Ending Balance	Within One Year
Governmental Activities:		
Capital leases:		
Metropolitan School District of Steuben County Building Corporation	\$ 3,540,000	\$ 1,355,000
Metropolitan School District of Steuben County K-5 Building Corporation	24,289,700	1,110,000
Angola Middle School Building Corporation	15,335,000	260,000
Common School Loan payable	118,750	75,000
Energy savings certificates of participation	4,325,000	405,000
Bonds payable:		
General obligation bonds:		
Taxable pension bonds	6,690,000	280,000
Temporary loans	<u>1,814,662</u>	<u>1,814,662</u>
Total governmental activities long-term debt	<u>\$ 56,113,112</u>	<u>\$ 5,299,662</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: www.in.gov/sboa

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

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

Compliance

We have audited the compliance of the Metropolitan School District of Steuben County (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006. 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2005 and 2006.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

February 21, 2007

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2005 and 2006

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 06-30-05	Total Federal Awards Expended 06-30-06
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 67,569	\$ 77,761
National School Lunch Program	10.555		<u>354,427</u>	<u>392,152</u>
Total for federal grantor agency			<u>421,996</u>	<u>469,913</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	04-7615	30,737	-
		05-7615	206,777	52,911
		06-7615	<u>-</u>	<u>217,434</u>
Total for program			<u>237,514</u>	<u>270,345</u>
Safe and Drug Free Schools and Communities	84.186	04-019	5,232	6,702
		05-101	<u>-</u>	<u>1,488</u>
Total for program			<u>5,232</u>	<u>8,190</u>
Even Start - State Educational Agencies	84.213		<u>26,313</u>	-
Innovative Education Program Strategies	84.298	02-156	7,891	-
		03-081	13,136	6,016
		04-087	<u>-</u>	<u>10,678</u>
Total for program			<u>21,027</u>	<u>16,694</u>
Education Technology State Grants	84.318	S318X020014	1,933	-
		S318X030014	1,914	4,522
		S318X040014	<u>-</u>	<u>2,964</u>
Total for program			<u>3,847</u>	<u>7,486</u>
English Language Acquisition Grants	84.365	FY06	<u>-</u>	<u>12,029</u>
Improving Teacher Quality - State Grants	84.367	02-237	40,040	-
		03-138	49,932	51,320
		04-090	<u>-</u>	<u>60,780</u>
Total for program			<u>89,972</u>	<u>112,100</u>
Total for federal grantor agency			<u>383,905</u>	<u>426,844</u>
Total federal awards expended			<u>\$ 805,901</u>	<u>\$ 896,757</u>

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

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

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan School District of Steuben County (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2005 and 2006. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2005	2006
School Breakfast Program	10.553	\$ 7,830	\$ 8,918
National School Lunch Program	10.555	40,873	43,726

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Name of Federal Program or Cluster

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 21, 2007, with Dr. David Goodwin, Superintendent of Schools; Dr. Brent Wilson, Assistant Superintendent of Schools; Niles Pfafman, former Interim Business Manager; Monte VanGessel, Business Manager; and Sherry McManus, Treasurer. Our audit disclosed no material items that warrant comment at this time.