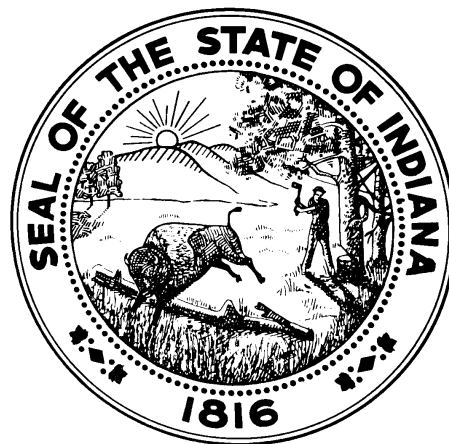


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF
NORTH POSEY COUNTY
POSEY COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

06/02/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	11-12
Notes to Financial Statements	13-23
Required Supplementary Information:	
Schedule of Funding Progress	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	36-37
Combining Schedule of Cash and Investment Balances – Agency Funds	38-39
Schedule of Long-Term Debt	40
Audit Results and Comments:	
Textbook Rental Charges	41
Textbook Reimbursement – Incorrect Reporting to the State	41
Textbook Reimbursement – Incorrect Reporting to the State	41
Travel Policy	42
Capital Project Disbursements	42
Overdrawn Cash Balances	42
Transfer Tuition (Form 515).....	42
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	44-45
Schedule of Expenditures of Federal Awards	46-47
Notes to Schedule of Expenditures of Federal Awards.....	48
Schedule of Findings and Questioned Costs	49
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	50
Exit Conference.....	51

SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of North Posey County (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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, 2007 and 2008, 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 April 6, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 6, 2009



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metropolitan School District of North Posey County (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated April 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

April 6, 2009

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,349,021	\$ -	\$ 35,397	\$ (7,313,624)
Support services	4,549,654	314,156	148,705	(4,086,793)
Community services	55,467	-	8,658	(46,809)
Nonprogrammed charges	101,216	-	-	(101,216)
Debt service	1,472,037	-	-	(1,472,037)
Total governmental activities	\$ 13,527,395	\$ 314,156	\$ 192,760	(13,020,479)
General receipts:				
Property taxes				4,736,056
Other local sources				1,097,582
State aid				6,048,237
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				539,714
Sale of property, adjustments, and refunds				38,114
Investment earnings				82,000
Total general receipts				14,541,703
Change in net assets				1,521,224
Net assets - beginning				2,360,336
Net assets - ending				\$ 3,881,560
<u>Assets</u>				
Cash and investments				\$ 3,139,252
Restricted assets:				
Cash and investments				742,308
Total assets				\$ 3,881,560
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 742,308
Unrestricted				3,139,252
Total net assets				\$ 3,881,560

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,930,183	\$ -	\$ 72,163	\$ (6,858,020)
Support services	5,688,888	303,685	183,877	(5,201,326)
Community services	113,687	-	-	(113,687)
Nonprogrammed charges	62,933	-	-	(62,933)
Debt service	3,549,472	-	-	(3,549,472)
Total governmental activities	\$ 16,345,163	\$ 303,685	\$ 256,040	(15,785,438)
General receipts:				
Property taxes				3,023,528
Other local sources				813,163
State aid				5,636,156
Bonds and loans				2,511,000
Grants and contributions not restricted to specific programs				462,820
Sale of property, adjustments, and refunds				41,003
Investment earnings				18,399
Total general receipts				12,506,069
Change in net assets				(3,279,369)
Net assets - beginning				3,881,560
Net assets - ending				\$ 602,191
<u>Assets</u>				
Cash and investments				\$ 1,076,344
Restricted assets:				
Cash and investments				(474,153)
Total assets				\$ 602,191
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (474,153)
Unrestricted				1,076,344
Total net assets				\$ 602,191

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Special Education Preschool	Rainy Day Fund	Textbook Rental Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:										
Local sources	\$ 2,731,115	\$ 560,417	\$ 74,429	\$ -	\$ 121,622	\$ 1,106,651	\$ 921,556	\$ 66,600	\$ 647,085	\$ 6,229,475
Intermediate sources	277	-	-	-	-	-	-	-	38	315
State sources	6,083,738	-	51,010	-	16,440	-	-	-	71,063	6,222,251
Federal sources	-	-	-	-	-	-	-	-	572,508	572,508
Bonds and loans	740,000	300,000	-	-	-	475,000	325,000	-	160,000	2,000,000
Sale of property, adjustments and refunds	1,600	22,327	-	-	-	-	-	-	143	24,070
Total receipts	9,556,730	882,744	125,439	-	138,062	1,581,651	1,246,556	66,600	1,450,837	15,048,619
Disbursements:										
Current:										
Instruction	6,730,058	-	127,157	-	-	-	-	-	491,806	7,349,021
Support services	1,685,870	606,679	-	-	75,268	-	1,526,189	179,894	475,754	4,549,654
Community services	54,348	-	-	-	-	-	-	-	1,119	55,467
Nonprogrammed charges	33,006	-	12,823	-	-	-	-	-	55,387	101,216
Debt services	-	-	-	-	-	1,115,594	-	-	356,443	1,472,037
Total disbursements	8,503,282	606,679	139,980	-	75,268	1,115,594	1,526,189	179,894	1,380,509	13,527,395
Excess (deficiency) of receipts over disbursements	1,053,448	276,065	(14,541)	-	62,794	466,057	(279,633)	(113,294)	70,328	1,521,224
Other financing sources (uses):										
Transfers in	223,000	-	-	100,000	-	-	-	-	5,154	328,154
Transfers out	(75,000)	(135,000)	-	-	-	-	(25,000)	-	(93,154)	(328,154)
Total other financing sources (uses)	148,000	(135,000)	-	100,000	-	-	(25,000)	-	(88,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,201,448	141,065	(14,541)	100,000	62,794	466,057	(304,633)	(113,294)	(17,672)	1,521,224
Cash and investments - beginning	213,245	6,480	141,142	450,000	142,725	203,404	771,740	219,051	212,549	2,360,336
Cash and investments - ending	\$ 1,414,693	\$ 147,545	\$ 126,601	\$ 550,000	\$ 205,519	\$ 669,461	\$ 467,107	\$ 105,757	\$ 194,877	\$ 3,881,560
Cash and Investment Assets - Ending										
Cash and investments	\$ 1,414,693	\$ 147,545	\$ 126,601	\$ 550,000	\$ 205,519	\$ -	\$ 467,107	\$ 105,757	\$ 122,030	\$ 3,139,252
Restricted assets:										
Cash and investments	-	-	-	-	-	669,461	-	-	72,847	742,308
Total cash and investment assets - ending	\$ 1,414,693	\$ 147,545	\$ 126,601	\$ 550,000	\$ 205,519	\$ 669,461	\$ 467,107	\$ 105,757	\$ 194,877	\$ 3,881,560
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669,461	\$ -	\$ -	\$ 72,847	\$ 742,308
Unrestricted	1,414,693	147,545	126,601	550,000	205,519	-	467,107	105,757	122,030	3,139,252
Total cash and investment fund balance - ending	\$ 1,414,693	\$ 147,545	\$ 126,601	\$ 550,000	\$ 205,519	\$ 669,461	\$ 467,107	\$ 105,757	\$ 194,877	\$ 3,881,560

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

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

	General	Transportation Operating	Special Education Preschool	Rainy Day Fund	Textbook Rental Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:										
Local sources	\$ 1,733,050	\$ 365,798	\$ 46,430	\$ -	\$ 100,151	\$ 718,943	\$ 623,401	\$ 43,284	\$ 520,645	\$ 4,151,702
Intermediate sources	-	-	-	-	-	-	-	-	7,071	7,071
State sources	5,676,048	-	29,667	-	29,646	-	-	-	61,341	5,796,702
Federal sources	-	-	-	-	-	-	-	-	567,912	567,912
Bonds and loans	2,500,000	-	-	-	-	-	-	11,000	-	2,511,000
Sale of property, adjustments and refunds	200	453	-	-	-	-	30,754	-	-	31,407
Total receipts	9,909,298	366,251	76,097	-	129,797	718,943	654,155	54,284	1,156,969	13,065,794
Disbursements:										
Current:										
Instruction	6,539,632	-	69,654	-	-	-	-	-	320,897	6,930,183
Support services	2,277,250	621,065	33,960	-	200,272	-	1,752,310	320,461	483,570	5,688,888
Community services	110,722	-	-	-	-	-	-	-	2,965	113,687
Nonprogrammed charges	24,354	-	8,904	-	-	-	-	-	29,675	62,933
Debt services	756,618	300,000	-	-	-	1,642,213	325,000	11,000	514,641	3,549,472
Total disbursements	9,708,576	921,065	112,518	-	200,272	1,642,213	2,077,310	331,461	1,351,748	16,345,163
Excess (deficiency) of receipts over disbursements	200,722	(554,814)	(36,421)	-	(70,475)	(923,270)	(1,423,155)	(277,177)	(194,779)	(3,279,369)
Other financing sources (uses):										
Transfers in	1,316	-	-	350,000	10,021	-	350,000	-	2,382	713,719
Transfers out	-	-	-	(350,000)	-	(10,021)	(350,000)	-	(3,698)	(713,719)
Total other financing sources (uses)	1,316	-	-	-	10,021	(10,021)	-	-	(1,316)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	202,038	(554,814)	(36,421)	-	(60,454)	(933,291)	(1,423,155)	(277,177)	(196,095)	(3,279,369)
Cash and investments - beginning	1,414,693	147,545	126,601	550,000	205,519	669,461	467,107	105,757	194,877	3,881,560
Cash and investments - ending	<u>\$ 1,616,731</u>	<u>\$ (407,269)</u>	<u>\$ 90,180</u>	<u>\$ 550,000</u>	<u>\$ 145,065</u>	<u>\$ (263,830)</u>	<u>\$ (956,048)</u>	<u>\$ (171,420)</u>	<u>\$ (1,218)</u>	<u>\$ 602,191</u>
Cash and Investment Assets - Ending										
Cash and investments	\$ 1,616,731	\$ (407,269)	\$ 90,180	\$ 550,000	\$ 145,065	\$ -	\$ (956,048)	\$ (171,420)	\$ 209,105	\$ 1,076,344
Restricted assets:										
Cash and investments	-	-	-	-	-	(263,830)	-	-	(210,323)	(474,153)
Total cash and investment assets - ending	<u>\$ 1,616,731</u>	<u>\$ (407,269)</u>	<u>\$ 90,180</u>	<u>\$ 550,000</u>	<u>\$ 145,065</u>	<u>\$ (263,830)</u>	<u>\$ (956,048)</u>	<u>\$ (171,420)</u>	<u>\$ (1,218)</u>	<u>\$ 602,191</u>
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (263,830)	\$ -	\$ -	\$ (210,323)	\$ (474,153)
Unrestricted	1,616,731	(407,269)	90,180	550,000	145,065	-	(956,048)	(171,420)	209,105	1,076,344
Total cash and investment fund balance - ending	<u>\$ 1,616,731</u>	<u>\$ (407,269)</u>	<u>\$ 90,180</u>	<u>\$ 550,000</u>	<u>\$ 145,065</u>	<u>\$ (263,830)</u>	<u>\$ (956,048)</u>	<u>\$ (171,420)</u>	<u>\$ (1,218)</u>	<u>\$ 602,191</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 2,300	
Total additions	<u>-</u>	<u>2,300</u>	
Deductions:			
Benefits	49,640	-	
Administrative and general	<u>-</u>	<u>11,523</u>	
Total deductions	<u>49,640</u>	<u>11,523</u>	
Deficiency of total additions over total deductions	(49,640)	(9,223)	
Cash and investment fund balance - beginning	<u>322,404</u>	<u>10,399</u>	
Cash and investment fund balance - ending	<u>\$ 272,764</u>	<u>\$ 1,176</u>	<u>\$ 8,328</u>
Net assets:			
Cash and investments	<u>\$ 272,764</u>	<u>\$ 1,176</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 272,764</u>	<u>\$ 1,176</u>	

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 5,969	
Total additions	-	5,969	
Deductions:			
Benefits	80,292	-	
Administrative and general	-	116	
Total deductions	80,292	116	
Excess (deficiency) of total additions over total deductions	(80,292)	5,853	
Cash and investment fund balance - beginning	272,764	1,176	
Cash and investment fund balance - ending	\$ 192,472	\$ 7,029	\$ 17,429
Net assets:			
Cash and investments	\$ 192,472	\$ 7,029	
Total net assets - cash and investment basis held in trust	\$ 192,472	\$ 7,029	

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Metropolitan School District of North Posey County

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

Joint Venture

The School Corporation is a participant with Evansville-Vanderburgh School Corporation, Metropolitan School District of Mount Vernon and Consolidated School Town of New Harmony and Harmony Township in a joint venture to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education. The School Corporation is obligated by contract to remit payment to the General Fund of the Evansville-Vanderburgh School Corporation for transfer students from its district based upon the Evansville-Vanderburgh Corporation per pupil cost of the exceptionality area in which the student is enrolled. The per pupil cost for each service area shall be determined on the average daily attendance.

The School Corporation is a participant with New Harmony Town and Township Consolidated Schools and the Metropolitan School District of Mount Vernon in a joint venture which created the Posey County Special Services to operate special education programs for children who have handicapping conditions as outlined in the Rules and Regulations of the Department of Education but are not covered under the joint venture described above. Transfer tuition costs are paid to the receiving corporation for students based on the average daily attendance for each district.

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 the board members of the North Posey School Building Corporation and the Metropolitan School District of North Posey County Multi-School Building Corporation.

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

The special education preschool fund accounts for receipts and disbursements for the special education preschool program.

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

The textbook rental fund is used to account for the rental fees collected for textbooks and the related purchase of the textbooks.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, 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.

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

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement severance bonds, which accumulate resources for pension benefit payments.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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.

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

2. Property Taxes

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

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts

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

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution, approves the budget for the next year. Copies of the budget resolution 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.

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

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

B. Cash and Investment Balance Deficits

At June 30, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2008
Debt Service Fund	\$ (263,830)
Retirement/Severance Bond Fund	(210,323)
Capital Projects Fund	(956,048)
Transportation Operating	(407,268)
Transportation Bus Replacement	(171,420)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to Posey County not collecting and disbursing property tax receipts in a timely manner.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$1,404,595. 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

As of June 30, 2008, the School Corporation had no investments.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the

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

School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

Investment Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

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

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>	<u>2008</u>
General Fund	Rainy Day	\$ 75,000	\$ -
Capital Projects	Rainy Day	25,000	350,000
Transportation Operating	General Fund	135,000	-
Rainy Day	Capital Projects	-	350,000
Debt Service	Textbook Rental	-	10,021
Other governmental funds	General Fund	88,000	1,316
Other governmental funds	Other governmental funds	<u>5,154</u>	<u>2,382</u>
Totals		<u>\$ 328,154</u>	<u>\$ 713,719</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.

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

B. Holding Corporations

The School Corporation has entered into capital leases with North Posey School Building Corporation and the Metropolitan School District of North Posey County Multi-School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year totaled \$676,000 and \$384,500, respectively.

C. Subsequent Event

On December 8, 2008, the School Board passed a resolution allowing the School Corporation to borrow \$5,000,000 because Posey County has not billed, collected or distributed property taxes for the year 2008.

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.

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 62,078
Interest on net pension obligation	(5,269)
Adjustment to annual required contribution	6,005
Annual pension cost	62,814
Contributions made	51,572
Increase in net pension obligation	11,242
Net pension obligation, beginning of year	(72,678)
Net pension obligation, end of year	\$ (61,436)

	PERF
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 44,580	116%	\$ (70,956)
	06-30-06	46,154	104%	(72,678)
	06-30-07	62,814	82%	(61,436)

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.

Plan members are required to contribute 3% of their salary and 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, 2008, 2007, and 2006, were \$172,454, \$162,758, and \$125,902, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

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

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 855,619	\$ 867,250	\$ (11,631)	99%	\$ 857,279	(1%)
07-01-06	730,515	872,487	(141,972)	84%	801,951	(18%)
07-01-07	769,389	923,061	(153,672)	83%	880,912	(17%)

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	School Lunch	Levy Excess	Education Plate Fees	Library Grant	Safe Haven	Study Group Grant
Receipts:						
Local sources	\$ 290,475	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	38	-	-	-
State sources	10,802	-	-	-	-	-
Federal sources	135,512	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	436,789	-	38	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	436,194	-	-	-	1,605	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	436,194	-	-	-	1,605	-
Excess (deficiency) of receipts over disbursements	595	-	38	-	(1,605)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	595	-	38	-	(1,605)	-
Cash and investments - beginning	60,020	12,978	304	4	1,605	250
Cash and investments - ending	\$ 60,615	\$ 12,978	\$ 342	\$ 4	\$ -	\$ 250
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 60,615	\$ 12,978	\$ 342	\$ 4	\$ -	\$ 250
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 60,615	\$ 12,978	\$ 342	\$ 4	\$ -	\$ 250
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	60,615	12,978	342	4	-	250
Total cash and investment fund balance - ending	\$ 60,615	\$ 12,978	\$ 342	\$ 4	\$ -	\$ 250

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Tech - Prep	Non - English Speaking Grant	Resource Grant 05/06	Resource Grant	Resource Grant 03/04	Resource Grant 2005
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	40,000	39	2,965	873	566	343
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	40,000	39	2,965	873	566	343
Disbursements:						
Current:						
Instruction	33,362	-	-	-	-	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	33,362	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	6,638	39	2,965	873	566	343
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,638	39	2,965	873	566	343
Cash and investments - beginning	-	188	(2,831)	(873)	(566)	(343)
Cash and investments - ending	<u>\$ 6,638</u>	<u>\$ 227</u>	<u>\$ 134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,638	\$ 227	\$ 134	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,638</u>	<u>\$ 227</u>	<u>\$ 134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>6,638</u>	<u>227</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 6,638</u>	<u>\$ 227</u>	<u>\$ 134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Resource Grant	PCCF	Tech - Prep 05-06	Title I	Title I Grant 05/06	Title V 04/05
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	8,168	1,017	6,290	-	-	-
Federal sources	-	-	-	66,316	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	8,168	1,017	6,290	66,316	-	-
Disbursements:						
Current:						
Instruction	17,112	7,712	4,734	66,095	59	1,300
Support services	-	-	8,296	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	17,112	7,712	13,030	66,095	59	1,300
Excess (deficiency) of receipts over disbursements	(8,944)	(6,695)	(6,740)	221	(59)	(1,300)
Other financing sources (uses):						
Transfers in	-	-	-	2,161	-	-
Transfers out	-	-	-	-	(2,161)	-
Total other financing sources (uses)	-	-	-	2,161	(2,161)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,944)	(6,695)	(6,740)	2,382	(2,220)	(1,300)
Cash and investments - beginning	-	6,700	6,731	-	2,220	4,693
Cash and investments - ending	\$ (8,944)	\$ 5	\$ (9)	\$ 2,382	\$ -	\$ 3,393
Cash and Investment Assets - Ending						
Cash and investments	\$ (8,944)	\$ 5	\$ (9)	\$ 2,382	\$ -	\$ 3,393
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (8,944)	\$ 5	\$ (9)	\$ 2,382	\$ -	\$ 3,393
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(8,944)	5	(9)	2,382	-	3,393
Total cash and investment fund balance - ending	\$ (8,944)	\$ 5	\$ (9)	\$ 2,382	\$ -	\$ 3,393

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	P.L. 103-382 ECIA Title VI	Title V Part A 05/06	Title V Innovation Programs	PL 108-440 Grant 05/06	PL 108-446 FY 2007	Preschool 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	2,108	-	252,673	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	2,108	-	252,673	-
Disbursements:						
Current:						
Instruction	-	1,250	379	-	201,516	-
Support services	-	-	-	-	23,480	-
Community services	-	-	175	-	-	-
Nonprogrammed charges	-	-	-	44,283	-	1,485
Debt services	-	-	-	-	-	-
Total disbursements	-	1,250	554	44,283	224,996	1,485
Excess (deficiency) of receipts over disbursements	-	(1,250)	1,554	(44,283)	27,677	(1,485)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(1,054)	-	-	-
Total other financing sources (uses)	-	-	(1,054)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,250)	500	(44,283)	27,677	(1,485)
Cash and investments - beginning	18	1,662	-	44,283	-	1,485
Cash and investments - ending	<u>\$ 18</u>	<u>\$ 412</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 27,677</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 18	\$ 412	\$ 500	\$ -	\$ 27,677	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 18</u>	<u>\$ 412</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 27,677</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	18	412	500	-	27,677	-
Total cash and investment fund balance - ending	<u>\$ 18</u>	<u>\$ 412</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 27,677</u>	<u>\$ -</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Preschool Federal FY07	Safe and Drug Free Schools	Drug Free Schools	Drug Free Schools - Title V	STARS Program	Behavioral Therapist 05/06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	27,561	-	-	3,877	8,658	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	143	-
Total receipts	27,561	-	-	3,877	8,805	-
Disbursements:						
Current:						
Instruction	27,561	-	-	797	12,485	-
Support services	-	50	1,000	340	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	9,619
Debt services	-	-	-	-	-	-
Total disbursements	27,561	50	1,000	1,137	12,485	9,619
Excess (deficiency) of receipts over disbursements	-	(50)	(1,000)	2,740	(3,680)	(9,619)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,939)	-	-
Total other financing sources (uses)	-	-	-	(1,939)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(50)	(1,000)	801	(3,680)	(9,619)
Cash and investments - beginning	-	1,265	1,403	-	14,829	9,619
Cash and investments - ending	\$ -	\$ 1,215	\$ 403	\$ 801	\$ 11,149	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 1,215	\$ 403	\$ 801	\$ 11,149	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 1,215	\$ 403	\$ 801	\$ 11,149	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,215	403	801	11,149	-
Total cash and investment fund balance - ending	\$ -	\$ 1,215	\$ 403	\$ 801	\$ 11,149	\$ -

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Behavioral Therapist Adm	HSTW Voc and Tech Board	Workforce Development and Tech	Title II Part A	Retirement/ Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 356,606	\$ 647,085
Intermediate sources	-	-	-	-	-	38
State sources	-	-	-	-	-	71,063
Federal sources	49,703	-	-	26,100	-	572,508
Bonds and loans	-	-	-	-	160,000	160,000
Sale of property, adjustments and refunds	-	-	-	-	-	143
Total receipts	49,703	-	-	26,100	516,606	1,450,837
Disbursements:						
Current:						
Instruction	47,305	1,295	-	68,844	-	491,806
Support services	-	-	-	4,789	-	475,754
Community services	-	-	-	944	-	1,119
Nonprogrammed charges	-	-	-	-	-	55,387
Debt services	-	-	-	-	356,443	356,443
Total disbursements	47,305	1,295	-	74,577	356,443	1,380,509
Excess (deficiency) of receipts over disbursements	2,398	(1,295)	-	(48,477)	160,163	70,328
Other financing sources (uses):						
Transfers in	-	-	-	2,993	-	5,154
Transfers out	-	-	-	-	(88,000)	(93,154)
Total other financing sources (uses)	-	-	-	2,993	(88,000)	(88,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,398	(1,295)	-	(45,484)	72,163	(17,672)
Cash and investments - beginning	-	1,034	1,084	44,103	684	212,549
Cash and investments - ending	<u>\$ 2,398</u>	<u>\$ (261)</u>	<u>\$ 1,084</u>	<u>\$ (1,381)</u>	<u>\$ 72,847</u>	<u>\$ 194,877</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,398	\$ (261)	\$ 1,084	\$ (1,381)	\$ -	\$ 122,030
Restricted assets:						
Cash and investments	-	-	-	-	72,847	72,847
Total cash and investment assets - ending	<u>\$ 2,398</u>	<u>\$ (261)</u>	<u>\$ 1,084</u>	<u>\$ (1,381)</u>	<u>\$ 72,847</u>	<u>\$ 194,877</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 72,847	\$ 72,847
Unrestricted	2,398	(261)	1,084	(1,381)	-	122,030
Total cash and investment fund balance - ending	<u>\$ 2,398</u>	<u>\$ (261)</u>	<u>\$ 1,084</u>	<u>\$ (1,381)</u>	<u>\$ 72,847</u>	<u>\$ 194,877</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	School Lunch	Levy Excess	Education Plate Fees	Library Grant	Study Group Grant	Tech-Prep	Medicaid Reimbursement
Receipts:							
Local sources	\$ 289,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	788	-	-	-	-
State sources	10,333	-	-	-	-	-	4,615
Federal sources	148,881	-	-	-	-	-	-
Total receipts	448,388	-	788	-	-	-	4,615
Disbursements:							
Current:							
Instruction	-	-	-	-	-	6,638	192
Support services	453,258	-	61	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	453,258	-	61	-	-	6,638	192
Excess (deficiency) of receipts over disbursements	(4,870)	-	727	-	-	(6,638)	4,423
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,316)
Total other financing sources (uses)	-	-	-	-	-	-	(1,316)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,870)	-	727	-	-	(6,638)	3,107
Cash and investments - beginning	60,615	12,978	342	4	250	6,638	-
Cash and investments - ending	<u>\$ 55,745</u>	<u>\$ 12,978</u>	<u>\$ 1,069</u>	<u>\$ 4</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 3,107</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 55,745	\$ 12,978	\$ 1,069	\$ 4	\$ 250	\$ -	\$ 3,107
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 55,745</u>	<u>\$ 12,978</u>	<u>\$ 1,069</u>	<u>\$ 4</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 3,107</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	55,745	12,978	1,069	4	250	-	3,107
Total cash and investment fund balance - ending	<u>\$ 55,745</u>	<u>\$ 12,978</u>	<u>\$ 1,069</u>	<u>\$ 4</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 3,107</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Non - English Speaking Grant	School Technology	Resource Grant 05/06	Resource Grant	PCCF	Tech-Prep 05/06	Title I
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	6,283	-	-	-	-	-
State sources	811	-	-	11,510	-	-	-
Federal sources	-	-	-	12,763	-	-	-
Total receipts	811	6,283	-	24,273	-	-	-
Disbursements:							
Current:							
Instruction	-	-	-	6,647	-	(9)	-
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	-	-	6,647	-	(9)	-
Excess (deficiency) of receipts over disbursements	811	6,283	-	17,626	-	9	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(2,382)
Total other financing sources (uses)	-	-	-	-	-	-	(2,382)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	811	6,283	-	17,626	-	9	(2,382)
Cash and investments - beginning	227	-	134	(8,944)	5	(9)	2,382
Cash and investments - ending	\$ 1,038	\$ 6,283	\$ 134	\$ 8,682	\$ 5	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,038	\$ 6,283	\$ 134	\$ 8,682	\$ 5	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,038	\$ 6,283	\$ 134	\$ 8,682	\$ 5	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,038	6,283	134	8,682	5	-	-
Total cash and investment fund balance - ending	\$ 1,038	\$ 6,283	\$ 134	\$ 8,682	\$ 5	\$ -	\$ -

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title I 07/08	Title V 04/05	P.L. 103-382 ECIA Title VI	Title V Part A 05/06	Title V Innovation Programs	P.L. 108-446 Grant 07/08	P.L.108-446 FY 2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	60,386	-	-	-	1,992	254,698	-
Total receipts	60,386	-	-	-	1,992	254,698	-
Disbursements:							
Current:							
Instruction	66,116	3,393	-	412	1,814	170,148	400
Support services	-	-	-	-	-	28,690	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	27,277
Debt services	-	-	-	-	-	-	-
Total disbursements	66,116	3,393	-	412	1,814	198,838	27,677
Excess (deficiency) of receipts over disbursements	(5,730)	(3,393)	-	(412)	178	55,860	(27,677)
Other financing sources (uses):							
Transfers in	2,382	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	2,382	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,348)	(3,393)	-	(412)	178	55,860	(27,677)
Cash and investments - beginning	-	3,393	18	412	500	-	27,677
Cash and investments - ending	<u>\$ (3,348)</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 678</u>	<u>\$ 55,860</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (3,348)	\$ -	\$ 18	\$ -	\$ 678	\$ 55,860	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (3,348)</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 678</u>	<u>\$ 55,860</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(3,348)	-	18	-	678	55,860	-
Total cash and investment fund balance - ending	<u>\$ (3,348)</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 678</u>	<u>\$ 55,860</u>	<u>\$ -</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Preschool Federal 07/08	Safe and Drug Free Schools	Drug Free Schools	Drug Free Schools - Title V	STARS Program	Behavioral Therapist Adm	HSTW Voc and Tech Board
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	2,500
Federal sources	23,854	3,754	-	-	-	-	-
Total receipts	23,854	3,754	-	-	-	-	2,500
Disbursements:							
Current:							
Instruction	20,030	3,000	-	-	7,937	-	800
Support services	-	50	-	-	-	-	-
Community services	-	1,261	403	801	-	-	-
Nonprogrammed charges	-	-	-	-	-	2,398	-
Debt services	-	-	-	-	-	-	-
Total disbursements	20,030	4,311	403	801	7,937	2,398	800
Excess (deficiency) of receipts over disbursements	3,824	(557)	(403)	(801)	(7,937)	(2,398)	1,700
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,824	(557)	(403)	(801)	(7,937)	(2,398)	1,700
Cash and investments - beginning	-	1,215	403	801	11,149	2,398	(261)
Cash and investments - ending	<u>\$ 3,824</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 1,439</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,824	\$ 658	\$ -	\$ -	\$ 3,212	\$ -	\$ 1,439
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,824</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 1,439</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,824	658	-	-	3,212	-	1,439
Total cash and investment fund balance - ending	<u>\$ 3,824</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 1,439</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	High Ability Grant 07/08	Workforce Development and Tech	Title II Part A	Retirement/ Severance Bond	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 231,471	\$ 520,645
Intermediate sources	-	-	-	-	7,071
State sources	31,572	-	-	-	61,341
Federal sources	-	-	61,584	-	567,912
Total receipts	<u>31,572</u>	<u>-</u>	<u>61,584</u>	<u>231,471</u>	<u>1,156,969</u>
Disbursements:					
Current:					
Instruction	-	1,084	32,295	-	320,897
Support services	1,200	-	311	-	483,570
Community services	-	-	500	-	2,965
Nonprogrammed charges	-	-	-	-	29,675
Debt services	-	-	-	514,641	514,641
Total disbursements	<u>1,200</u>	<u>1,084</u>	<u>33,106</u>	<u>514,641</u>	<u>1,351,748</u>
Excess (deficiency) of receipts over disbursements	<u>30,372</u>	<u>(1,084)</u>	<u>28,478</u>	<u>(283,170)</u>	<u>(194,779)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	2,382
Transfers out	-	-	-	-	(3,698)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,316)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>30,372</u>	<u>(1,084)</u>	<u>28,478</u>	<u>(283,170)</u>	<u>(196,095)</u>
Cash and investments - beginning	<u>-</u>	<u>1,084</u>	<u>(1,381)</u>	<u>72,847</u>	<u>194,877</u>
Cash and investments - ending	<u>\$ 30,372</u>	<u>\$ -</u>	<u>\$ 27,097</u>	<u>\$ (210,323)</u>	<u>\$ (1,218)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 30,372	\$ -	\$ 27,097	\$ -	\$ 209,105
Restricted assets:					
Cash and investments	-	-	-	(210,323)	(210,323)
Total cash and investment assets - ending	<u>\$ 30,372</u>	<u>\$ -</u>	<u>\$ 27,097</u>	<u>\$ (210,323)</u>	<u>\$ (1,218)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ (210,323)	\$ (210,323)
Unrestricted	<u>30,372</u>	<u>-</u>	<u>27,097</u>	<u>-</u>	<u>209,105</u>
Total cash and investment fund balance - ending	<u>\$ 30,372</u>	<u>\$ -</u>	<u>\$ 27,097</u>	<u>\$ (210,323)</u>	<u>\$ (1,218)</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	SINE Grant	SINE Instruction Support	Library Grant Four Block	Literacy Celebration	Reading Renaissance	04/05 Indiananext	Toyota Grant 2006	Youth Resources	Totals
Additions:									
Contributions:									
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300	\$ 1,000	\$ 2,300
Deductions:									
Administrative and general	3,674	-	-	-	5,167	586	1,096	1,000	11,523
Excess (deficiency) of total additions over total deductions	(3,674)	-	-	-	(5,167)	(586)	204	-	(9,223)
Cash and investment fund balance - beginning	3,719	500	1,165	29	4,358	628	-	-	10,399
Cash and investments - June 30	<u>\$ 45</u>	<u>\$ 500</u>	<u>\$ 1,165</u>	<u>\$ 29</u>	<u>\$ (809)</u>	<u>\$ 42</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 1,176</u>
Net assets:									
Cash and investments	\$ 45	\$ 500	\$ 1,165	\$ 29	\$ (809)	\$ 42	\$ 204	\$ -	\$ 1,176
Total net assets - cash and investment basis held in trust	<u>\$ 45</u>	<u>\$ 500</u>	<u>\$ 1,165</u>	<u>\$ 29</u>	<u>\$ (809)</u>	<u>\$ 42</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 1,176</u>

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

	SINE Grant	SINE Instruction Support	Library Grant Four Block	Literacy Celebration	Reading Renaissance	04/05 Indiana Next	Toyota Grant 2006	Totals
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ -	\$ 5,160	\$ 809	\$ -	\$ -	\$ 5,969
Deductions:								
Administrative and general	45	-	-	29	-	42	-	116
Excess (deficiency) of total additions over total deductions	(45)	-	-	5,131	809	(42)	-	5,853
Cash and investment fund balance - beginning	45	500	1,165	29	(809)	42	204	1,176
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 1,165</u>	<u>\$ 5,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ 7,029</u>
Net assets:								
Cash and investments	\$ -	\$ 500	\$ 1,165	\$ 5,160	\$ -	\$ -	\$ 204	\$ 7,029
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 1,165</u>	<u>\$ 5,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ 7,029</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Payroll Withholdings	ECA Trips	Totals
Cash and investments fund balance - ending	\$ <u>10,177</u>	\$ <u>(1,849)</u>	\$ <u>8,328</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Payroll Withholdings	ECA Trips	Totals
Cash and investments fund balance - ending	\$ <u>19,212</u>	\$ <u>(1,783)</u>	\$ <u>17,429</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2002 lease of school improvements	\$ 4,710,000	\$ 391,181
2003 lease of school improvements	3,330,000	384,252
2004 lease of school improvements	800,000	329,872
Notes and loans payable	2,500,000	2,500,000
Bonds payable:		
General obligation bonds:		
2004 Pension	3,030,000	356,861
Total governmental activities debt	<u>\$ 14,370,000</u>	<u>\$ 3,962,166</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
AUDIT RESULTS AND COMMENTS

TEXTBOOK RENTAL CHARGES (Applies to South Terrace Elementary School,
North Elementary School, North Posey Junior High School and North Posey High School)

The rental charge for textbooks at the elementary schools was greater than 25% of the original retail price of the textbook. The high school and junior high school were charging a rental charge for textbooks which were retained in the classroom and used by several students.

IC 20-26-12-2 states in part: "(a) Each governing body may purchase from a contracting publisher, at the net contract price or at a subsequent lower price, any textbook adopted by the State Board of Education and selected by the proper local officials, and may rent these textbooks to students enrolled in any public or nonpublic school which is in compliance with the minimum certification standards of the state board of education and is located within the attendance unit served by the governing body, at an annual rental not to exceed twenty-five percent (25%) of the retail price of the textbook."

TEXTBOOK REIMBURSEMENT - INCORRECT REPORTING TO THE STATE
(Applies to North Elementary School and South Terrace Elementary School)

The information presented for audit indicates amounts requested for reimbursement were incorrect for the school years ending June 30, 2007 and 2008. The original costs of books and consumables used to calculate the amount requested for state reimbursement were different than the original costs used to calculate textbook rental charges to parents. Also, several consumables included in the amount requested from the state were not included in the textbook rental amount charged to the parents.

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 Manual for Indiana Public School Corporations, Chapter 8)

TEXTBOOK REIMBURSEMENT - INCORRECT REPORTING TO THE STATE
(North Posey Junior High School and North Posey High School)

The information presented for audit indicates amounts requested for reimbursement were incorrect for the school years ending June 30, 2007 and 2008. The School requested reimbursement of the entire 20% of the original cost of a book even though the book was only being used by the student for one semester. This resulted in the School being reimbursed 20% for the first semester book and another 20% for the second semester book. Also, the School filed for reimbursement of the cost of books retained in the classroom for use by several students. Reimbursement was claimed for each eligible student enrolled in the class. The School also requested reimbursement for twenty percent of the original cost of textbooks used in special education classes. The books were used for over five years and the cost should have been amortized over the number of years the textbook has been used.

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 Manual for Indiana Public School Corporations, Chapter 8)

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

TRAVEL POLICY

A travel policy was not presented for audit.

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

CAPITAL PROJECT DISBURSEMENTS

Funds were disbursed from the Capital Projects Fund for copies, pest control, paper towels and toilet paper.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Maintenance does not include janitorial or comparable routine services normally provided in the daily operation of the facilities or equipment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 3)

OVERDRAWN CASH BALANCES

The cash balance of the Debt Service Fund, Retirement/Severance Bond Fund, Capital Projects Fund, Transportation Operating Fund, and Transportation Bus Replacement Fund was overdrawn in the year ended June 30, 2008.

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)

TRANSFER TUITION (FORM 515)

The Transfer Tuition Statement (Form 515) was not completed for the year ended June 30, 2008. Since transfer tuition was not calculated, payments were made based on an estimated amount.

The Transfer Tuition Statement (Form 515) must be prepared in duplicate for each school corporation transferring school children to your corporation. (Accounting and Uniform Compliance Guidelines manual for Indiana Public School Corporation, Chapter 2, Page 6)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the Metropolitan School District of North Posey County (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended June 30, 2007 and 2008. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

April 6, 2009

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.533			
		FY 06-07	\$ 16,110	\$ -
		FY 07-08	-	17,076
Total for program			<u>16,110</u>	<u>17,076</u>
National School Lunch Program	10.555			
		FY 06-07	144,559	-
		FY 07-08	-	143,155
Total for program			<u>144,559</u>	<u>143,155</u>
Total for Cluster			<u>160,669</u>	<u>160,231</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
Pass-Through Indiana Vocational Technical College Employment Services and Job Training - Pilot and Demonstration Programs Project Lead the Way	17.249			
		PLTW #671	-	1,084
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Metropolitan School District of Mount Vernon Special Education Cluster Special Education - Grants to States	84.027			
		FY 06-07	47,305	2,398
		FY 07	224,996	27,677
		FY 08	44,283	198,838
Total for program			<u>316,584</u>	<u>228,913</u>
Special Education - Preschool Grants	84.173			
		FY 06-07	27,561	-
		FY 07-08	1,485	20,030
Total for program			<u>29,046</u>	<u>20,030</u>
Total for Cluster			<u>345,630</u>	<u>248,943</u>
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010			
		FY 05-06	59	-
		FY 06-07	66,095	-
		FY 07-08	-	66,116
Total for program			<u>66,154</u>	<u>66,116</u>
Career and Technical Education-Basic Grants to States High Schools That Work	84.048			
		05-1303-6600	1,295	-
		07-1303-6600	-	800
Total for program			<u>1,295</u>	<u>800</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2007 and 2008
 (Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Safe and Drug Free Schools and Communities - State Grants	84.186			
FY 04-05		04-210	1,000	403
FY 05-06		05-6600	50	1,215
FY 06-07		06-6600	3,075	802
FY 07-08		07-6600	-	3,096
Total for Program			<u>4,125</u>	<u>5,516</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243			
		FY 06/07	13,030	-
		TP-6-208	<u>33,362</u>	<u>6,638</u>
Total for Program			<u>46,392</u>	<u>6,638</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs	84.298			
		04-279	1,300	3,393
		05-092	1,250	412
		06-6600	1,608	500
		07-6600	-	1,314
Total for Program			<u>4,158</u>	<u>5,619</u>
Improving Teacher Quality State Grants	84.367			
		04-227	3,933	-
		05-6600	39,085	853
		06-6600	31,559	21,396
		FY07/08	-	10,858
Total for Program			<u>74,577</u>	<u>33,107</u>
Total for federal grantor agency			<u>542,331</u>	<u>366,739</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Youth Service Bureau, Incorporated				
Block Grants for Prevention and Treatment of Substance Abuse STARS Program	93.959		<u>12,485</u>	<u>7,937</u>
Total federal awards expended			<u>\$ 715,485</u>	<u>\$ 535,991</u>

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan School District of North Posey County (School Corporation) and is presented in accordance with the 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, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	2007	2008
Child Nutrition Cluster	\$ 37,196	\$ 19,962

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

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

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

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

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

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2009, with Carol A. Lupfer, Treasurer; Larry Lewis, President of the School Board; John D. Wood, Superintendent of Schools; and Todd Camp, Assistant Superintendent of Schools. The officials concurred with our audit findings.