

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

METROPOLITAN SCHOOL DISTRICT  
OF STEUBEN COUNTY  
STEUBEN COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
01/04/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Monte VanGessel	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Brent A. Wilson	07-01-14 to 12-31-17
President of the School Board	Glen Lee Arme y Brad Gardner Kevin Beard Brad Gardner	07-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Metropolitan School District of Steuben County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

November 20, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Steuben County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 20, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from 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*.

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

November 20, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 1,605,847	\$ 18,245,403	\$ 18,389,670	\$ 29,041	\$ 1,490,621	\$ 17,926,582	\$ 18,072,564	\$ 30,106	\$ 1,374,745
Debt Service	2,607,159	4,830,664	4,876,051	(1,681)	2,560,091	3,183,420	4,385,015	-	1,358,496
Retirement/Severance Bond Debt Service	363,988	561,155	618,628	-	306,515	446,169	513,564	-	239,120
Capital Projects	1,342,603	4,219,840	2,992,648	(1,030,000)	1,539,795	2,870,178	2,860,186	-	1,549,787
School Transportation	677,361	1,652,537	1,656,413	-	673,485	1,847,209	1,542,247	-	978,447
School Bus Replacement	201,059	401,305	149,490	-	452,874	417,232	474,097	-	396,009
Rainy Day	1,248,859	-	-	1,030,000	2,278,859	145,649	-	-	2,424,508
Post-Retirement/Severance Future Benefits	37,632	-	1,601	-	36,031	-	1,600	-	34,431
Construction	-	-	-	-	-	-	202,213	2,000,000	1,797,787
School Lunch	367,431	1,408,563	1,397,541	(50,000)	328,453	1,371,171	1,346,065	(49,000)	304,559
Textbook Rental	619,395	285,453	381,697	-	523,151	296,711	254,452	-	565,410
Child Care Program	65,681	75,654	113,567	-	27,768	76,918	96,839	-	7,847
Educational License Plates	9,275	338	4,135	-	5,478	262	2,321	-	3,419
Alternative Education 13-14	34,891	100	38,132	3,141	-	-	-	-	-
Alternative Education 14-15	-	164,326	212,226	(3,141)	(51,041)	69,908	18,867	-	-
Alternative Education 15-16	-	-	-	-	-	164,499	178,618	-	(14,119)
Miscellaneous Donations	2,792	49,541	54,130	-	(1,797)	10,900	3,594	-	5,509
Dekko/Arts Partnership Grant	-	6,100	6,327	-	(227)	261	34	-	-
Miscellaneous Grants	2,644	2,628	3,340	-	1,932	8,175	4,769	-	5,338
FIST Grants	1,119	3,073	3,191	-	1,001	-	1,001	-	-
Extra-Curricular Activities	740	-	-	-	740	-	680	-	60
Wellness	14,969	31,300	29,902	-	16,367	41,640	34,043	-	23,964
Scholarships and Awards	150	-	-	-	150	-	-	-	150
Miscellaneous Programs	-	703	-	-	703	5,007	2,020	-	3,690
Coca-Cola Sponsorship	-	4,250	-	-	4,250	-	-	-	4,250
Formative Assessment	-	-	-	-	-	34,747	34,747	-	-
High Ability 2013-2014	16,466	-	16,466	-	-	-	-	-	-
High Ability 2014-2015	-	37,123	31,279	-	5,844	-	5,844	-	-
High Ability 2015-2016	-	-	-	-	-	37,794	31,630	-	6,164
Computer Consortium/Ed Tech Advance	-	260,785	260,785	-	-	254,194	254,194	-	-
Secured Schools Safety Grant	(8,475)	21,033	40,930	22,640	(5,732)	25,626	55,273	19,895	(15,484)
Non-English Speaking Programs 2013-2014	5,474	-	5,474	-	-	-	-	-	-
Non-English Speaking Programs 2014-2015	-	11,360	10,339	-	1,021	-	1,021	-	-
Non-English Speaking Programs 2015-2016	-	-	-	-	-	22,741	19,785	-	2,956
School Technology	60,009	42,261	18,909	-	83,361	46,314	9,000	-	120,675
Tech Breakage Assessments	30	27,250	15,395	-	11,885	44,615	38,359	-	18,141
Performance Based Awards	-	21,704	21,704	-	-	-	-	-	-
Title I 2013-2014	(67,795)	131,353	63,558	-	-	-	-	-	-
Title I 2014-2015	-	341,957	374,825	-	(32,868)	95,957	63,089	-	-
Title I 2015-2016	-	-	-	-	-	298,467	331,870	-	(33,403)
Title II 2013-2014	(3,076)	27,826	24,750	-	-	-	-	-	-
Title II 2014-2015	-	50,473	71,135	-	(20,662)	38,337	17,675	-	-
Title II 2015-2016	-	-	-	-	-	59,584	66,145	-	(6,561)
Title III 2013-2014	(1,493)	5,887	4,394	-	-	-	-	-	-
Title III 2014-2015	-	14,363	15,703	-	(1,340)	5,307	3,967	-	-
Title III 2015-2016	-	-	-	-	-	15,282	16,623	-	(1,341)
Payroll Clearing	18,192	5,347,667	5,352,274	-	13,586	5,270,220	5,261,720	-	22,086
Totals	\$ 9,222,927	\$ 38,283,975	\$ 37,256,609	\$ -	\$ 10,250,294	\$ 35,131,076	\$ 36,205,731	\$ 2,001,001	\$ 11,176,640

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

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

*Local sources.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

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

*Instruction.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

*Proceeds of long-term debt.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before July 2016 and July 1 in a year beginning after June 30, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

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

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

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

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**C. Additional Pension Plans**

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 or 2016.

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

**Note 8. *Holding Corporation***

The School Corporation has entered into a capital lease with M.S.D. of Steuben County K-5 Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$4,244,856 and \$4,257,500, respectively.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

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METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction	School Lunch
Cash and investments - beginning	\$ 1,605,847	\$ 2,607,159	\$ 363,988	\$ 1,342,603	\$ 677,361	\$ 201,059	\$ 1,248,859	\$ 37,632	\$ -	\$ 367,431
Receipts:										
Local sources	154,732	4,830,664	561,155	3,992,147	1,652,537	401,305	-	-	-	563,097
Intermediate sources	15	-	-	-	-	-	-	-	-	-
State sources	18,090,406	-	-	-	-	-	-	-	-	14,569
Federal sources	-	-	-	-	-	-	-	-	-	830,897
Temporary loans	-	-	-	227,693	-	-	-	-	-	-
Other receipts	250	-	-	-	-	-	-	-	-	-
Total receipts	18,245,403	4,830,664	561,155	4,219,840	1,652,537	401,305	-	-	-	1,408,563
Disbursements:										
Instruction	12,189,965	-	-	-	-	-	-	-	-	-
Support services	5,878,973	-	-	1,383,772	1,656,413	149,490	-	1,601	-	41,304
Noninstructional services	320,732	-	-	-	-	-	-	-	-	1,345,655
Facilities acquisition and construction	-	-	-	1,112,161	-	-	-	-	-	10,582
Debt service	-	4,876,051	618,628	496,715	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	18,389,670	4,876,051	618,628	2,992,648	1,656,413	149,490	-	1,601	-	1,397,541
Excess (deficiency) of receipts over disbursements	(144,267)	(45,387)	(57,473)	1,227,192	(3,876)	251,815	-	(1,601)	-	11,022
Other financing sources (uses):										
Transfers in	80,745	-	-	-	-	-	1,030,000	-	-	427
Transfers out	(51,704)	(1,681)	-	(1,030,000)	-	-	-	-	-	(50,427)
Total other financing sources (uses)	29,041	(1,681)	-	(1,030,000)	-	-	1,030,000	-	-	(50,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(115,226)	(47,068)	(57,473)	197,192	(3,876)	251,815	1,030,000	(1,601)	-	(38,978)
Cash and investments - ending	\$ 1,490,621	\$ 2,560,091	\$ 306,515	\$ 1,539,795	\$ 673,485	\$ 452,874	\$ 2,278,859	\$ 36,031	\$ -	\$ 328,453

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Textbook Rental	Child Care Program	Educational License Plates	Alternative Education 13-14	Alternative Education 14-15	Alternative Education 15-16	Miscellaneous Donations	Dekko/Arts Partnership Grant	Miscellaneous Grants	FIST Grants
Cash and investments - beginning	\$ 619,395	\$ 65,681	\$ 9,275	\$ 34,891	\$ -	\$ -	\$ 2,792	\$ -	\$ 2,644	\$ 1,119
Receipts:										
Local sources	176,215	75,654	-	100	134,625	-	49,541	6,100	2,628	3,073
Intermediate sources	-	-	338	-	-	-	-	-	-	-
State sources	109,238	-	-	-	29,701	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	285,453	75,654	338	100	164,326	-	49,541	6,100	2,628	3,073
Disbursements:										
Instruction	-	-	-	38,132	212,226	-	54,130	6,327	3,340	3,191
Support services	381,697	-	4,135	-	-	-	-	-	-	-
Noninstructional services	-	113,567	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	381,697	113,567	4,135	38,132	212,226	-	54,130	6,327	3,340	3,191
Excess (deficiency) of receipts over disbursements	(96,244)	(37,913)	(3,797)	(38,032)	(47,900)	-	(4,589)	(227)	(712)	(118)
Other financing sources (uses):										
Transfers in	-	-	-	3,141	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,141)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	3,141	(3,141)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(96,244)	(37,913)	(3,797)	(34,891)	(51,041)	-	(4,589)	(227)	(712)	(118)
Cash and investments - ending	\$ 523,151	\$ 27,768	\$ 5,478	\$ -	\$ (51,041)	\$ -	\$ (1,797)	\$ (227)	\$ 1,932	\$ 1,001

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Extra- Curricular Activities	Wellness	Scholarships and Awards	Miscellaneous Programs	Coca-Cola Sponsorship	Formative Assessment	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ 740	\$ 14,969	\$ 150	\$ -	\$ -	\$ -	\$ 16,466	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	31,300	-	703	4,250	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	37,123	-	260,785
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	31,300	-	703	4,250	-	-	37,123	-	260,785
Disbursements:										
Instruction	-	-	-	-	-	-	16,466	31,279	-	-
Support services	-	29,902	-	-	-	-	-	-	-	260,785
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	29,902	-	-	-	-	16,466	31,279	-	260,785
Excess (deficiency) of receipts over disbursements	-	1,398	-	703	4,250	-	(16,466)	5,844	-	-
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	-	1,398	-	703	4,250	-	(16,466)	5,844	-	-
Cash and investments - ending	\$ 740	\$ 16,367	\$ 150	\$ 703	\$ 4,250	\$ -	\$ -	\$ 5,844	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Secured Schools Safety Grant	Non-English Speaking Programs 2013-2014	Non-English Speaking Programs 2014-2015	Non-English Speaking Programs 2015-2016	School Technology	Tech Breakage Assessments	Performance Based Awards	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ (8,475)	\$ 5,474	\$ -	\$ -	\$ 60,009	\$ 30	\$ -	\$ (67,795)	\$ -
Receipts:									
Local sources	-	-	-	-	36,678	27,250	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	21,033	-	11,360	-	5,583	-	21,704	-	-
Federal sources	-	-	-	-	-	-	-	131,353	341,957
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	21,033	-	11,360	-	42,261	27,250	21,704	131,353	341,957
Disbursements:									
Instruction	-	5,375	9,987	-	-	-	21,704	47,143	304,922
Support services	40,930	-	-	-	18,909	15,395	-	15,998	66,642
Noninstructional services	-	99	352	-	-	-	-	417	3,261
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	40,930	5,474	10,339	-	18,909	15,395	21,704	63,558	374,825
Excess (deficiency) of receipts over disbursements	(19,897)	(5,474)	1,021	-	23,352	11,855	-	67,795	(32,868)
Other financing sources (uses):									
Transfers in	22,640	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	22,640	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,743	(5,474)	1,021	-	23,352	11,855	-	67,795	(32,868)
Cash and investments - ending	\$ (5,732)	\$ -	\$ 1,021	\$ -	\$ 83,361	\$ 11,885	\$ -	\$ -	\$ (32,868)

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Title I 2015-2016	Title II 2013-2014	Title II 2014-2015	Title II 2015-2016	Title III 2013-2014	Title III 2014-2015	Title III 2015-2016	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (3,076)	\$ -	\$ -	\$ (1,493)	\$ -	\$ -	\$ 18,192	\$ 9,222,927
Receipts:									
Local sources	-	-	-	-	-	101	-	-	12,703,855
Intermediate sources	-	-	-	-	-	-	-	-	353
State sources	-	-	-	-	-	-	-	-	18,601,502
Federal sources	-	27,826	50,473	-	5,887	14,262	-	-	1,402,655
Temporary loans	-	-	-	-	-	-	-	-	227,693
Other receipts	-	-	-	-	-	-	-	5,347,667	5,347,917
Total receipts	-	27,826	50,473	-	5,887	14,363	-	5,347,667	38,283,975
Disbursements:									
Instruction	-	-	-	-	4,394	15,703	-	-	12,964,284
Support services	-	24,750	71,135	-	-	-	-	-	10,041,831
Noninstructional services	-	-	-	-	-	-	-	-	1,784,083
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,122,743
Debt service	-	-	-	-	-	-	-	-	5,991,394
Nonprogrammed charges	-	-	-	-	-	-	-	5,352,274	5,352,274
Total disbursements	-	24,750	71,135	-	4,394	15,703	-	5,352,274	37,256,609
Excess (deficiency) of receipts over disbursements	-	3,076	(20,662)	-	1,493	(1,340)	-	(4,606)	1,027,367
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	1,136,953
Transfers out	-	-	-	-	-	-	-	-	(1,136,953)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,076	(20,662)	-	1,493	(1,340)	-	(4,606)	1,027,367
Cash and investments - ending	\$ -	\$ -	\$ (20,662)	\$ -	\$ -	\$ (1,340)	\$ -	\$ 13,586	\$ 10,250,294

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction	School Lunch
Cash and investments - beginning	\$ 1,490,621	\$ 2,560,091	\$ 306,515	\$ 1,539,795	\$ 673,485	\$ 452,874	\$ 2,278,859	\$ 36,031	\$ -	\$ 328,453
Receipts:										
Local sources	141,186	3,183,420	446,169	2,870,178	1,847,209	417,232	145,649	-	-	564,046
Intermediate sources	16	-	-	-	-	-	-	-	-	-
State sources	17,785,067	-	-	-	-	-	-	-	-	14,797
Federal sources	-	-	-	-	-	-	-	-	-	792,328
Other receipts	313	-	-	-	-	-	-	-	-	-
Total receipts	17,926,582	3,183,420	446,169	2,870,178	1,847,209	417,232	145,649	-	-	1,371,171
Disbursements:										
Instruction	12,119,864	-	-	-	-	-	-	-	-	-
Support services	5,631,634	-	-	1,461,076	1,542,247	474,097	-	1,600	554	618
Noninstructional services	321,066	-	-	-	-	-	-	-	-	1,341,924
Facilities acquisition and construction	-	-	-	1,171,417	-	-	-	-	201,659	3,523
Debt service	-	4,385,015	513,564	227,693	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	18,072,564	4,385,015	513,564	2,860,186	1,542,247	474,097	-	1,600	202,213	1,346,065
Excess (deficiency) of receipts over disbursements	(145,982)	(1,201,595)	(67,395)	9,992	304,962	(56,865)	145,649	(1,600)	(202,213)	25,106
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	1,000
Transfers in	78,282	-	-	-	-	-	-	-	-	-
Transfers out	(48,176)	-	-	-	-	-	-	-	-	(50,000)
Total other financing sources (uses)	30,106	-	-	-	-	-	-	-	2,000,000	(49,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(115,876)	(1,201,595)	(67,395)	9,992	304,962	(56,865)	145,649	(1,600)	1,797,787	(23,894)
Cash and investments - ending	\$ 1,374,745	\$ 1,358,496	\$ 239,120	\$ 1,549,787	\$ 978,447	\$ 396,009	\$ 2,424,508	\$ 34,431	\$ 1,797,787	\$ 304,559

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	Textbook Rental	Child Care Program	Educational License Plates	Alternative Education 13-14	Alternative Education 14-15	Alternative Education 15-16	Miscellaneous Donations	Dekko/Arts Partnership Grant	Miscellaneous Grants	FIST Grants
Cash and investments - beginning	\$ 523,151	\$ 27,768	\$ 5,478	\$ -	\$ (51,041)	\$ -	\$ (1,797)	\$ (227)	\$ 1,932	\$ 1,001
Receipts:										
Local sources	196,135	76,918	-	-	69,908	147,100	10,900	261	8,175	-
Intermediate sources	-	-	262	-	-	-	-	-	-	-
State sources	100,576	-	-	-	-	17,399	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	296,711	76,918	262	-	69,908	164,499	10,900	261	8,175	-
Disbursements:										
Instruction	-	-	-	-	18,867	178,618	3,594	34	4,559	1,001
Support services	254,452	-	2,321	-	-	-	-	-	210	-
Noninstructional services	-	96,839	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	254,452	96,839	2,321	-	18,867	178,618	3,594	34	4,769	1,001
Excess (deficiency) of receipts over disbursements	42,259	(19,921)	(2,059)	-	51,041	(14,119)	7,306	227	3,406	(1,001)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	42,259	(19,921)	(2,059)	-	51,041	(14,119)	7,306	227	3,406	(1,001)
Cash and investments - ending	\$ 565,410	\$ 7,847	\$ 3,419	\$ -	\$ -	\$ (14,119)	\$ 5,509	\$ -	\$ 5,338	\$ -

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	Extra- Curricular Activities	Wellness	Scholarships and Awards	Miscellaneous Programs	Coca-Cola Sponsorship	Formative Assessment	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ 740	\$ 16,367	\$ 150	\$ 703	\$ 4,250	\$ -	\$ -	\$ 5,844	\$ -	\$ -
Receipts:										
Local sources	-	41,640	-	5,007	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	34,747	-	-	37,794	254,194
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	41,640	-	5,007	-	34,747	-	-	37,794	254,194
Disbursements:										
Instruction	-	-	-	-	-	34,747	-	5,844	31,630	-
Support services	680	34,043	-	2,020	-	-	-	-	-	254,194
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	680	34,043	-	2,020	-	34,747	-	5,844	31,630	254,194
Excess (deficiency) of receipts over disbursements	(680)	7,597	-	2,987	-	-	-	(5,844)	6,164	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(680)	7,597	-	2,987	-	-	-	(5,844)	6,164	-
Cash and investments - ending	\$ 60	\$ 23,964	\$ 150	\$ 3,690	\$ 4,250	\$ -	\$ -	\$ -	\$ 6,164	\$ -

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
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 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2016

	Secured Schools Safety Grant	Non-English Speaking Programs 2013-2014	Non-English Speaking Programs 2014-2015	Non-English Speaking Programs 2015-2016	School Technology	Tech Breakage Assessments	Performance Based Awards	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ (5,732)	\$ -	\$ 1,021	\$ -	\$ 83,361	\$ 11,885	\$ -	\$ -	\$ (32,868)
Receipts:									
Local sources	-	-	-	-	39,750	44,615	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	25,626	-	-	22,741	6,564	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	95,957
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	25,626	-	-	22,741	46,314	44,615	-	-	95,957
Disbursements:									
Instruction	-	-	895	19,058	-	-	-	-	62,677
Support services	55,273	-	-	-	9,000	38,359	-	-	-
Noninstructional services	-	-	126	727	-	-	-	-	412
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	55,273	-	1,021	19,785	9,000	38,359	-	-	63,089
Excess (deficiency) of receipts over disbursements	(29,647)	-	(1,021)	2,956	37,314	6,256	-	-	32,868
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	19,895	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	19,895	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,752)	-	(1,021)	2,956	37,314	6,256	-	-	32,868
Cash and investments - ending	\$ (15,484)	\$ -	\$ -	\$ 2,956	\$ 120,675	\$ 18,141	\$ -	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Title I 2015-2016	Title II 2013-2014	Title II 2014-2015	Title II 2015-2016	Title III 2013-2014	Title III 2014-2015	Title III 2015-2016	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (20,662)	\$ -	\$ -	\$ (1,340)	\$ -	\$ 13,586	\$ 10,250,294
Receipts:									
Local sources	-	-	-	-	-	-	-	-	10,255,498
Intermediate sources	-	-	-	-	-	-	-	-	278
State sources	-	-	-	-	-	-	-	-	18,299,505
Federal sources	298,467	-	38,337	59,584	-	5,307	15,282	-	1,305,262
Other receipts	-	-	-	-	-	-	-	5,270,220	5,270,533
Total receipts	298,467	-	38,337	59,584	-	5,307	15,282	5,270,220	35,131,076
Disbursements:									
Instruction	326,518	-	-	-	-	3,967	16,623	-	12,828,496
Support services	1,289	-	17,675	66,145	-	-	-	-	9,847,487
Noninstructional services	4,063	-	-	-	-	-	-	-	1,765,157
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,376,599
Debt service	-	-	-	-	-	-	-	-	5,126,272
Nonprogrammed charges	-	-	-	-	-	-	-	5,261,720	5,261,720
Total disbursements	331,870	-	17,675	66,145	-	3,967	16,623	5,261,720	36,205,731
Excess (deficiency) of receipts over disbursements	(33,403)	-	20,662	(6,561)	-	1,340	(1,341)	8,500	(1,074,655)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	1,000
Transfers in	-	-	-	-	-	-	-	-	98,177
Transfers out	-	-	-	-	-	-	-	-	(98,176)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,001,001
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,403)	-	20,662	(6,561)	-	1,340	(1,341)	8,500	926,346
Cash and investments - ending	\$ (33,403)	\$ -	\$ -	\$ (6,561)	\$ -	\$ -	\$ (1,341)	\$ 22,086	\$ 11,176,640

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 768,909</u>	<u>\$ 41,305</u>

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
M.S.D. of Steuben County K-5 Building Corporation	Ryan Park Elementaries 2014 refunding lease	\$ 1,966,000	7/15/2014	1/15/2026
Total of annual lease payments		<u>\$ 1,966,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	GOB Series 2016		\$ 2,000,000	\$ 548,402
General obligation bonds	Pension Obligation Bonds		2,565,000	393,930
Notes and loans payable	Common School Loans		<u>958,941</u>	<u>141,526</u>
Total governmental activities			<u>5,523,941</u>	<u>1,083,858</u>
Totals			<u>\$ 5,523,941</u>	<u>\$ 1,083,858</u>

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 2,050,903
Buildings	55,222,869
Improvements other than buildings	1,792,249
Machinery, equipment, and vehicles	7,004,799
Books and other	<u>2,649,580</u>
Total governmental activities	<u>68,720,400</u>
Total capital assets	<u>\$ 68,720,400</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Metropolitan School District of Steuben County's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

  
Paul D. Joyce, CPA  
State Examiner

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 14-15 FY 15-16	\$ - -	\$ 149,793 -	\$ - -	\$ - 133,890
Total - School Breakfast Program				-	149,793	-	133,890
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15 FY 15-16	- -	672,083 -	- -	- 652,089
Commodities			FY 14-15 FY 15-16	- -	98,979 -	- -	- 95,119
Total - National School Lunch Program				-	771,062	-	747,208
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15 FY 15-16	- -	9,021 -	- -	- 7,709
Total - Summer Food Service Program for Children				-	9,021	-	7,709
Total - Child Nutrition Cluster				-	929,876	-	888,807
Total - Department of Agriculture				-	929,876	-	888,807
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14213-046-PN01 14214-046-PN01 14215-046-PN01 14216-044-PN01 99914-46-TA01	- - - - -	155 167,303 454,959 - 7,657	- - - - -	- - 131,183 467,063 38
Total Special Education_Grants to States				-	630,074	-	598,284

METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education_Preschool Grants	Indiana Department of Education	84.173	45715-046-PN01	-	18,644	-	-
			45716-044-PN01	-	-	-	18,421
Total Special Education_Preschool Grants				-	18,644	-	18,421
Total - Special Education Cluster (IDEA)				-	648,718	-	616,705
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-7615	-	131,353	-	-
			15-7615	-	341,957	-	95,957
			16-7615	-	-	-	298,467
Total - Title I Grants to Local Educational Agencies				-	473,310	-	394,424
English Language Acquisition State Grants	Indiana Department of Education	84.365	01114-048-PN01	-	5,887	-	-
			01115-087-PN01	-	14,262	-	5,307
			01116-087-PN01	-	-	-	15,282
Total - English Language Acquisition State Grants				-	20,149	-	20,589
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	FY 2012	-	27,826	-	-
			FY 2013	-	50,473	-	38,337
			FY 2014	-	-	-	59,584
Total - Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				-	78,299	-	97,921
Total - Department of Education				-	1,220,476	-	1,129,639
Total federal awards expended				\$ -	\$ 2,150,352	-	2,018,446

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes
---	-----

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

No matters are reportable.

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-001**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-046-PN01, 14214-046-PN01,  
99914-046-TA01, 14215-046-PN01,  
14216-044-PN01, 45715-046-PN01,  
45716-044-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation was a member of the Northeast Indiana Special Education Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school of the Cooperative. The member schools of the Cooperative had determined that it was beneficial to pool their resources to provide Special Education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. The fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member schools and was responsible for following the compliance requirements related to Allowable Costs/Cost Principles.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Because the grant agreements are between the IDOE and each member of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements. The fiscal agent had not implemented adequate controls to ensure that Semi-Annual Certifications prepared were properly signed by the Special Education Director.

*Context*

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OMB Circular A-87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the Cooperative and the participating School Corporations in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system allowed noncompliance with the compliance requirement and could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, and approvals over the activities of the programs.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

# METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ [www.msdsteuben.k12.in.us](http://www.msdsteuben.k12.in.us)

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Dr. Brent A. Wilson**  
Superintendent

**Mrs. Ann Rice**  
Asst. Superintendent

**Mrs. Cyndi Nusbaum**  
Director of Curriculum &  
Instruction

**Mrs. Chantell Manahan**  
Technology Director

**Mrs. Monte VanGessel**  
Business Manager

**Mrs. Stephanie Haynes-  
Clifford**  
Food Service Director

**Mr. Scott Poor**  
Transportation Director

**Mr. Heath Wagner**  
Facilities & Grounds  
Director

**Ms. Kathy Bahr**  
Special Education  
Coordinator

### BOARD OF SCHOOL TRUSTEES

**Mr. Brad Gardner**  
President

**Mr. Case Gilbert**  
Vice President

**Mrs. Kimberly Hutchins**  
Secretary

**Mr. Kevin Beard**  
Member

**Ms. Marilyn Hill**  
Member

**Mrs. LeAnn Boots**  
Member

**Mr. Cory Archbold**  
Member

### SCHOOL ATTORNEY

**Mr. Kim E. Shoup**

### ***FINDING 2014-002***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana  
Department of Education  
Contact Person Responsible for Corrective Action:  
Contact Phone Number:

### Status of Audit Finding:

Payroll Processing: The Payroll Clerk prepares the payroll and print the *Payroll Distribution Report*. The Payroll Clerk gives the Food Service Director a copy of the Payroll Distribution Report for the Food Service Fund employees for review and sign off. The Human Resources Director reviews this report and initials and dates the last recap page if all is in order. A copy of this signed recap page is forwarded to the Business Manager. The Payroll Clerk then completes the ACH file for submission to the bank for direct deposit to employee accounts. She also posts these to the appropriations. This posting generates a *Fund Transaction Edit* which is given to the Business Manager for comparison to the recap page of the *Payroll Distribution Report*. Both pages are initialed by the Business Manager if they match and then filed together.

The Payroll Clerk also gives the Food Service Director a copy of the Payroll Distribution Report for the Food Service Fund employees for review and sign off.

Program Reporting: The Food Service Administrative Assistant prepares and initials the monthly sponsor claim for reimbursement of meals served. The Food Service Director reviews and initials the claim prior to submission. The Food Service Director prepares and initials the annual financial report. This is reviewed by the school corporation Business Manager who will initial prior to filing with the Indiana Department of Education.



Monte VanGessel  
Business Manager  
10-19-2017

**This institution is an equal opportunity provider.**

# METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ [www.msdssteuben.k12.in.us](http://www.msdssteuben.k12.in.us)

**Dr. Brent A. Wilson**  
Superintendent

**Mrs. Ann Rice**  
Asst. Superintendent

**Mrs. Cyndi Nusbaum**  
Director of Curriculum &  
Instruction

**Mrs. Chantell Manahan**  
Technology Director

**Mrs. Monte VanGessel**  
Business Manager

**Mrs. Stephanie Haynes-Clifford**  
Food Service Director

**Mr. Scott Poor**  
Transportation Director

**Mr. Heath Wagner**  
Facilities & Grounds  
Director

**Ms. Kathy Bahr**  
Special Education  
Coordinator

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Member

**Ms. Marilyn Hill**  
Member

**Mrs. LeAnn Boots**  
Member

**Mr. Cory Archbold**  
Member

## SCHOOL ATTORNEY

**Mr. Kim E. Shoup**

### **FINDING 2014-003**

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action:

Contact Phone Number:

Status of Audit Finding:

Payroll Processing: The Payroll Clerk prepares the payroll and print the *Payroll Distribution Report*. The Payroll Clerk gives the Food Service Director a copy of the Payroll Distribution Report for the Food Service Fund employees for review and sign off. The Human Resources Director reviews this report and initials and dates the last recap page if all is in order. A copy of this signed recap page is forwarded to the Business Manager. The Payroll Clerk then completes the ACH file for submission to the bank for direct deposit to employee accounts. She also posts these to the appropriations. This posting generates a *Fund Transaction Edit* which is given to the Business Manager for comparison to the recap page of the *Payroll Distribution Report*. Both pages are initialed by the Business Manager if they match and then filed together.

The Payroll Clerk also gives the Curriculum Director a copy of the Payroll Distribution Report for the Federal Grants Funds employees for review and sign off.



Monte VanGessel  
Business Manager  
10-19-2017

**This institution is an equal opportunity provider.**

# METROPOLITAN SCHOOL DISTRICT OF STEUBEN COUNTY

400 SOUTH MARTHA STREET ♦ ANGOLA, INDIANA 46703 ♦ 260.665.2854 ♦ FAX: 260.665.9155 ♦ [www.msdsteuben.k12.in.us](http://www.msdsteuben.k12.in.us)

**Dr. Brent A. Wilson**  
Superintendent

**Mrs. Ann Rice**  
Asst. Superintendent

**Mrs. Cyndi Nusbaum**  
Director of Curriculum &  
Instruction

**Mrs. Chantell Manahan**  
Technology Director

**Mrs. Monte VanGessel**  
Business Manager

**Mrs. Stephanie Haynes-  
Clifford**  
Food Service Director

**Mr. Scott Poor**  
Transportation Director

**Mr. Heath Wagner**  
Facilities & Grounds  
Director

**Ms. Kathy Bahr**  
Special Education  
Coordinator

## BOARD OF SCHOOL TRUSTEES

**Mr. Brad Gardner**  
President

**Mr. Case Gilbert**  
Vice President

**Mrs. Kimberly Hutchins**  
Secretary

**Mr. Kevin Beard**  
Member

**Ms. Marilyn Hill**  
Member

**Mrs. LeAnn Boots**  
Member

**Mr. Cory Archbold**  
Member

## SCHOOL ATTORNEY

**Mr. Kim E. Shoup**

## Corrective Action Plan

### FINDING 2016-001

Contact person Responsible for Corrective Action: Monte VanGessel

Contact Phone Number: 260 665-2854

View of Responsible Official: MSD has contacted the LEA of the NEISEC and has been insured that a corrective action plan has been adopted and is going to be followed.

Description of Corrective Action Plan: A copy of the Corrective Action Plan from DeKalb County Eastern (the LEA for the NEISEC) states "Payroll records for each individual employee show funding allocation from IDEA part B grant and IDEA Preschool grant. NEISEC Director will print off and sign all Semi-Annual Certifications semi-annually."

Anticipated Completion Date: A copy of the Corrective Action Plan has been obtained by MSD. The LEA states the plan is in place and ongoing.



Monte VanGessel  
Business Manager  
October 30, 2017

**This institution is an equal opportunity provider.**

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.