

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

CENTRAL NINE CAREER CENTER

JOHNSON COUNTY, INDIANA

July 1, 2003 to June 30, 2005



FILED
08/11/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia Robinette Cindy Payton	07-01-03 to 07-13-03 07-14-03 to 06-30-06
Director	Cindy Frey Timothy Lavery Roberta Jackson (Interim)	07-01-03 to 06-30-05 07-01-05 to 08-18-05 08-19-05 to 06-30-06
President of the School Board	Jim Hensley Jo Ellen Buffie	07-01-03 to 06-30-05 07-01-05 to 06-30-06



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

TO: THE OFFICIALS OF THE CENTRAL NINE CAREER CENTER, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Nine Career Center (School Corporation), as of and for the years ended June 30, 2004 and 2005, which collectively comprise the Central Nine Career Center'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. 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 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, 2004 and 2005, 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 May 31, 2006, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

The School Corporation has not presented Management 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.

STATE BOARD OF ACCOUNTS

May 31, 2006



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

TO: THE OFFICIALS OF THE CENTRAL NINE CAREER CENTER, JOHNSON COUNTY, INDIANA

We have audited the financial statements of the Central Nine Career Center (School Corporation), as of and for the years ended June 30, 2004 and 2005, and have issued our report thereon dated May 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

We noted certain immaterial instances of noncompliance that we have discussed with the management of the School Corporation on May 31, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

Internal Control Over Financial Reporting

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

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

STATE BOARD OF ACCOUNTS

May 31, 2006

CENTRAL NINE CAREER CENTER
STATEMENT OF CASH AND INVESTMENTS
June 30, 2004

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ <u>134,188</u>
 <u>Net Assets</u>	
Unrestricted	\$ <u>134,188</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ <u>738,956</u>
 <u>Net Assets</u>	
Unrestricted	\$ <u>738,956</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2004

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 2,625,190	\$ -	\$ 3,600	\$ (2,621,590)
Support services	1,884,707	49,960	-	(1,834,747)
Nonprogrammed charges	<u>5,914</u>	<u>-</u>	<u>-</u>	<u>(5,914)</u>
Total governmental activities	<u>\$ 4,515,811</u>	<u>\$ 49,960</u>	<u>\$ 3,600</u>	<u>(4,462,251)</u>
General receipts:				
Other local sources				411,739
State aid				186,113
Grants and contributions not restricted				578,244
Sale of property, adjustments, and refunds				17,069
Investment earnings				3,554
Intergovernmental transfers				<u>3,122,931</u>
Total general receipts and intergovernmental transfers				<u>4,319,650</u>
Change in cash and investments				(142,601)
Net assets - beginning				<u>276,789</u>
Net assets - ending				<u>\$ 134,188</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 2,008,094	\$ -	\$ 5,400	\$ (2,002,694)
Support services	2,245,847	46,281	-	(2,199,566)
Nonprogrammed charges	112,621	-	-	(112,621)
Total governmental activities	\$ 4,366,562	\$ 46,281	\$ 5,400	(4,314,881)
General receipts:				
Other local sources				267,881
State aid				183,822
Grants and contributions not restricted				600,180
Sale of property, adjustments, and refunds				3,095
Investment earnings				5,819
Intergovernmental transfers				3,858,852
Total general receipts and intergovernmental transfers				4,919,649
Change in cash and investments				604,768
Net assets - beginning				134,188
Net assets - ending				\$ 738,956

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

CENTRAL NINE CAREER CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2004

	General	Transportation Operating	"8" Accounts	Adult Education	Other	Totals
Receipts:						
Local sources	\$ 54,010	\$ 20	\$ 118,801	\$ 292,422	\$ -	\$ 465,253
State sources	92,572	-	-	97,293	3,323	193,188
Federal sources	-	-	-	-	574,769	574,769
Sale of property, adjustments and refunds	14,579	-	-	-	2,490	17,069
Intergovernmental transfers	2,841,812	26,250	-	-	254,869	3,122,931
Total receipts	3,002,973	26,270	118,801	389,715	835,451	4,373,210
Disbursements:						
Current:						
Instruction	1,629,881	-	121,791	320,645	552,873	2,625,190
Support services	1,493,772	22,484	-	14,354	354,097	1,884,707
Nonprogrammed charges	-	-	-	-	5,914	5,914
Total disbursements	3,123,653	22,484	121,791	334,999	912,884	4,515,811
Excess (deficiency) of total receipts over (under) total disbursements	(120,680)	3,786	(2,990)	54,716	(77,433)	(142,601)
Cash and investments - beginning	363,644	-	50,421	-	(137,276)	276,789
Cash and investments - ending	\$ 242,964	\$ 3,786	\$ 47,431	\$ 54,716	\$ (214,709)	\$ 134,188

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

CENTRAL NINE CAREER CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	"8" Accounts	2005 Capital Projects	Adult Education	Other	Totals
Receipts:							
Local sources	\$ 76,339	\$ -	\$ -	\$ -	\$ 239,820	\$ 3,822	\$ 319,981
State sources	94,372	-	-	-	94,850	6,500	195,722
Federal sources	-	-	-	-	-	593,680	593,680
Sale of property, adjustments and refunds	3,095	-	-	-	-	-	3,095
Intergovernmental transfers	<u>3,166,902</u>	<u>22,164</u>	<u>-</u>	<u>374,790</u>	<u>2,382</u>	<u>292,614</u>	<u>3,858,852</u>
Total receipts	<u>3,340,708</u>	<u>22,164</u>	<u>-</u>	<u>374,790</u>	<u>337,052</u>	<u>896,616</u>	<u>4,971,330</u>
Disbursements:							
Current:							
Instruction	1,426,509	-	-	-	308,406	273,179	2,008,094
Support services	1,489,589	10,699	-	291,063	94,167	360,329	2,245,847
Nonprogrammed charges	<u>-</u>	<u>-</u>	<u>47,431</u>	<u>-</u>	<u>-</u>	<u>65,190</u>	<u>112,621</u>
Total disbursements	<u>2,916,098</u>	<u>10,699</u>	<u>47,431</u>	<u>291,063</u>	<u>402,573</u>	<u>698,698</u>	<u>4,366,562</u>
Excess (deficiency) of total receipts over (under) total disbursements	424,610	11,465	(47,431)	83,727	(65,521)	197,918	604,768
Cash and investments - beginning	<u>242,964</u>	<u>3,786</u>	<u>47,431</u>	<u>-</u>	<u>54,716</u>	<u>(214,709)</u>	<u>134,188</u>
Cash and investments - ending	<u>\$ 667,574</u>	<u>\$ 15,251</u>	<u>\$ -</u>	<u>\$ 83,727</u>	<u>\$ (10,805)</u>	<u>\$ (16,791)</u>	<u>\$ 738,956</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2004

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 18,563
State sources	2,960
Total additions	21,523
Deductions:	
Instruction	4,476
Excess of total additions over total deductions	17,047
Cash and investments - beginning	34,876
Cash and investments - ending	\$ 51,923

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

CENTRAL NINE CAREER CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 134,889
Transfers	47,431
Total additions	182,320
Deductions:	
Instruction	133,533
Nonprogrammed charges	2,132
Total deductions	135,665
Excess of total additions over total deductions	46,655
Cash and investments - beginning	51,923
Cash and investments - ending	\$ 98,578

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

CENTRAL NINE CAREER CENTER
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2004

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ <u>51,923</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ <u>51,923</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF CASH AND INVESTMENTS
FIDUCIARY FUNDS
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ <u>98,578</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ <u>98,578</u>

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Introduction

The Career Center was established December 1, 1970, and consists of the following participating school corporations:

Beech Grove City Schools, Marion County
Center Grove Community School Corporation, Johnson County
Clark-Pleasant Community School Corporation, Johnson County
Edinburgh Community School Corporation, Johnson County
Franklin Community School Corporation, Johnson County
Franklin Township Community School Corporation, Marion County
Greenwood Community School Corporation, Johnson County
Metropolitan School District of Perry Township, Marion County
Nineveh-Hensley-Jackson United School Corporation, Johnson County

The policy making body of the area vocational school consists of a representative from each participating school corporation, approved by the Board of School Trustees of each participating school corporation.

Each participating school corporation contributed to the construction cost of Central Nine Career Center based on the total assessed valuation of each school corporation.

The operating costs are funded by each participating school corporation based on the following:

20% per Assessed Valuation
80% per Average Daily Membership

B. Reporting Entity

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

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

The accompanying financial statements present the activities of the School Corporation (primary government). There are no significant component units which require inclusion.

C. Government-Wide and Fund Financial Statements

Government-wide financial statements, (i.e., the Statement of Cash and Investments and the Statement of Cash Activities) report information on all of the nonfiduciary activities of the School Corporation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. However, there are no business-type activities to report at this time.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Statement of Cash Activities demonstrates the degree to which direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental 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.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, governmental fund and fiduciary financial statements are reported using the basis of accounting that demonstrates compliance with the cash 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 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.

The School Corporation reports the following major governmental funds:

The general fund is the School Corporation's primary operating fund and accounts for all financial resources of the School Corporation, 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 "8" accounts are accounts of income and expenses for student programs that provide a service to the general public.

The adult education fund accounts for grant monies which provide instruction in basic academics, other subjects, and/or life skills.

The capital projects fund accounts for receipts and disbursements for remodeling of building and purchase of equipment.

Additionally, the School Corporation reports the following fund types:

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

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

E. Assets and Cash Net Assets or Equity

1. Deposits and Investments

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

2. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 9 to 13 days per year based on months of service. Unused sick leave may be accumulated to a maximum of 130 days for certified staff and 120 days for noncertified staff. Accumulated sick leave is paid to certified employees and non-certified employees with at least 15 years of service, but is paid through cash payments upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal days will accumulate as sick leave.

II. Stewardship, Compliance and Accountability

Cash and Investment Balance Deficits

At June 30, 2004 and 2005, the following funds reported deficits in cash and investments.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2004	2005
2004 Capital Projects	\$ (167,584)	\$ -
IDWD/IAAVD Grant 03-04	(1,650)	-
Career Majors Grant 03-05	(31)	(4,066)
Perkins Grant 03-04	(54,577)	-
Adult Education	-	(10,806)
IDWD/IAAVD Grant 04-05	-	(2,763)
Perkins Grant 04-05	-	(22,101)

Cash and investment deficits arose primarily from disbursements or expenses exceeding receipts or revenues due to the underestimate of current requirements. These deficits are to be repaid from future revenues.

III. Detailed Notes on All Funds

A. 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. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Capital Assets

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) are as follows:

	Capitalization Threshold
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Machinery and equipment	3,000
Transportation equipment	3,000

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital asset activity for the years ended June 30, 2004 and 2005, follows:

<u>Fiscal Year 2003-2004</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 180,000	\$ -	\$ -	\$ 180,000
Buildings	3,469,703	-	-	3,469,703
Machinery and equipment	<u>1,386,356</u>	<u>29,648</u>	<u>125,353</u>	<u>1,290,651</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 5,036,059</u>	<u>\$ 29,648</u>	<u>\$ 125,353</u>	<u>\$ 4,940,354</u>
 <u>Fiscal Year 2004-2005</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 180,000	\$ -	\$ -	\$ 180,000
Buildings	3,469,703	-	-	3,469,703
Machinery and equipment	<u>1,290,651</u>	<u>66,693</u>	<u>5,000</u>	<u>1,352,344</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 4,940,354</u>	<u>\$ 66,693</u>	<u>\$ 5,000</u>	<u>\$ 5,002,047</u>

C. Interfund Transfers

Interfund transfers for the fiscal years ended June 30, 2004 and 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2004</u>	<u>2005</u>
"8" Accounts	"8" Accounts	\$ -	\$ 47,431
Nonmajor Governmental	Transportation Operating	5,914	-
	2005 Capital Projects	-	1,918
	Adult Education	-	2,382
	Nonmajor Governmental	<u>-</u>	<u>4,614</u>
Totals		<u>\$ 5,914</u>	<u>\$ 56,345</u>

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

Medical, Dental, Disability and Life Coverage for Employees

During 1989, the School Corporation joined with other governmental entities to form the South Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 12 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical, dental, disability and life coverage benefits. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$2,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$2,000,000 limit per person year limit and independent aggregate stop loss coverage for up to \$12,000,000 in excess of a computed attachment point.

B. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 62 with at least 10 years of service. Currently, 5 retirees meet these eligibility requirements. The School Corporation and retirees provide 46% and 54%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2005, disbursements of \$13,950 were recognized for postemployment benefits.

C. 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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 14,113
Interest on net pension obligation	(2,025)
Adjustment to annual required contribution	2,307
Annual pension cost	14,395
Contributions made	19,590
Decrease in net pension obligation	(5,195)
Net pension obligation, beginning of year	(27,927)
Net pension obligation, end of year	\$ (33,122)
Contribution rates:	
School Corporation	6.75%
Plan members	3%
Actuarial valuation date	07-01-04
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	33 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 16,565	134%	\$ (25,150)
	06-30-04	18,465	115%	(27,927)
	06-30-05	14,395	106%	(33,122)

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2005, 2004, and 2003, were \$78,335, \$66,905, and \$62,665, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

CENTRAL NINE CAREER CENTER
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 237,086	\$ 266,784	\$ (29,698)	89%	\$ 330,822	(9%)
07-01-04	247,864	225,746	22,118	110%	326,850	7%
07-01-05	262,798	271,580	(8,782)	97%	329,777	(3%)

CENTRAL NINE CAREER CENTER
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balances of seven funds were overdrawn during the audit period.

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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 CENTRAL NINE CAREER CENTER, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Central Nine Career Center (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005.

Internal Control Over Compliance

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

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

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

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

STATE BOARD OF ACCOUNTS

May 31, 2006

CENTRAL NINE CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2004 and 2005

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-04	Total Federal Awards Expended 06-30-05
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Adult Education - State Grant Program	84.002			
FY2003-2004		04-8004	\$ 157,905	\$ -
FY2004-2005		05-8004	-	152,586
Total for program			<u>157,905</u>	<u>152,586</u>
Vocational Education - Basic Grants to States	84.048			
FY2003-2004, Basic Grant		04-4700	414,445	-
FY2004-2005, Basic Grant		05-4700	-	418,120
IDWD and IAAVD School/Program Improvement Grant		None	1,950	-
IDWD and IAAVD School/Program Improvement Grant		None	-	2,763
High Schools that Work Grant		04-1303	-	2,750
High Schools that Work Grant		05-1303	-	2,500
Total for program			<u>416,395</u>	<u>426,133</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243			
FY2003-2005		TP3-33	14,353	27,927
Total for federal grantor agency			<u>588,653</u>	<u>606,646</u>
Total federal awards expended			<u>\$ 588,653</u>	<u>\$ 606,646</u>

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

CENTRAL NINE CAREER CENTER
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 Central Nine Career Center (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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2004 and 2005:

Program Title	Federal CFDA Number	2004	2005
Adult Education – State Grant Program	84.002	\$ 61,042	\$ 58,408

CENTRAL NINE CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.048	Vocational Education – Basic Grants to States

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.

CENTRAL NINE CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CENTRAL NINE CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on May 31, 2006, with Roberta Jackson, Interim Director; and Cindy Payton, Treasurer.