

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

EXAMINATION REPORT

OF

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION

RIPLEY COUNTY, INDIANA

July 1, 2004 to June 30, 2006



**FILED**  
06/20/2007



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information:	
Government-Wide Financial Information:	
Statement of Cash and Investments .....	4-5
Statement of Cash Activities .....	6-7
Fund Financial Information:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances	
– Governmental Funds .....	8-9
Fiduciary Funds:	
Statement of Receipts, Disbursements, and Changes in Cash and Investments	
– Fiduciary Funds .....	10-11
Statement of Cash and Investments – Fiduciary Funds .....	12-13
Notes to Financial Information.....	14-18
Required Supplementary Information:	
Schedule of Funding Progress .....	19
Supplementary Information:	
Schedule of Capital Assets .....	20
Schedule of Long-Term Debt.....	21
Examination Result and Comment:	
Extra-Curricular Disbursements.....	22
Exit Conference.....	23

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruth Ann Peetz	07-01-04 to 06-30-07
Superintendent of Schools	William H. Narwold	07-01-04 to 06-30-07
President of the School Board	John Billman Kathleen Dickman Deanna Young	07-01-04 to 06-30-05 07-01-05 to 06-30-06 07-01-06 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JAC-CEN-DEL COMMUNITY  
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

We have examined the financial information presented herein of Jac-Cen-Del Community School Corporation (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the cash transactions of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 25, 2007

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF CASH AND INVESTMENTS  
 June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,621,875
Restricted assets:	
Cash and investments	<u>36,385</u>
Total assets	<u>\$ 1,658,260</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 36,385
Unrestricted	<u>1,621,875</u>
Total net assets	<u>\$ 1,658,260</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 STATEMENT OF CASH AND INVESTMENTS  
 June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,065,050
Restricted assets:	
Cash and investments	<u>256,610</u>
Total assets	<u>\$ 2,321,660</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 256,610
Unrestricted	<u>2,065,050</u>
Total net assets	<u>\$ 2,321,660</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
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	\$ 3,176,771	\$ -	\$ 46,940	\$ (3,129,831)
Support services	4,176,710	232,969	156,077	(3,787,664)
Community services	134,099	-	-	(134,099)
Nonprogrammed charges	355,742	-	-	(355,742)
Debt service	641,500	-	-	(641,500)
Total government activities	\$ 8,484,822	\$ 232,969	\$ 203,017	(8,048,836)
General receipts:				
Property taxes				3,082,439
Other local sources				1,272,316
State aid				4,111,055
Grants and contributions not restricted				502,404
Sale of property, adjustments, and refunds				15,358
Investment earnings				16,843
Intergovernmental transfers				16,687
Total general receipts and intergovernmental transfers				9,017,102
Change in cash and investments				968,266
Net assets - beginning				689,994
Net assets - ending				\$ 1,658,260

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 3,104,292	\$ -	\$ 37,113	\$ (3,067,179)
Support services	4,230,568	252,551	166,371	(3,811,646)
Community services	120,941	-	-	(120,941)
Nonprogrammed charges	1,146,561	-	-	(1,146,561)
Debt service	640,000	-	-	(640,000)
Total government activities	\$ 9,242,362	\$ 252,551	\$ 203,484	(8,786,327)
General receipts:				
Property taxes				3,219,875
Other local sources				859,923
State aid				4,382,577
Grants and contributions not restricted				259,042
Sale of property, adjustments, and refunds				8,231
Investment earnings				62,956
Intergovernmental transfers				657,123
Total general receipts and intergovernmental transfers				9,449,727
Change in cash and investments				663,400
Net assets - beginning				1,658,260
Net assets - ending				\$ 2,321,660

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,945,110	\$ 576,945	\$ 853,024	\$ 628,387	\$ 191,339	\$ 409,382	\$ 4,604,187
Intermediate sources	87	-	-	-	-	293	380
State sources	4,157,995	-	-	-	-	103,329	4,261,324
Federal sources	11,899	-	-	-	-	543,253	555,152
Sale of property, adjustments and refunds	14,589	469	-	-	-	300	15,358
Intergovernmental transfers	3,425	-	-	-	-	13,262	16,687
<b>Total receipts</b>	<b>6,133,105</b>	<b>577,414</b>	<b>853,024</b>	<b>628,387</b>	<b>191,339</b>	<b>1,069,819</b>	<b>9,453,088</b>
Disbursements:							
Current:							
Instruction	2,960,089	-	-	-	-	216,682	3,176,771
Support services	2,375,662	442,253	-	573,607	169,927	615,261	4,176,710
Community services	111,761	-	-	-	-	22,338	134,099
Nonprogrammed charges	340,206	-	-	-	-	15,536	355,742
Debt services	-	-	641,500	-	-	-	641,500
<b>Total disbursements</b>	<b>5,787,718</b>	<b>442,253</b>	<b>641,500</b>	<b>573,607</b>	<b>169,927</b>	<b>869,817</b>	<b>8,484,822</b>
Excess of total receipts over total disbursements	345,387	135,161	211,524	54,780	21,412	200,002	968,266
Cash and investments - beginning	371,364	240,545	(175,139)	(32,352)	31,136	254,440	689,994
Cash and investments - ending	<u>\$ 716,751</u>	<u>\$ 375,706</u>	<u>\$ 36,385</u>	<u>\$ 22,428</u>	<u>\$ 52,548</u>	<u>\$ 454,442</u>	<u>\$ 1,658,260</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,818,690	\$ 603,565	\$ 7,302	\$ 862,143	\$ 555,812	\$ 208,385	\$ 338,935	\$ 4,394,832
Intermediate sources	173	-	-	-	-	-	300	473
State sources	4,419,690	-	-	-	-	-	32,930	4,452,620
Federal sources	3,629	-	-	-	-	-	388,853	392,482
Sale of property, adjustments and refunds	2,560	-	-	-	5,323	-	348	8,231
Intergovernmental transfers	147,213	-	500,000	-	1,500	-	8,410	657,123
<b>Total receipts</b>	<b>6,391,955</b>	<b>603,565</b>	<b>507,302</b>	<b>862,143</b>	<b>562,635</b>	<b>208,385</b>	<b>769,776</b>	<b>9,905,761</b>
Disbursements:								
Current:								
Instruction	2,884,573	-	-	-	-	-	219,719	3,104,292
Support services	2,522,306	464,730	-	-	455,734	260,503	527,295	4,230,568
Community services	100,883	-	-	-	-	-	20,058	120,941
Nonprogrammed charges	996,956	1,266	-	1,918	1,467	431	144,523	1,146,561
Debt services	-	-	-	640,000	-	-	-	640,000
<b>Total disbursements</b>	<b>6,504,718</b>	<b>465,996</b>	<b>-</b>	<b>641,918</b>	<b>457,201</b>	<b>260,934</b>	<b>911,595</b>	<b>9,242,362</b>
Excess (deficiency) of total receipts over (under) total disbursements	(112,763)	137,569	507,302	220,225	105,434	(52,549)	(141,819)	663,399
Cash and investments - beginning	716,750	375,705	-	36,385	22,428	52,549	454,444	1,658,261
Cash and investments - ending	<u>\$ 603,987</u>	<u>\$ 513,274</u>	<u>\$ 507,302</u>	<u>\$ 256,610</u>	<u>\$ 127,862</u>	<u>\$ -</u>	<u>\$ 312,625</u>	<u>\$ 2,321,660</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
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	\$ 18,452
Deductions:	
Support services	2,671
Community services	13,810
Nonprogrammed charges	1,152
Total deductions	17,633
Excess of total additions over total deductions	819
Cash and investments - beginning	22,752
Cash and investments - ending	\$ 23,571

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 40,782
Deductions:	
Support services	23,397
Community services	13,226
Nonprogrammed charges	4,202
Total deductions	40,825
Deficiency of total additions under total deductions	(43)
Cash and investments - beginning	23,571
Cash and investments - ending	\$ 23,528

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ <u>23,571</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ <u>23,571</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2006

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	\$ <u>23,528</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	\$ <u>23,528</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Information

Government-Wide Financial Information

The Statements of Cash and Investments and the Statements of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Information

Fund financial information of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The School Corporation reports the following major governmental funds:

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

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

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

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

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

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 students.

**B. Measurement Focus and Basis of Accounting**

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

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

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 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.

Note 6. Interfund Transfers

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

Transfer From	Transfer To	2005	2006
General Fund	Rainy Day Fund	\$ -	\$ 500,000
General Fund	Other governmental	-	3,316
Debt Service Fund	Other governmental	-	1,918
Capital Projects Fund	Other governmental	-	1,467
Transportation Operating Fund	Other governmental	-	1,266
School Bus Replacement Fund	Other governmental	-	431
Other governmental	General Fund	3,425	147,213
Other governmental	Capital Projects	-	1,500
Other governmental	Other governmental	13,263	12
Totals		<u>\$ 16,688</u>	<u>\$ 657,123</u>

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

In the 2005-2006 school year the school established a Rainy Day Fund and transferred \$500,000 from the General Fund.

Note 7. Pension Plans

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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's 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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL INFORMATION  
(Continued)

member's annuity savings account. The annuity savings account consists of members' 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:

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

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.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 1,079,063	\$ 1,152,546	\$ (73,483)	94%	\$ 1,019,764	(7%)
07-01-04	1,101,984	1,245,141	(143,157)	89%	969,481	(15%)
07-01-05	1,154,891	1,316,705	(161,814)	88%	944,461	(17%)

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

June 30, 2006

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 270,164
Buildings	8,646,870
Improvements other than buildings	356,000
Machinery and equipment	<u>1,192,440</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 10,465,474</u></u>

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
School Building Lease	\$ 2,810,155	\$ 425,000
Loans payable		
Common School Loan	337,500	75,000
Energy Savings Loan	<u>1,013,969</u>	<u>146,243</u>
Total governmental activities long-term debt	<u>\$ 4,161,624</u>	<u>\$ 646,243</u>

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
EXAMINATION RESULT AND COMMENT

EXTRA-CURRICULAR DISBURSEMENTS (Applies to High School and Elementary School)

We found the following items during our examination of disbursements:

1. Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

2. Sales tax was paid on exempt purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

3. Personal items (funeral arrangements, baby shower gift, and retirement gifts) were purchased from extra-curricular funds.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 25, 2007, with William H. Narwold, Superintendent of Schools; and Ruth Ann Peetz, Treasurer.