

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

AUDIT REPORT

OF

CENTRAL NINE CAREER CENTER

JOHNSON COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cindy Payton	07-01-05 to 06-30-08
Director	Timothy Lavery	07-01-05 to 12-31-05
	Roberta Jackson (Interim)	01-01-06 to 03-06-07
	Timothy Lavery	03-07-07 to 06-30-08
President of the School Board	Jo Ellen Buffie	07-01-05 to 06-30-07
	Bill Maschmeyer	07-01-07 to 06-30-08



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, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, 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 January 24, 2008, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 24, 2008



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

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

We have audited the 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, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated January 24, 2008.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

January 24, 2008

CENTRAL NINE CAREER CENTER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,994,916	\$ -	\$ 3,000	\$ (1,991,916)
Support services	2,481,189	138,759	-	(2,342,430)
Nonprogrammed charges	<u>56,089</u>	<u>-</u>	<u>-</u>	<u>(56,089)</u>
Total governmental activities	<u>\$ 4,532,194</u>	<u>\$ 138,759</u>	<u>\$ 3,000</u>	<u>(4,390,435)</u>
General receipts:				
Other local sources				4,030,851
State aid				90,189
Grants and contributions not restricted to specific programs				715,932
Sale of property, adjustments, and refunds				7,616
Investment earnings				<u>25,238</u>
Total general receipts				<u>4,869,826</u>
Change in net assets				479,391
Net assets - beginning				<u>738,956</u>
Net assets - ending				<u>\$ 1,218,347</u>
<u>Assets</u>				
Cash and investments				<u>\$ 1,218,347</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 1,218,347</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,981,621	\$ -	\$ 4,800	\$ (1,976,821)
Support services	2,708,454	135,918	-	(2,572,536)
Nonprogrammed charges	<u>49,254</u>	<u>-</u>	<u>-</u>	<u>(49,254)</u>
Total governmental activities	<u>\$ 4,739,329</u>	<u>\$ 135,918</u>	<u>\$ 4,800</u>	<u>(4,598,611)</u>
General receipts:				
Other local sources				4,774,366
State aid				90,151
Grants and contributions not restricted to specific programs				619,643
Sale of property, adjustments, and refunds				14,774
Investment earnings				52,855
Transfers to fiduciary funds				<u>(63,289)</u>
Total general receipts and transfers to fiduciary funds				<u>5,488,500</u>
Change in net assets				889,889
Net assets - beginning				<u>1,218,347</u>
Net assets - ending				<u>\$ 2,108,236</u>
<u>Assets</u>				
Cash and investments				<u>\$ 2,108,236</u>
<u>Net Assets</u>				
Unrestricted				<u>2,108,236</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Capital Projects	School Bus Replacement	Other	Totals
Receipts:						
Local sources	\$ 3,115,999	\$ 21,317	\$ 400,287	\$ -	\$ 568,273	\$ 4,105,876
State sources	94,248	-	-	-	92,913	187,161
Federal sources	-	-	-	-	710,932	710,932
Sale of property, adjustments and refunds	6,528	-	-	-	1,088	7,616
Total receipts	3,216,775	21,317	400,287	-	1,373,206	5,011,585
Disbursements:						
Current:						
Instruction	1,439,733	-	-	-	555,183	1,994,916
Support services	1,549,695	18,425	239,256	2,000	671,813	2,481,189
Nonprogrammed charges	-	-	-	-	56,089	56,089
Total disbursements	2,989,428	18,425	239,256	2,000	1,283,085	4,532,194
Excess (deficiency) of receipts over disbursements	227,347	2,892	161,031	(2,000)	90,121	479,391
Other financing sources (uses):						
Transfers in	-	-	63,881	2,000	15,164	81,045
Transfers out	-	(2,000)	-	-	(79,045)	(81,045)
Total other financing sources (uses)	-	(2,000)	63,881	2,000	(63,881)	-
Excess of receipts and other financing sources over disbursements and other financing uses	227,347	892	224,912	-	26,240	479,391
Cash and investments - beginning	667,574	15,251	-	-	56,131	738,956
Cash and investments - ending	\$ 894,921	\$ 16,143	\$ 224,912	\$ -	\$ 82,371	\$ 1,218,347
Cash and Investment Assets - Ending						
Cash and investments	\$ 894,921	\$ 16,143	\$ 224,912	\$ -	\$ 82,371	\$ 1,218,347
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 894,921	\$ 16,143	\$ 224,912	\$ -	\$ 82,371	\$ 1,218,347

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Capital Projects	Construction Fund	Other	Totals
Receipts:						
Local sources	\$ 3,334,975	\$ 24,050	\$ 620,283	\$ 637,159	\$ 257,700	\$ 4,874,167
State sources	93,772	-	-	-	90,151	183,923
Federal sources	-	-	-	-	619,643	619,643
Sale of property, adjustments and refunds	14,774	-	-	-	-	14,774
Total receipts	3,443,521	24,050	620,283	637,159	967,494	5,692,507
Disbursements:						
Current:						
Instruction	1,477,457	-	-	-	504,164	1,981,621
Support services	1,437,693	20,385	531,789	306,035	412,552	2,708,454
Nonprogrammed charges	-	-	-	-	49,254	49,254
Total disbursements	2,915,150	20,385	531,789	306,035	965,970	4,739,329
Excess of receipts over disbursements	528,371	3,665	88,494	331,124	1,524	953,178
Other financing uses:						
Transfers out	(63,289)	-	-	-	-	(63,289)
Excess of receipts and other financing sources over disbursements and other financing uses	465,082	3,665	88,494	331,124	1,524	889,889
Cash and investments - beginning	894,921	16,143	224,912	-	82,371	1,218,347
Cash and investments - ending	<u>\$ 1,360,003</u>	<u>\$ 19,808</u>	<u>\$ 313,406</u>	<u>\$ 331,124</u>	<u>\$ 83,895</u>	<u>\$ 2,108,236</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 1,360,003</u>	<u>\$ 19,808</u>	<u>\$ 313,406</u>	<u>\$ 331,124</u>	<u>\$ 83,895</u>	<u>\$ 2,108,236</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 1,360,003</u>	<u>\$ 19,808</u>	<u>\$ 313,406</u>	<u>\$ 331,124</u>	<u>\$ 83,895</u>	<u>\$ 2,108,236</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Local sources	\$ 172,066	
Deductions:		
Instruction	158,342	
Excess of total additions over total deductions	13,724	
Cash and investment fund balance - beginning	98,578	
Cash and investment fund balance - ending	<u>\$ 112,302</u>	
Net assets:		
Cash and investments	<u>\$ 112,302</u>	<u>\$ 20,505</u>
Total net assets - cash and investment basis held in trust	<u>\$ 112,302</u>	<u>\$ 20,505</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Transfer from General Fund	\$ 63,289	\$ -	
Other	-	116,813	
Total additions	63,289	116,813	
Deductions:			
Administrative and general	14,227	108,928	
Excess of total additions over total deductions	49,062	7,885	
Cash and investment fund balance - beginning	-	112,302	
Cash and investment fund balance - ending	\$ 49,062	\$ 120,187	
Net assets:			
Cash and investments	\$ 49,062	\$ 120,187	\$ 17,963
Total net assets - cash and investment basis held in trust	\$ 49,062	\$ 120,187	\$ 17,963

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Central Nine Career Center (School Corporation) 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
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 which collectively comprise the Central Nine Career Center Governing Board. Governing board members are approved by the Board of School Trustees of each participating school corporation.

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

Primary Government: Central Nine Career Center

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

Joint Venture

The School Corporation is a participant with Blackford County Schools, Charles A. Beard Memorial School Corporation, Cowan Community School Corporation, Daleville Community School Corporation, Delaware Community School Corporation, Elwood Community School Corporation, Monroe Central School Corporation, Mt. Vernon Community School Corporation, Rush County School Corporation, Tipton Community School Corporation, Wes-Del Community Schools, and Western Wayne Schools in a joint venture to operate the East Central Indiana Natural Gas Cooperative which was created to procure natural gas in a more economical and efficient manner if they combined their efforts and resources. The East Central Indiana Natural Gas Cooperative's continued existence depends on the member School Corporation's purchase of natural gas to heat their buildings. Complete financial statements for the East Central Indiana Natural Gas Cooperative can be obtained from the East Central Indiana Natural Gas Cooperative, 1601 Indiana Avenue, Connersville IN 47331.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis 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.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The construction fund accounts for the proceeds of funds advanced for the construction or renovations of school buildings.

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.

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of the career center.

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

C. Measurement Focus and Basis of Accounting

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Compensated Absences

a. Sick Leave

Certified and administrative employees earn sick leave at the rate of 11 days per year. Nonteaching and noncertified employees earn sick leave at the rate of 1 day per month worked. 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 only upon retirement to employees with 15 years or more of service. Accumulated sick leave 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 leave in excess of 3 days is converted to sick leave.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

The budget becomes legally enacted after the governing board of the School Corporation approves it.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The authorized level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2007, the following fund reported a deficit in cash and investments, which is a violation of the Uniform Compliance Guidelines and state statute:

Fund	2007
Career Major Grant	\$ <u>1,245</u>

The cash and investment deficit arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; the deficit is to be repaid from future receipts.

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. At June 30, 2007, the bank sweep account balance held at Heartland Community Bank in the amount of \$2,032,089 was collateralized with securities held by the pledging financial institution but not in the depositor-School Corporation's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Fiduciary Fund	\$ -	\$ 63,289
Transportation Operating Fund	School Bus Replacement Fund	2,000	-
Other governmental funds	Capital Projects Fund	63,881	-
	Other governmental funds	15,164	-
Totals		\$ 81,045	\$ 63,289

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 11 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 life time for covered participants. The risk pool obtains independent coverage for insured events in excess of the \$200,000 limit per year for covered participants and independent aggregate stop loss coverage for up to \$14,955,154 in excess of a computed attachment point. Coverage amounts represent the trust as a whole.

B. Holding Corporation

The Central Nine Career Center governing School Corporations have entered into a capital lease with Central Nine Career Center School 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 are schedule to begin on January 15, 2008.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health, life and dental 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, 3 retirees meet these eligibility requirements. The School Corporation provides between \$2,500 and \$3,000 per retiree towards benefits with the retiree responsible paying the balance of the health care premium contract for the year. Disbursements for postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

CENTRAL NINE CAREER CENTER
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

		PERF
Annual required contribution	\$	18,650
Interest on net pension obligation		(2,401)
Adjustment to annual required contribution		2,737
Annual pension cost		18,986
Contributions made		24,959
Decrease in net pension obligation		(5,973)
Net pension obligation, beginning of year		(33,122)
Net pension obligation, end of year	\$	(39,095)

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	6.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 18,465	115%	\$ (27,927)
	06-30-05	14,395	136%	(33,122)
	06-30-06	18,986	131%	(39,095)

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.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$79,135, \$76,589, and \$78,335, respectively.

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)
07-01-04	\$ 247,864	\$ 225,746	\$ 22,118	110%	\$ 326,850	7%
07-01-05	262,798	271,580	(8,782)	97%	329,777	(3%)
07-01-06	274,662	315,172	(40,510)	87%	446,855	(9%)

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Rainy Day	Old Capital Project	Technology (E-Rate)	Adult Education	FY 2004-2005 IDWD/IAAVD Grant	FY 2004-2005 Adult Basic Ed Grant
Receipts:						
Local sources	\$ -	\$ 319,723	\$ 2,705	\$ 245,845	\$ -	\$ -
State sources	-	-	-	87,913	3,000	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	1,088	-	-
Total receipts	-	319,723	2,705	334,846	3,000	-
Disbursements:						
Current:						
Instruction	-	-	-	265,625	238	424
Support services	-	323,710	-	55,841	-	749
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	323,710	-	321,466	238	1,173
Excess (deficiency) of receipts over disbursements	-	(3,987)	2,705	13,380	2,762	(1,173)
Other financing sources (uses):						
Transfers in	15,164	-	-	-	-	-
Transfers out	-	(79,045)	-	-	-	-
Total other financing sources (uses)	15,164	(79,045)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,164	(83,032)	2,705	13,380	2,762	(1,173)
Cash and investments - beginning	2,696	83,726	5,803	(10,806)	(2,762)	1,173
Cash and investments - ending	<u>\$ 17,860</u>	<u>\$ 694</u>	<u>\$ 8,508</u>	<u>\$ 2,574</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 17,860</u>	<u>\$ 694</u>	<u>\$ 8,508</u>	<u>\$ 2,574</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>17,860</u>	<u>694</u>	<u>8,508</u>	<u>2,574</u>	<u>-</u>	<u>-</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	FY 2005-2006 Adult Basic Ed Grant	FY 2005-2006 Civics Grant	FY 2004-2005 Tech Prep Grant	FY 2004 High Schools That Work Grant	FY 2004 High Schools That Work Grant
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	149,741	32,946	91,036	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	149,741	32,946	91,036	-	-
Disbursements:					
Current:					
Instruction	17,371	21,168	85,372	265	2,203
Support services	68,331	4,504	1,598	-	-
Nonprogrammed charges	56,089	-	-	-	-
Total disbursements	141,791	25,672	86,970	265	2,203
Excess (deficiency) of receipts over disbursements	7,950	7,274	4,066	(265)	(2,203)
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	7,950	7,274	4,066	(265)	(2,203)
Cash and investments - beginning	-	-	(4,066)	265	2,203
Cash and investments - ending	\$ 7,950	\$ 7,274	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending					
Cash and investments	\$ 7,950	\$ 7,274	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending					
Unrestricted	7,950	7,274	-	-	-

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	FY 2004 High Schools That Work Grant	FY 2005-2006 Tech Prep Grant	FY 2004-2005 Perkins Grant	FY 2005-2006 Perkins Grant	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 568,273
State sources	2,000	-	-	-	92,913
Federal sources	-	11,871	104,530	320,808	710,932
Sale of property, adjustments and refunds	-	-	-	-	1,088
Total receipts	2,000	11,871	104,530	320,808	1,373,206
Disbursements:					
Current:					
Instruction	2,000	11,812	519	148,186	555,183
Support services	-	59	81,910	135,111	671,813
Nonprogrammed charges	-	-	-	-	56,089
Total disbursements	2,000	11,871	82,429	283,297	1,283,085
Excess (deficiency) of receipts over disbursements	-	-	22,101	37,511	90,121
Other financing sources (uses):					
Transfers in	-	-	-	-	15,164
Transfers out	-	-	-	-	(79,045)
Total other financing sources (uses)	-	-	-	-	(63,881)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	22,101	37,511	26,240
Cash and investments - beginning	-	-	(22,101)	-	56,131
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,511</u>	<u>\$ 82,371</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,511</u>	<u>\$ 82,371</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,511</u>	<u>82,371</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Rainy Day	Old Capital Project	Technology (E-Rate)	Adult Education	FY 2006-2007 Adult Basic Ed Grant	FY 2006-2007 Civics Grant	FY 2005-2006 Adult Basic Ed Grant
Receipts:							
Local sources	\$ -	\$ -	\$ 993	\$ 256,707	\$ -	\$ -	\$ -
State sources	-	-	-	90,151	-	-	-
Federal sources	-	-	-	-	136,593	33,000	-
Total receipts	-	-	993	346,858	136,593	33,000	-
Disbursements:							
Current:							
Instruction	-	-	-	284,755	11,978	25,948	4,850
Support services	-	694	-	61,020	70,550	5,747	3,100
Nonprogrammed charges	-	-	-	-	49,254	-	-
Total disbursements	-	694	-	345,775	131,782	31,695	7,950
Excess (deficiency) of receipts over disbursements	-	(694)	993	1,083	4,811	1,305	(7,950)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(694)	993	1,083	4,811	1,305	(7,950)
Cash and investments - beginning	17,860	694	8,508	2,574	-	-	7,950
Cash and investments - ending	\$ 17,860	\$ -	\$ 9,501	\$ 3,657	\$ 4,811	\$ 1,305	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 17,860	\$ -	\$ 9,501	\$ 3,657	\$ 4,811	\$ 1,305	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	17,860	-	9,501	3,657	4,811	1,305	-

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	FY 2005-2006 Civics Grant	FY 2005-2006 Tech Prep Grant	FY 2004-2005 Perkins Grant	FY 2005-2006 Perkins Grant	FY 2006-2007 Perkins Grant	FY 2006-2007 Tech Prep Grant	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,700
State sources	-	-	-	-	-	-	90,151
Federal sources	-	28,129	-	106,345	306,831	8,745	619,643
Total receipts	-	28,129	-	106,345	306,831	8,745	967,494
Disbursements:							
Current:							
Instruction	6,525	27,124	-	27,055	105,939	9,990	504,164
Support services	749	1,005	-	116,801	152,886	-	412,552
Nonprogrammed charges	-	-	-	-	-	-	49,254
Total disbursements	7,274	28,129	-	143,856	258,825	9,990	965,970
Excess (deficiency) of receipts over disbursements	(7,274)	-	-	(37,511)	48,006	(1,245)	1,524
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,274)	-	-	(37,511)	48,006	(1,245)	1,524
Cash and investments - beginning	7,274	-	-	37,511	-	-	82,371
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 48,006	\$ (1,245)	\$ 83,895
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 48,006	\$ (1,245)	\$ 83,895
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	-	-	-	-	48,006	(1,245)	83,895

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	<u>Eight Accounts</u>	<u>Auto Service Scholarship</u>	<u>Totals</u>
Additions:			
Contributions:			
Local sources	\$ 115,198	\$ 56,868	\$ 172,066
Deductions:			
Instruction	<u>109,342</u>	<u>49,000</u>	<u>158,342</u>
Excess (deficiency) of total additions over total deductions	5,856	7,868	13,724
Cash and investment fund balance - beginning	<u>40,787</u>	<u>57,791</u>	<u>98,578</u>
Cash and investment fund balance - ending	<u>\$ 46,643</u>	<u>\$ 65,659</u>	<u>\$ 112,302</u>
Net assets:			
Cash and investments	<u>\$ 46,643</u>	<u>\$ 65,659</u>	<u>\$ 112,302</u>
Total net assets - cash and investment basis held in trust	<u>\$ 46,643</u>	<u>\$ 65,659</u>	<u>\$ 112,302</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Eight Accounts	Auto Service Scholarship	Totals
Additions:			
Contributions:			
Local sources	\$ 109,313	\$ 7,500	\$ 116,813
Deductions:			
Instruction	107,928	1,000	108,928
Excess (deficiency) of total additions over total deductions	1,385	6,500	7,885
Cash and investment fund balance - beginning	46,643	65,659	112,302
Cash and investment fund balance - ending	\$ 48,028	\$ 72,159	\$ 120,187
Net assets:			
Cash and investments	\$ 48,028	\$ 72,159	\$ 120,187
Total net assets - cash and investment basis held in trust	\$ 48,028	\$ 72,159	\$ 120,187

CENTRAL NINE CAREER CENTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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	\$ 180,000
Buildings	3,509,703
Improvements other than buildings	6,780
Machinery and equipment	455,211
Construction in progress	<u>306,035</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 4,457,729</u>

CENTRAL NINE CAREER CENTER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended June 30, 2007

The Central Nine Career Center has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital Lease:		
Building and Renovations - First Mortgage Revenue Bonds Series 2007	\$ 5,865,000	\$ 146,394
Total governmental activities det	<u>\$ 5,865,000</u>	<u>\$ 146,394</u>

Note: Each participating School Corporation contributed to the construction cost of Central Nine Career Center based on the total assessed valuation of each School Corporation. Participating School Corporations assume the responsibility of debt payments based on the percentage of assessed value of the district to the total assessed value of all participating districts. School Corporations that terminate membership with Central Nine Career Center prior to payment in full of the debt are still responsible for making debt payments in accordance with the assessed value debt computation. Building and renovation projects acquired through debt becomes the property of the Central Nine Career Center upon completion.

CENTRAL NINE CAREER CENTER
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The Career Major grant was overdrawn at June 30, 2007, in the amount of \$1,244.69. A similar comment was included in prior Report B27594.

The 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)

OLD OUTSTANDING CHECKS

Our review of the bank reconcilements as of June 30, 2007, revealed checks outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) the fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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, 2006 and 2007. 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, 2006 and 2007.

Internal Control Over Compliance

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

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

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

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

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

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response section of the report. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

January 24, 2008

CENTRAL NINE CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Adult Education - State Grant Program	84.002			
ABE Grant		05-8004	\$ 1,173	\$ -
ABE Grant		06-8004	141,791	7,950
ABE Grant		07-8004	-	131,781
Civics Grant		V002A050014	-	31,695
Civics Grant		V002A060014	<u>25,672</u>	<u>7,274</u>
Total for program			<u>168,636</u>	<u>178,700</u>
Vocational Education - Basic Grants to States	84.048			
Perkins		05-4700	82,429	-
Perkins		06-4700	283,297	143,856
Perkins		07-4700	-	258,823
IDWD and IAAVD School/Program Improvement Grant		None	238	-
High Schools That Work Grant		03-1303	265	-
High Schools That Work Grant		04-1303	2,203	-
High Schools That Work Grant		05-1303	<u>2,000</u>	<u>-</u>
Total for program			<u>370,432</u>	<u>402,679</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243		-	-
Career Major		TP-4-33	86,970	-
Career Major		TP-5-33	11,871	28,129
Career Major		TP-6-33	<u>-</u>	<u>9,990</u>
Total for program			<u>98,841</u>	<u>38,119</u>
Total federal awards expended			<u>\$ 637,909</u>	<u>\$ 619,498</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, 2006 and 2007:

Program Title	Federal CFDA Number	2005-2006	2006-2007
Adult Education – State Grant Program	84.002	\$ 56,089	\$ 49,254

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
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.002	Adult Education – State Grant Program

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 March 5, 2008, with Cindy Payton, Treasurer; Timothy Lavery, Director; and Bill Maschmeyer, President of the School Board. The official response has been made a part of this report and may be found on page 43.



"Educating for the 21st Century"SM

March 10, 2008

Indiana State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

To Whom It May Concern;

This letter is written as our official response to the results and comments listed in your audit report for the period July 1, 2005 to June 30, 2007.

Your audit report addressed OVERDRAWN CASH BALANCES. It stated that our Career Majors Grant was overdrawn at June 30, 2007 in the amount of \$1,244.69 and that a similar comment was included in our prior audit. It went on to say that routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit.

We felt these audit results warranted an official response. Our Career Majors Grant is a reimbursable grant. Monthly expenditure reports were submitted to the Department of Workforce Development to enable Central Nine to be reimbursed for the money they had already spent under grant guidelines. Central Nine is on a fiscal budget cycle. The fund would show a negative balance on June 30th, the end of our fiscal year, since we were waiting on reimbursement money from the Department of Workforce Development.

Since the issue of negative balances on reimbursable grants has come up on previous audits it was discussed with your auditor, Ron Leech, at the beginning of this audit. Mr. Leech acknowledged the problem and assured us it would not be a concern on this audit. We were very surprised when it was listed as the first result and comment on our exit conference. In previous audits we were not given a suggestion on how to handle this issue. Mr. Leech recommended that we transfer money from another fund to cover the deficit until our reimbursement is received. This will be the procedure we follow in the future to be in compliance with your guidelines and alleviate this problem.

In closing, we feel this is not an indicator of a serious financial problem but rather a timing issue in dealing with reimbursable grant regulations.

Sincerely,


Timothy J. Lavery
Director


Cindy Payton
Business Manager/Treasurer

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