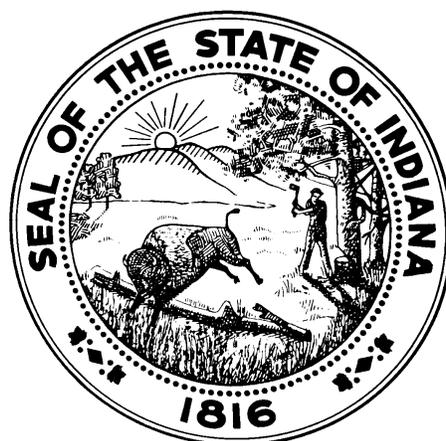


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

NEW ALBANY-FLOYD COUNTY
CONSOLIDATED SCHOOL CORPORATION
FLOYD COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

05/11/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Fred McWhorter II	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Dennis E. Brooks	07-01-06 to 07-30-12
President of the School Board	Donald Sakel Rebecca Gardenour Neal A. Smith	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE NEW ALBANY-FLOYD COUNTY CONSOLIDATED
SCHOOL CORPORATION, FLOYD COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Albany-Floyd County Consolidated School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 15, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The 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 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

April 15, 2009



STATE OF INDIANA
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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 NEW ALBANY-FLOYD COUNTY CONSOLIDATED
SCHOOL CORPORATION, FLOYD COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Albany-Floyd County Consolidated School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated April 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

The School Corporation's response to the findings identified in our audit is described in the accompanying sections of the report entitled Summary Schedule of Prior Audit Findings and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

April 15, 2009

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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	\$ 64,019,838	\$ -	\$ 507,777	\$ (63,512,061)
Support services	44,633,826	3,542,075	2,581,514	(38,510,237)
Community services	963,817	-	-	(963,817)
Nonprogrammed charges	87,570	-	-	(87,570)
Debt service	<u>17,407,985</u>	<u>-</u>	<u>-</u>	<u>(17,407,985)</u>
Total governmental activities	<u>\$ 127,113,036</u>	<u>\$ 3,542,075</u>	<u>\$ 3,089,291</u>	<u>(120,481,670)</u>
General receipts:				
Property taxes				28,688,411
Other local sources				13,493,961
State aid				45,526,983
Bonds and loans				16,646,473
Grants and contributions not restricted to specific programs				6,888,475
Sale of property, adjustments, and refunds				244,926
Investment earnings				<u>1,242,642</u>
Total general receipts				<u>112,731,871</u>
Change in net assets				(7,749,799)
Net assets - beginning				<u>23,454,033</u>
Net assets - ending				<u>\$ 15,704,234</u>
<u>Assets</u>				
Cash and investments				\$ 13,111,130
Restricted assets:				
Cash and investments				<u>2,593,104</u>
Total assets				<u>\$ 15,704,234</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,593,104
Unrestricted				<u>13,111,130</u>
Total net assets				<u>\$ 15,704,234</u>

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 58,230,103	\$ -	\$ 1,146,868	\$ (57,083,235)
Support services	46,053,872	3,268,907	2,732,057	(40,052,908)
Community services	1,057,672	-	-	(1,057,672)
Nonprogrammed charges	590,359	-	-	(590,359)
Debt service	34,490,526	-	-	(34,490,526)
Total governmental activities	\$ 140,422,532	\$ 3,268,907	\$ 3,878,925	(133,274,700)
General receipts:				
Property taxes				47,143,948
Other local sources				14,707,852
State aid				44,383,158
Bonds and loans				14,225,339
Grants and contributions not restricted to specific programs				7,497,475
Sale of property, adjustments, and refunds				36,547,108
Investment earnings				1,348,899
Total general receipts				165,853,779
Change in net assets				32,579,079
Net assets - beginning				15,704,234
Net assets - ending				\$ 48,283,313
<u>Assets</u>				
Cash and investments				\$ 47,555,808
Restricted assets:				
Cash and investments				727,505
Total assets				\$ 48,283,313
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 727,505
Unrestricted				47,555,808
Total net assets				\$ 48,283,313

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 16,368,464	\$ 2,961,472	\$ 9,134,636	\$ 6,374,745	\$ 361,295	\$ 11,619,652	\$ 46,820,264
Intermediate sources	2,000	-	-	-	-	144,826	146,826
State sources	45,999,692	-	-	-	-	918,140	46,917,832
Federal sources	1,415	-	-	-	-	8,585,501	8,586,916
Bonds and loans	9,819,587	940,476	1,369,928	3,189,326	410,828	916,328	16,646,473
Sale of property, adjustments and refunds	26,332	34,682	-	5,000	-	178,912	244,926
Total receipts	72,217,490	3,936,630	10,504,564	9,569,071	772,123	22,363,359	119,363,237
Disbursements:							
Current:							
Instruction	53,580,873	-	-	-	-	10,438,965	64,019,838
Support services	16,407,063	5,504,604	-	10,271,691	745,918	11,704,550	44,633,826
Community services	839,897	-	-	-	-	123,920	963,817
Nonprogrammed charges	24,054	-	-	-	-	63,516	87,570
Debt services	1,400,076	-	14,326,046	-	-	1,681,863	17,407,985
Total disbursements	72,251,963	5,504,604	14,326,046	10,271,691	745,918	24,012,814	127,113,036
Excess (deficiency) of receipts over disbursements	(34,473)	(1,567,974)	(3,821,482)	(702,620)	26,205	(1,649,455)	(7,749,799)
Other financing sources (uses):							
Transfers in	412,186	180,000	-	-	155,000	1,587,493	2,334,679
Transfers out	-	(155,000)	(485,000)	-	(180,000)	(1,514,679)	(2,334,679)
Total other financing sources (uses)	412,186	25,000	(485,000)	-	(25,000)	72,814	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	377,713	(1,542,974)	(4,306,482)	(702,620)	1,205	(1,576,641)	(7,749,799)
Cash and investments - beginning	2,728,666	2,341,234	5,918,169	2,646,480	198	9,819,286	23,454,033
Cash and investments - ending	\$ 3,106,379	\$ 798,260	\$ 1,611,687	\$ 1,943,860	\$ 1,403	\$ 8,242,645	\$ 15,704,234
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,106,379	\$ 798,260	\$ -	\$ 1,943,860	\$ 1,403	\$ 7,261,228	\$ 13,111,130
Restricted assets:							
Cash and investments	-	-	1,611,687	-	-	981,417	2,593,104
Total cash and investment assets - ending	\$ 3,106,379	\$ 798,260	\$ 1,611,687	\$ 1,943,860	\$ 1,403	\$ 8,242,645	\$ 15,704,234
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 1,611,687	\$ -	\$ -	\$ 981,417	\$ 2,593,104
Unrestricted	3,106,379	798,260	-	1,943,860	1,403	7,261,228	13,111,130
Total cash and investment fund balance - ending	\$ 3,106,379	\$ 798,260	\$ 1,611,687	\$ 1,943,860	\$ 1,403	\$ 8,242,645	\$ 15,704,234

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Floyd Central High School Construction	Other	Totals
Receipts:								
Local sources	\$ 22,672,523	\$ 4,598,255	\$ 14,449,129	\$ 10,642,863	\$ 1,475,994	\$ 495,700	\$ 11,986,622	\$ 66,321,086
Intermediate sources	-	-	-	-	-	-	148,519	148,519
State sources	45,419,385	-	-	-	-	-	1,248,813	46,668,198
Federal sources	-	-	-	-	-	-	9,091,361	9,091,361
Bonds and loans	8,616,342	652,868	883,127	3,275,379	-	-	797,623	14,225,339
Sale of property, adjustments and refunds	8,549	2,240	-	2,000	-	36,500,000	34,319	36,547,108
Total receipts	76,716,799	5,253,363	15,332,256	13,920,242	1,475,994	36,995,700	23,307,257	173,001,611
Disbursements:								
Current:								
Instruction	48,132,046	-	-	-	-	-	10,098,057	58,230,103
Support services	18,570,332	5,253,052	-	11,547,288	906,169	281,457	9,495,574	46,053,872
Community services	873,938	-	-	-	-	-	183,734	1,057,672
Nonprogrammed charges	474,537	-	-	-	-	-	115,822	590,359
Debt services	9,819,587	940,476	17,322,946	3,375,392	410,828	-	2,621,297	34,490,526
Total disbursements	77,870,440	6,193,528	17,322,946	14,922,680	1,316,997	281,457	22,514,484	140,422,532
Excess (deficiency) of receipts over disbursements	(1,153,641)	(940,165)	(1,990,690)	(1,002,438)	158,997	36,714,243	792,773	32,579,079
Other financing sources (uses):								
Transfers in	1,063	155,000	490,000	-	-	-	284,853	930,916
Transfers out	-	-	(108,637)	(490,000)	(155,000)	-	(177,279)	(930,916)
Total other financing sources (uses)	1,063	155,000	381,363	(490,000)	(155,000)	-	107,574	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,152,578)	(785,165)	(1,609,327)	(1,492,438)	3,997	36,714,243	900,347	32,579,079
Cash and investments - beginning	3,106,379	798,260	1,611,687	1,943,860	1,403	-	8,242,645	15,704,234
Cash and investments - ending	\$ 1,953,801	\$ 13,095	\$ 2,360	\$ 451,422	\$ 5,400	\$ 36,714,243	\$ 9,142,992	\$ 48,283,313
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,953,801	\$ 13,095	\$ -	\$ 451,422	\$ 5,400	\$ 36,714,243	\$ 8,417,847	\$ 47,555,808
Restricted assets:								
Cash and investments	-	-	2,360	-	-	-	725,145	727,505
Total cash and investment assets - ending	\$ 1,953,801	\$ 13,095	\$ 2,360	\$ 451,422	\$ 5,400	\$ 36,714,243	\$ 9,142,992	\$ 48,283,313
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 2,360	\$ -	\$ -	\$ -	\$ 725,145	\$ 727,505
Unrestricted	1,953,801	13,095	-	451,422	5,400	36,714,243	8,417,847	47,555,808
Total cash and investment fund balance - ending	\$ 1,953,801	\$ 13,095	\$ 2,360	\$ 451,422	\$ 5,400	\$ 36,714,243	\$ 9,142,992	\$ 48,283,313

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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
Additions:		
Contributions:		
Other	\$ -	\$ 208,963
Investment earnings:		
Interest	273,388	59,863
Total additions	273,388	268,826
Deductions:		
Administrative and general	-	406,662
Excess (deficiency) of total additions over total deductions	273,388	(137,836)
Cash and investment fund balance - beginning	5,050,465	1,260,756
Cash and investment fund balance - ending	\$ 5,323,853	\$ 1,122,920
Net assets:		
Cash and investments	\$ 5,323,853	\$ 1,122,920
Total net assets - cash and investment basis held in trust	\$ 5,323,853	\$ 1,122,920

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 363,780
Investment earnings:		
Interest	<u>224,091</u>	<u>39,158</u>
Total additions	<u>224,091</u>	<u>402,938</u>
Deductions:		
Benefits	37,191	-
Administrative and general	<u>-</u>	<u>631,434</u>
Total deductions	<u>37,191</u>	<u>631,434</u>
Excess (deficiency) of total additions over total deductions	186,900	(228,496)
Cash and investment fund balance - beginning	<u>5,323,853</u>	<u>1,122,920</u>
Cash and investment fund balance - ending	<u>\$ 5,510,753</u>	<u>\$ 894,424</u>
Net assets:		
Cash and investments	<u>\$ 5,510,753</u>	<u>\$ 894,424</u>
Total net assets - cash and investment basis held in trust	<u>\$ 5,510,753</u>	<u>\$ 894,424</u>

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: New Albany-Floyd County Consolidated School Corporation

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 twenty-seven other school corporations in a joint venture to operate the Wilson Educational Center (Center) which was created to perform educational planning on a cooperative basis and to assist in meeting specific educational needs in participating school districts which could be more efficiently provided by an educational service center than by the school corporations themselves. The School Corporation is obligated by contract to remit an amount, which shall be on a cost per student basis on the current years K-12 Average Daily Membership, annually to supplement the Wilson Education Center. The cost per student is established annually by the Center's Board of Directors. Complete financial statements for the Wilson Education Center can be obtained from the Center's administrative offices at 2101 Grace Avenue, Charlestown, Indiana, 47111

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School Corporation does not have any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

The Floyd Central High School Construction fund is used to account for disbursements of capital outlay from receipts derived from the sale of general obligation bonds or other outside resources.

Additionally, the School Corporation reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the New Albany-Floyd County Consolidated School Corporation's employees and students.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental 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.

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.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. Due to assessment delays, property taxes during the audit period were not billed and collected timely by the County Treasurer and available for distributions to the School Corporation in June and December. As of June 30, 2008, the School Corporation had received \$1,142,692. The School Corporation would normally receive half of their 2008 tax distribution prior to June 30 which is an estimated \$28,233,250.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental 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 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.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

E. 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.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

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. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$54,688,490. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
Transportation Operating	School Bus Replacement	\$ 155,000	\$ -
School Bus Replacement	Transportation Operating	180,000	155,000
Capital Project	Debt Service	-	490,000
Debt Service	Other governmental	485,000	108,637
Other governmental	General Fund	412,186	1,063
	Other governmental	1,102,493	176,216
Totals		\$ 2,334,679	\$ 930,916

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

C. Restatements and Reclassifications

For the year ended June 30, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 31, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Governmental Activities	\$ 24,644,550	\$ (1,190,517)	\$ 23,454,033
Fiduciary - Private Purpose Trust	70,239	1,190,517	1,260,756
Other governmental	11,009,803	(1,190,517)	9,819,286

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with the New Albany-Floyd County 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 during the audit period totaled \$29,740,153.

C. Pension Plans

1. Agent Multiple-Employer and Single-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.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 1,056,368
Interest on net pension obligation	(97,666)
Adjustment to annual required contribution	111,298
Annual pension cost	1,070,000
Contributions made	853,300
Increase in net pension obligation	216,700
Net pension obligation, beginning of year	(1,347,123)
Net pension obligation, end of year	\$ (1,130,423)

	PERF
Contribution rates:	
School Corporation	6.13%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 621,137	128%	\$ (1,330,762)
	06-30-06	819,563	102%	(1,347,123)
	06-30-07	1,070,000	80%	(1,130,423)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008,

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2007, and 2006, were \$1,597,360, \$1,519,642, and \$1,418,254, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

3. Defined Contribution Pension Plan

New Albany-Floyd County Schools Retirement Savings Program 401(a) Plan

Plan Description

The School Corporation has a defined contribution pension plan administered by TIAA-CREF as authorized by Section 401(a) of the Internal Revenue Code of 1986. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

TIAA-CREF
730 Third Avenue
New York, NY 10017-3207

Funding Policy and Annual Pension Cost

The contribution requirements of the School Corporation are established by the written agreement between the School Corporation and the Plan Administrator. The School Corporation is required to contribute .75 % of each administrator's and each bargaining unit member's base salary. For the year ended June 30, 2008, the employer contributions to the plan were \$273,618.

D. Postemployment Benefits

In addition to the pension benefits described above, the School Corporation provides the following postemployment benefits:

(a) Health Insurance Benefits

The School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all certified employees and administrators who retire from the School Corporation on or after attaining age fifty-five with at least ten years of service and to all classified employees who retire on or after attaining age fifty with at least ten years of service. Currently, 190 retirees meet these eligibility requirements. The School Corporation provides various premium amounts of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$964,209 were recognized as postemployment health insurance benefits.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

(b) Sick Leave/Personal Leave Benefits

All certified employees and administrators who retire from the School Corporation after attaining age fifty with at least ten years of service shall be entitled to \$32 times accumulated unused sick and personal leave days (maximum of 178 sick and 7 personal days). The total benefit will be paid in five annual installments into the retirees postemployment 403(b) account. Currently, 55 retirees meet these eligibility requirements. Disbursements of these postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$83,782 were recognized as postemployment benefits.

(c) Retirement Severance Benefits

All classified employees who retire from the School Corporation after attaining age fifty with at least ten years of service shall be entitled to \$30 times unused accumulated sick and personal leave days, plus an amount ranging from \$2,000 to \$6,000 based on the years of completed service. Total benefits are paid in three annual installments. Currently, 22 retirees meet these eligibility requirements. During the year ended June 30, 2008, disbursements of \$57,276 were recognized as postemployment benefits.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 13,232,171	\$ 15,063,372	\$ (1,831,201)	88%	\$ 12,661,406	(14%)
07-01-06	13,810,570	16,304,605	(2,494,035)	85%	13,929,287	(18%)
07-01-07	14,872,547	16,732,990	(1,860,443)	89%	13,426,765	(14%)

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

June 30, 2008

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	\$ 6,341,083
Buildings	312,561,002
Improvements other than buildings	18,575,747
Machinery and equipment	19,780,663
Construction in progress	<u>409,739</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 357,668,234</u>

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
New Albany-Floyd County School Building Corporation	\$ 174,340,000	\$ 16,845,000
Energy Savings Contracts	382,280	389,474
Computers	214,594	186,066
Notes and loans payable	992,690	1,019,491
Bonds Payable:		
General obligation bonds:		
Pension bonds - Retirement and Severance payments	<u>10,505,000</u>	<u>1,721,531</u>
Total long-term debt	<u>\$ 186,434,564</u>	<u>\$ 20,161,562</u>

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

DISBURSEMENT DOCUMENTATION (Applies to Green Valley Elementary)

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)

CONDITION OF RECORDS (Applies to Fairmont Elementary)

The following deficiencies relating to the recordkeeping were noted:

- (1) Warrant 400 in the amount of \$73 was voided in the Coke Fund and shown as a negative disbursement. There was no record of the warrant ever being posted as a disbursement from the Coke Fund.
- (2) Interest for the months of January 2008 through April 2008, had not been posted to the records.
- (3) Warrant 360 and 361 totaling \$89.79 were voided but do not show as having been voided in the records.
- (4) The November 2007 bank statement included a deposit for \$119.50 that could not be traced to the records.
- (5) The April 2008 bank statement included two deposits in the amount of \$35.46 and \$64.00 that could not be traced to the records.

The Treasurer is showing these items on her monthly bank reconciliation as reconciling items in order to reconcile the bank balance to the fund ledger.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

ECA DEPOSITS (Applies to S. Ellen Jones Elementary)

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for a period of two weeks before depositing.

IC 20-41-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

TIMELY RECORDKEEPING (Applies to Prosser School of Technology,
NAFC Food Services Department, and Georgetown Elementary)

Prosser School of Technology

As of May 31, 2008, interest received on the extra-curricular bank account and certificate of deposit for the 2007-2008 school year had not been posted to the fund ledger. Also, merchant fees, bank account analysis charges, and the purchase of checks during the 2007-2008 school year had not been posted to the fund ledger. These items were being shown as reconciling items on the bank reconciliation as of May 31, 2008.

NAFC Food Services Department

Beginning January 1, 2008, a separate Food Service extra-curricular account was set up to account for the collections received from the school lunch and breakfast program. Collections are deposited into a separate food service bank account and then transferred monthly to the School Corporation. Previously, collections were accounted for in the extra-curricular accounts at each of the individual schools and transferred to the School Corporation monthly.

During our review we noted the following deficiencies:

- (1) As of May 31, 2008, interest received on the food service bank account from February 2008 to May 2008 had not been posted to the fund ledger.
- (2) Electronic payments received during April 2008 on students prepaid accounts had not been posted to the fund ledger.
- (3) As of March 11, 2009, the last completed monthly bank reconciliation was for October 2008.

Georgetown Elementary

Textbook rental collections were deposited on August 3, 2007, in the amount of 18,201.75, but were not receipted and posted to the fund ledger until August 30, 2007.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PUBLIC RECORDS RETENTION (Applies to Georgetown Elementary)

Textbook Rental Receipts (TBR Form 2) for the school years 2006-2007 and 2007-2008 were not presented for audit.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

TICKET SALES FORM SA-4 (Applies to New Albany High School and Floyd Central High School)

New Albany High School

Ticket Sales Forms SA-4 were not used to account for the revenues generated by admission to plays and musicals performed. Admission fees were collected and remitted to the bookkeeper without any documentation to support the collection amounts. As a result, full accountability for all money received from admissions could not be determined.

Floyd Central High School

Several instances were noted in which the ticket sequence reported on Form SA-4 did not agree with the actual ticket numbers attached to the form. Also, several instances were noted of missing tickets within a sequence which were unaccounted for.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

ECA EDUCATIONAL FEES (Applies to New Albany High School)

Some educational fees were being receipted to and retained in an extra-curricular fund.

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

GRANT FUNDS (Applies to New Albany High School)

New Albany High School received a grant during the 2007-2008 school year, from the Caesar's Foundation in the amount of \$16,300 for the purchase of electronic equipment. The financial activity of the grant was recorded in the extra-curricular records instead of being transferred to and accounted for in the School Corporation records.

All financial transactions related to the School Corporation should be accounted for in the School Corporation records. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE NEW ALBANY-FLOYD COUNTY CONSOLIDATED
SCHOOL CORPORATION, FLOYD COUNTY, INDIANA

Compliance

We have audited the compliance of the New Albany-Floyd County Consolidated School Corporation (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, 2007 and 2008. 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, 2007 and 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2008-1 and 2008-2.

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

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)

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.

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 sections of the report entitled Summary Schedule of Prior Audit Findings and Corrective Action Plan. 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, the New Albany-Floyd County Consolidated School Corporation Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 15, 2009

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 459,527	\$ 529,977
National School Lunch Program	10.555		1,749,759	1,855,734
Summer Food Service Program for Children	10.559		<u>42,968</u>	<u>34,283</u>
Total for cluster			<u>2,252,254</u>	<u>2,419,994</u>
Pass-Through Indiana Department of Education Team Nutrition Grants FY 2005-06	10.574	CNTN-05-IN-1	<u>161</u>	<u>-</u>
Total for federal grantor agency			<u>2,252,415</u>	<u>2,419,994</u>
U.S. DEPARTMENT OF JUSTICE				
Pass-Through Indiana Criminal Justice Institute Juvenile Justice and Delinquency Prevention-Allocation to States	16.540			
FY 2004-05		04-JF-006	-	1,063
FY 2005-06		06-JF-021	-	11,000
FY 2007		07-JF-016	-	3,573
FY 2007-08		06-JF-022	<u>-</u>	<u>26,555</u>
Total for federal grantor agency			<u>-</u>	<u>42,191</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Special Education Cluster				
Special Education - Grants to States	84.027			
FY 2005-06		14206-043-PN01	531,087	42,832
FY 2005-06		14205-087-DY04	21,972	-
FY 2006-07		14207-043-PN01	2,085,854	365,524
FY 2007-08		14208-043-PN01	<u>-</u>	<u>2,053,881</u>
Total for program			<u>2,638,913</u>	<u>2,462,237</u>
Special Education - Preschool Grants	84.173			
FY 2005-06		45706-043-PN01	38,622	-
FY 2006-07		45707-043-PN01	92,975	14,336
FY 2007-08		45708-043-PN01	<u>-</u>	<u>101,208</u>
Total for program			<u>131,597</u>	<u>115,544</u>
Total for cluster			<u>2,770,510</u>	<u>2,577,781</u>
Direct Grant Impact Aid FY 2006-07	84.041	SB041B-2004-1638	<u>1,215</u>	<u>-</u>
Pass-Through Indiana Department of Education Adult Education - State Grant Program	84.002			
FY 2005-06		V002A050014 #8025	5,233	-
FY 2006-07		V002A060014 #8025	217,985	4,153
FY 2007-08		V002A070014 #8025	<u>-</u>	<u>223,228</u>
Total for program			<u>223,218</u>	<u>227,381</u>

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2007 and 2008
 (Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF EDUCATION (continued)				
Pass-Through Indiana Department of Education (continued)				
Title I Grants to Local Educational Agencies				
FY 2005-06	84.010	06-2400	220,475	-
FY 2005-06 School Improvement Funds		06-2400	12,348	-
FY 2006-07		07-2400	1,391,339	197,021
FY 2006-07 School Improvement Funds		07-2400	28,503	21,050
FY 2007-08		08-2400	-	1,475,497
FY 2007-08 School Improvement Funds		08-2400	-	37,438
Total for program			<u>1,652,665</u>	<u>1,731,006</u>
Career and Technical Education - Basic Grants to States				
FY 2005-06	84.048	06-4700-45-2400	59,605	-
FY 2006-07		07-4700-45-2400	522,466	67,463
FY 2007-08		08-4700-45-2400	-	463,638
Total for program			<u>582,071</u>	<u>531,101</u>
Safe and Drug - Free Schools and Communities - State Grants				
FY 2004-05	84.186	04-154	15,403	500
FY 2005-06		05-133	28,090	6,594
FY 2006-07		2400-06	8,642	23,993
FY 2007-08		2400-07	-	3,358
Total for program			<u>52,135</u>	<u>34,445</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
FY 2007-08	84.243	CPS-6-45	-	125,856
FY 2008-09		CPS-7-45	-	63,620
Total for program			<u>-</u>	<u>189,476</u>
Pass-Through Indiana Department of Education				
Twenty-First Century Community Learning Centers				
FY 2006	84.287	S287C020014	81,444	14,376
FY 2007		S287C020014	3,871	131,276
FY 2008		S287C020014	-	-
Total for program			<u>85,315</u>	<u>145,652</u>
State Grants for Innovative Programs				
FY 2004-05	84.298	04-080	22,174	-
FY 2005-06		05-174	22,942	14,542
FY 2006-07		06-2400	1,575	18,774
FY 2007-08		07-2400	-	4,200
Total for program			<u>46,691</u>	<u>37,516</u>
Education Technology State Grants				
FY 2004-05	84.318	S318X020014	549	-
FY 2005-06		S318X030014	13,201	2,764
FY 2006-08		5318X040014	739	574
Total for program			<u>14,489</u>	<u>3,338</u>

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2007 and 2008
 (Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Comprehensive School Reform Demonstration	84.332			
FY 2005-06		06-2400	38,392	
FY 2006-07		07-2400	37,528	6,694
FY 2007-08		08-2400	-	41,462
Total for program			<u>75,920</u>	<u>48,156</u>
Reading First State Grants	84.357			
FY 2005-06		S357A020015	10,618	-
FY 2006-07		S357A020015	65,362	8,647
FY 2007-08		5357A040015	-	60,527
Total for program			<u>75,980</u>	<u>69,174</u>
English Language Acquisition Grants	84.365			
FY 2005-06		P.L. 107-110, Title III Part A	18,041	-
FY 2006-07		P.L. 107-110, Title III Part A	30,730	14,405
FY 2007-08		P.L. 107-110, Title III Part A	-	16,238
Total for program			<u>48,771</u>	<u>30,643</u>
Improving Teacher Quality State Grants	84.367			
FY 2004-05		04-058	927	-
FY 2005-06		05-137	258,572	-
FY 2006-07		06-2400	202,428	326,681
FY 2007-08		07-2400	-	222,857
Total for program			<u>461,927</u>	<u>549,538</u>
Hurricane Education Recovery	84.938			
Hurricane Katrina FY 2006-07			168,000	-
Total for federal grantor agency			<u>6,090,907</u>	<u>6,175,207</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Family and Social Services Administration				
Learn and Serve America - School and Community Based Programs	94.004			
FY 2004-05		P.L. 101-610	4,833	3,318
Total federal awards expended			<u>\$ 8,516,155</u>	<u>\$ 8,640,710</u>

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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 New Albany-Floyd County Consolidated School Corporation (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, 2007 and 2008:

Program Title	Federal CFDA Number	2007	2008
Career and Technical Education-Basic Grants to States	84.048		
Greater Clark County Schools		\$ 84,301	\$ -
South Harrison Community School Corporation		19,043	63,226

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 38,282	\$ 38,887
National School Lunch Program	10.555	135,115	126,697

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Special Education Cluster
84.367	Title I Grants to Local Educational Agencies Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$514,706

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 06-2400, 07-2400, 08-2400
Pass-Through Entity: Indiana Department of Education

The School Corporation maintained cash balances in excess of current needs for 16 months during the period audited for the Title I Grants to Local Educational Agencies. Cash drawdown requests were not always revised to ensure there would not be excess cash on hand at the end of subsequent months.

EDGAR 80.20(b)(7) state is part:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to adhere to this requirement could cause the School Corporation to be deemed ineligible to receive federal awards in the future.

We recommended that the School Corporation design and properly monitor procedures that would ensure that federal funds be disbursed in a timely manner.

FINDING 2008-2, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Special Education - Grants to States, Special Education - Preschool Grants
CFDA Number: 84.027, 84.173
Federal Award Numbers: 14206-043-PN01, 14207-043-PN01, 14208-043-PN01, 45706-043-PN01,
47707-043-PN02, 45708-043-PN01
Pass-Through Entity: Indiana Department of Education

The School Corporation has not implemented adequate internal controls to minimize the time elapsing between transfers of funds and the disbursement. The cash request drawdown amounts were not accurate calculations of actual monthly disbursements, which resulted in large month-end cash balances. Furthermore, the School Corporation did not always revise their cash drawdown requests to ensure there would not be excess cash on hand at the end of subsequent months.

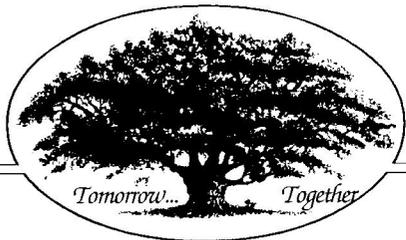
NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

EDGAR 80.20(b)(7) state is part:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to adhere to this requirement could cause the School Corporation to be deemed ineligible to receive federal awards in the future.

We recommended that the School Corporation design and properly monitor procedures that would ensure that federal funds be disbursed in a timely manner.



**NEW ALBANY-FLOYD COUNTY
CONSOLIDATED SCHOOL CORPORATION**

P.O. Box 1087 • New Albany, IN 47151-1087

Administrative Services Center
2813 Grant Line Road • New Albany, IN 47150
(812)949-4200 • Fax (812)949-6900

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS www.nafcs.k12.in.us

Dennis E. Brooks
Superintendent

Bradley J. Snyder
Deputy Superintendent

Bill Briscoe
Assistant to the
Superintendent
for Administration
and Operations

Teresa Perkins
Assistant to the
Superintendent
for Curriculum
and Instruction

**BOARD OF SCHOOL
TRUSTEES**

Neal Smith
President

Rebecca Gardenour
Vice President

Patricia Badger-Byrd
Secretary

Don Sakel
Member

Roger Whaley
Member

Lee Ann Wiseheart
Member

James Zoeller
Member

Finding Number 2006-1, Cash Management

Original SBA Audit Report Number:	<u>B29201</u>
Fiscal Year	<u>July 1, 2004 to June 30, 2006</u>
Auditee Contact Person	<u>Fred McWhorter II</u>
Title of Contact Person	<u>Director of Business/Treasurer</u>
Phone Number	<u>812-949-4200</u>
Status of Finding	<u>Complete</u>

To the extent possible, we have requested draw downs for those amounts that were necessary to meet the needs of the federally funded project. When necessary we notified the Indiana Department of Education to reduce draw down amounts. Grant cash balances are monitored to reduce the possibility that excess cash is not on hand.

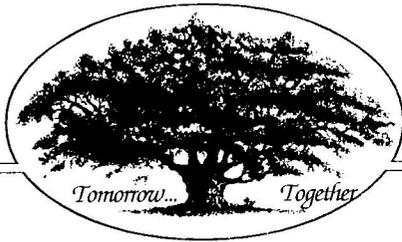
Finding Number 2006-2, Cash Management

Original SBA Audit Report Number:	<u>B29201</u>
Fiscal Year	<u>July 1, 2004 to June 30, 2006</u>
Auditee Contact Person	<u>Fred McWhorter II</u>
Title of Contact Person	<u>Director of Business/Treasurer</u>
Phone Number	<u>812-949-4200</u>
Status of Finding	<u>Complete</u>

To the extent possible, we have requested draw downs for those amounts that were necessary to meet the needs of the federally funded project. Grant cash balances are monitored to reduce the possibility that excess cash is not on hand.



Fred McWhorter II, Director of Business/Treasurer



**NEW ALBANY-FLOYD COUNTY
CONSOLIDATED SCHOOL CORPORATION**

P.O. Box 1087 • New Albany, IN 47151-1087

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April 1, 2009

Dennis E. Brooks
Superintendent

Bradley J. Snyder
Deputy Superintendent

Bill Briscoe
Assistant to the
Superintendent
for Administration
and Operations

Teresa Perkins
Assistant to the
Superintendent
for Curriculum
and Instruction

**BOARD OF SCHOOL
TRUSTEES**

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Vice President

Patricia Badger-Byrd
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Don Sakel
Member

Roger Whaley
Member

Lee Ann Wisheart
Member

James Zoeller
Member

Indiana State Board of Accounts
302 West Washington Street
Room E418, 4th Floor
Indianapolis, IN 46204-2765

Dear Sir:

We are in receipt of two federal findings for the audit period July 1, 2006 to June 30, 2008. The following are our proposed corrective action plans:

Finding No. 2008-1, Cash Management

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 06-2400, 07-2400, 08-2400
Pass-Through Entity: Indiana Department of Education
Title of Contact Person: Director of Elementary Education
Phone Number: 812-949-4200
Expected Completion Date: July 1, 2009

Corrective Action Planned:

Whereas the State pass-through agency only required cash flow reporting on a quarterly basis. To the extent possible, we will request draw downs for those amounts that will meet the current needs of federally funded projects on a monthly basis.

Finding No 2008-2, Cash Management

Federal Agency: U.S. Department of Education
Federal Program: Special Education – Grants to States, Special Education – Preschool Grants
CFDA Number: 84.027, 84.173
Federal Award Numbers: 14206-043-PN01, 14207-043-PN01, 14208-043-PN01, 45706-043-PN01, 47707-043-PN02, 45708-043-PN01
Pass-Through Entity: Indiana Department of Education
Title of Contact Person: Director of Student Support Services
Phone Number: 812-949-4200
Expected Completion Date: July 1, 2009

Corrective Action Planned:

Whereas the State pass-through agency only required cash flow reporting on a quarterly basis. To the extent possible, we will request draw downs for those amounts that will meet the current needs of federally funded projects on a monthly basis.

Sincerely,

Fred McWhorter II,
Director of Business/Treasurer

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2009, with Dr. Dennis E. Brooks, Superintendent of Schools; Dr. Bradley J. Snyder, Deputy Superintendent of Schools; Fred McWhorter II, Treasurer; and Neal A. Smith, President of the School Board. The officials concurred with our findings.