

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

AUDIT REPORT  
OF

FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION  
FRANKLIN COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

05/12/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Connie J. Lang	07-01-06 to 06-30-09
Superintendent of Schools	William A. Glentzer	07-01-06 to 06-30-09
President of the School Board	Linda Vaughan Robert Jewell	07-01-06 to 06-30-08 07-01-08 to 06-30-09



**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 FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin County Community 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 March 17, 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 Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are 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

March 17, 2009



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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 FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin County Community 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 March 17, 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.

We noted certain matters that we reported to management in a separate letter dated March 17, 2009.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled 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 School 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

March 17, 2009

FRANKLIN COUNTY COMMUNITY 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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 14,351,592	\$ -	\$ 141,270	\$ (14,210,322)
Support services	8,398,610	648,671	610,010	(7,139,929)
Community services	219,889	-	-	(219,889)
Nonprogrammed charges	1,106,308	-	-	(1,106,308)
Debt service	2,412,186	-	-	(2,412,186)
<b>Total government</b>	<b><u>\$ 26,488,585</u></b>	<b><u>\$ 648,671</u></b>	<b><u>\$ 751,280</u></b>	<b><u>(25,088,634)</u></b>
General receipts:				
Property taxes				6,851,493
Other local sources				2,176,470
State aid				12,444,707
Grants and contributions not restricted to specific programs				956,791
Sale of property, adjustments, and refunds				231,891
Investment earnings				437,925
<b>Total general receipts</b>				<b><u>23,099,277</u></b>
Change in net assets				(1,989,357)
Net assets - beginning				<u>11,747,194</u>
Net assets - ending				<b><u>\$ 9,757,837</u></b>
<b><u>Assets</u></b>				
Cash and investments				\$ 9,136,734
Restricted assets:				
Cash and investments				<u>621,103</u>
<b>Total assets</b>				<b><u>\$ 9,757,837</u></b>
<b><u>Net Assets</u></b>				
Restricted for:				
Debt service				\$ 621,103
Unrestricted				<u>9,136,734</u>
<b>Total net assets</b>				<b><u>\$ 9,757,837</u></b>

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

FRANKLIN COUNTY COMMUNITY 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>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 12,962,098	\$ -	\$ 196,588	\$ (12,765,510)
Support services	10,355,275	705,667	546,850	(9,102,758)
Community services	259,953	-	-	(259,953)
Nonprogrammed charges	1,053,796	-	-	(1,053,796)
Debt service	2,307,286	-	-	(2,307,286)
<b>Total government</b>	<b><u>\$ 26,938,408</u></b>	<b><u>\$ 705,667</u></b>	<b><u>\$ 743,438</u></b>	<b><u>(25,489,303)</u></b>
General receipts:				
Property taxes				8,083,815
Other local sources				1,773,349
State aid				11,749,055
Grants and contributions not restricted to specific programs				1,006,494
Sale of property, adjustments, and refunds				87,287
Investment earnings				475,319
<b>Total general receipts</b>				<b><u>23,175,319</u></b>
Change in net assets				(2,313,984)
Net assets - beginning				<u>9,757,837</u>
Net assets - ending				<b><u>\$ 7,443,853</u></b>
<b><u>Assets</u></b>				
Cash and investments				\$ 7,023,102
Restricted assets:				
Cash and investments				<u>420,751</u>
<b>Total assets</b>				<b><u>\$ 7,443,853</u></b>
<b><u>Net Assets</u></b>				
Restricted for:				
Debt service				420,751
Unrestricted				<u>7,023,102</u>
<b>Total net assets</b>				<b><u>\$ 7,443,853</u></b>

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

FRANKLIN COUNTY COMMUNITY 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
<b>Receipts:</b>							
Local sources	\$ 4,160,337	\$ 1,731,827	\$ 1,869,382	\$ 1,128,748	\$ 103,658	\$ 1,117,248	\$ 10,111,200
Intermediate sources	1,747	-	-	-	-	1,613	3,360
State sources	12,570,098	-	-	-	-	260,017	12,830,115
Federal sources	-	-	-	-	-	1,322,663	1,322,663
Sale of property, adjustments and refunds	198,245	3,832	-	-	-	29,813	231,890
<b>Total receipts</b>	<b>16,930,427</b>	<b>1,735,659</b>	<b>1,869,382</b>	<b>1,128,748</b>	<b>103,658</b>	<b>2,731,354</b>	<b>24,499,228</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	13,618,318	-	-	-	-	733,274	14,351,592
Support services	3,184,419	2,275,776	-	1,261,277	126,458	1,550,680	8,398,610
Community services	218,187	-	-	-	-	1,702	219,889
Nonprogrammed charges	973,383	-	-	-	-	132,925	1,106,308
Debt services	-	-	2,145,217	-	-	266,969	2,412,186
<b>Total disbursements</b>	<b>17,994,307</b>	<b>2,275,776</b>	<b>2,145,217</b>	<b>1,261,277</b>	<b>126,458</b>	<b>2,685,550</b>	<b>26,488,585</b>
Excess (deficiency) of receipts over disbursements	(1,063,880)	(540,117)	(275,835)	(132,529)	(22,800)	45,804	(1,989,357)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	7,547	15,178	54,320	77,045
Transfers out	-	-	-	(15,178)	-	(61,867)	(77,045)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,631)</b>	<b>15,178</b>	<b>(7,547)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,063,880)	(540,117)	(275,835)	(140,160)	(7,622)	38,257	(1,989,357)
Cash and investments - beginning	2,119,974	1,837,059	846,542	5,700,447	106,034	1,137,138	11,747,194
<b>Cash and investments - ending</b>	<b>\$ 1,056,094</b>	<b>\$ 1,296,942</b>	<b>\$ 570,707</b>	<b>\$ 5,560,287</b>	<b>\$ 98,412</b>	<b>\$ 1,175,395</b>	<b>\$ 9,757,837</b>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 1,056,094	\$ 1,296,942	\$ -	\$ 5,560,287	\$ 98,412	\$ 1,124,999	\$ 9,136,734
Restricted assets:							
Cash and investments	-	-	570,707	-	-	50,396	621,103
<b>Total cash and investment assets - ending</b>	<b>\$ 1,056,094</b>	<b>\$ 1,296,942</b>	<b>\$ 570,707</b>	<b>\$ 5,560,287</b>	<b>\$ 98,412</b>	<b>\$ 1,175,395</b>	<b>\$ 9,757,837</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 570,707	\$ -	\$ -	\$ 50,396	\$ 621,103
Unrestricted	1,056,094	1,296,942	-	5,560,287	98,412	1,124,999	9,136,734
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,056,094</b>	<b>\$ 1,296,942</b>	<b>\$ 570,707</b>	<b>\$ 5,560,287</b>	<b>\$ 98,412</b>	<b>\$ 1,175,395</b>	<b>\$ 9,757,837</b>

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

FRANKLIN COUNTY COMMUNITY 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	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 4,811,027	\$ 2,120,070	\$ 1,109,605	\$ 1,749,497	\$ 111,651	\$ 1,134,106	\$ 11,035,956
Intermediate sources	1,747	-	-	-	-	449	2,196
State sources	11,906,864	-	-	-	-	226,882	12,133,746
Federal sources	-	-	-	-	-	1,365,240	1,365,240
Sale of property, adjustments and refunds	71,173	6,712	-	-	400	9,002	87,287
Interfund loans	-	134,759	778,684	-	-	129,064	1,042,507
<b>Total receipts</b>	<b>16,790,811</b>	<b>2,261,541</b>	<b>1,888,289</b>	<b>1,749,497</b>	<b>112,051</b>	<b>2,864,743</b>	<b>25,666,932</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	12,145,216	-	-	-	-	816,883	12,962,099
Support services	3,617,277	2,519,392	-	2,422,845	-	1,795,761	10,355,275
Community services	250,941	-	-	-	-	9,012	259,953
Nonprogrammed charges	1,020,040	-	-	-	-	33,756	1,053,796
Debt services	-	-	2,038,245	-	-	269,041	2,307,286
Interfund loans	-	-	-	907,748	-	134,759	1,042,507
<b>Total disbursements</b>	<b>17,033,474</b>	<b>2,519,392</b>	<b>2,038,245</b>	<b>3,330,593</b>	<b>-</b>	<b>3,059,212</b>	<b>27,980,916</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(242,663)</b>	<b>(257,851)</b>	<b>(149,956)</b>	<b>(1,581,096)</b>	<b>112,051</b>	<b>(194,469)</b>	<b>(2,313,984)</b>
<b>Other financing sources (uses):</b>							
Transfers in	182,555	-	-	-	-	29,925	212,480
Transfers out	-	-	-	-	-	(212,480)	(212,480)
<b>Total other financing sources (uses)</b>	<b>182,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(182,555)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(60,108)</b>	<b>(257,851)</b>	<b>(149,956)</b>	<b>(1,581,096)</b>	<b>112,051</b>	<b>(377,024)</b>	<b>(2,313,984)</b>
Cash and investments - beginning	1,056,094	1,296,942	570,707	5,560,287	98,412	1,175,395	9,757,837
<b>Cash and investments - ending</b>	<b>\$ 995,986</b>	<b>\$ 1,039,091</b>	<b>\$ 420,751</b>	<b>\$ 3,979,191</b>	<b>\$ 210,463</b>	<b>\$ 798,371</b>	<b>\$ 7,443,853</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 995,986	\$ 1,039,091	\$ -	\$ 3,979,191	\$ 210,463	\$ 798,371	\$ 7,023,102
Restricted assets:							
Cash and investments	-	-	420,751	-	-	-	420,751
<b>Total cash and investment assets - ending</b>	<b>\$ 995,986</b>	<b>\$ 1,039,091</b>	<b>\$ 420,751</b>	<b>\$ 3,979,191</b>	<b>\$ 210,463</b>	<b>\$ 798,371</b>	<b>\$ 7,443,853</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 420,751	\$ -	\$ -	\$ -	\$ 420,751
Unrestricted	995,986	1,039,091	-	3,979,191	210,463	798,371	7,023,102
<b>Total cash and investment fund balance - ending</b>	<b>\$ 995,986</b>	<b>\$ 1,039,091</b>	<b>\$ 420,751</b>	<b>\$ 3,979,191</b>	<b>\$ 210,463</b>	<b>\$ 798,371</b>	<b>\$ 7,443,853</b>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Pension Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 5,000
Deductions:		
Benefits	1,181,609	-
Administrative and general	-	4,953
Total deductions	1,181,609	4,953
Excess (deficiency) of total additions over total deductions	(1,181,609)	47
Cash and investment fund balance - beginning	1,181,609	-
Cash and investment fund balance - ending	\$ -	\$ 47
Net assets:		
Cash and investments	\$ -	\$ 47
Total net assets - cash and investment basis held in trust	\$ -	\$ 47

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	<u>Private-Purpose Trust Funds</u>
Additions:	
Total additions	<u>\$ -</u>
Deductions:	
Administrative and general	<u>47</u>
Excess (deficiency) of total additions over total deductions	(47)
Cash and investment fund balance - beginning	<u>47</u>
Cash and investment fund balance - ending	<u><u>\$ -</u></u>

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

FRANKLIN COUNTY COMMUNITY 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: Franklin County Community 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 Union County/College Corner Joint School District, Northeastern Wayne School Corporation, and Western Wayne Schools in a joint venture to operate East Central Indiana Special Services district which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit an annual amount determined by a funding formula approved by the District Board. Complete financial statements for the East Central Indiana Special Services District can be obtained from the joint venture's administrative office at 107 Layman Street, Liberty, Indiana 47353.

The School Corporation is a participant with Fayette County School Corporation, Rush County School Corporation, Western Wayne Schools, Union County/College Corner Joint School District, and Centerville-Abington School Corporation in a joint venture to operate the Whitewater Technical Career Center (Co-op) which was created to provide vocational education instruction to students of member schools. The Co-op Board consists of the Superintendents of the member school corporations. Fayette County School Corporation maintains the treasury function for the Co-op, and is accountable to the Co-op for all fiscal matters. Detailed information may be obtained by contacting Fayette County School Corporation, 1401 Spartan Drive, Connersville, Indiana 47331.

The School Corporation is a participant with forty-five school corporations in the East Central Indiana Educational Service Center (Co-op). The Co-op is a joint venture which was created to take advantage of bulk purchasing power, centralized repairs of equipment, and joint in-service training programs. The Co-op's governing board consists of a member selected by each participating school corporation. The board has full authority to manage the Co-op's operations and also maintains the treasury functions. Detailed information may be obtained by contacting East Central Indiana Educational Service Center, 1601 Indiana Avenue, Connersville, Indiana 47331.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display 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 has not established 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, 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 transportation operating fund accounts for financial resources for the transportation of school children to and from school.

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 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 the activities of the pension bond, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the Mt. Carmel Elementary School.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

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 (Indiana Code 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.

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.

FRANKLIN COUNTY COMMUNITY 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. Receipts and Disbursements

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 Cash and Investments and the Statement of Cash Activities, 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.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

FRANKLIN COUNTY COMMUNITY 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. The effects of interfund services between funds, if any, are not 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 July 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 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 \$7,443,853. 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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006-2007</u>	<u>2007-2008</u>
Capital Projects	School Bus Replacement	\$ 15,178	\$ -
Other governmental funds	General Fund	-	182,555
	Capital Projects	7,547	-
	Other governmental funds	<u>54,320</u>	<u>29,925</u>
Totals		<u>\$ 77,045</u>	<u>\$ 212,480</u>

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

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.

B. Holding Corporations

The School Corporation has entered into a capital lease with Franklin County High School Building Corporation and with Franklin County Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related parties of the School Corporation. Lease payments during the year 2006-2007 totaled \$1,329,757.04 and the year 2007-2008 totaled \$1,028,576.66.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits and salary replacement, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least fifteen years of service. Currently, twenty-seven retirees meet these eligibility requirements. The School Corporation provides 100%, less \$1 or more, of these postemployment benefits. Disbursements for these postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$451,811 were recognized for postemployment benefits.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. 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, except those covered under Teachers' Retirement Fund, 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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 64,218
Interest on net pension obligation	(7,783)
Adjustment to annual required contribution	8,869
Annual pension cost	65,304
Contributions made	64,615
Increase in net pension obligation	689
Net pension obligation, beginning of year	(107,345)
Net pension obligation, end of year	\$ (106,656)

	PERF
Contribution rates:	
School Corporation	7.00%
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%

FRANKLIN COUNTY COMMUNITY 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	\$ 57,272	113%	\$ (123,727)
	06-30-06	71,473	77%	(107,345)
	06-30-07	65,304	99%	(106,656)

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 (Indiana Code 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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 2007, and 2006, were \$281,896, \$246,296, and \$234,296, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	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)
07-01-05	\$ 1,362,268	\$ 1,502,917	\$ (140,649)	91%	\$ 1,094,720	(13%)
07-01-06	1,599,659	1,521,432	78,227	105%	1,072,441	7%
07-01-07	1,794,992	1,643,342	151,650	109%	1,004,013	15%

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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

	Special Education Pre-School	School Lunch	Textbook Rental	Levy Excess Fund	Education License Plate	Alternative Education
<b>Receipts:</b>						
Local sources	\$ 11,374	\$ 609,325	\$ 209,457	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	1,613	-
State sources	61,325	14,382	36,306	-	-	-
Federal sources	-	498,437	-	-	-	-
Sale of property, adjustments and refunds	18,360	11,453	-	-	-	-
<b>Total receipts</b>	<u>91,059</u>	<u>1,133,597</u>	<u>245,763</u>	<u>-</u>	<u>1,613</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	101,535	-	-	-	-	3,467
Support services	-	1,150,387	188,007	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>101,535</u>	<u>1,150,387</u>	<u>188,007</u>	<u>-</u>	<u>-</u>	<u>3,467</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>(10,476)</u>	<u>(16,790)</u>	<u>57,756</u>	<u>-</u>	<u>1,613</u>	<u>(3,467)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(10,476)</u>	<u>(16,790)</u>	<u>57,756</u>	<u>-</u>	<u>1,613</u>	<u>(3,467)</u>
<b>Cash and investments - beginning</b>	<u>165,057</u>	<u>104,512</u>	<u>77,718</u>	<u>182,555</u>	<u>12,469</u>	<u>3,467</u>
<b>Cash and investments - ending</b>	<u>\$ 154,581</u>	<u>\$ 87,722</u>	<u>\$ 135,474</u>	<u>\$ 182,555</u>	<u>\$ 14,082</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 154,581	\$ 87,722	\$ 135,474	\$ 182,555	\$ 14,082	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 154,581</u>	<u>\$ 87,722</u>	<u>\$ 135,474</u>	<u>\$ 182,555</u>	<u>\$ 14,082</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	154,581	87,722	135,474	182,555	14,082	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 154,581</u>	<u>\$ 87,722</u>	<u>\$ 135,474</u>	<u>\$ 182,555</u>	<u>\$ 14,082</u>	<u>\$ -</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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)

	Early Intervention	Reading Recovery	Gifted & Talented FY 06-07	Economic Education Mini Grant	Distance Learning	State Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ 59,194	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	15,500	-	15,879	2,500	-	-
Federal sources	-	-	-	-	-	22,567
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	15,500	59,194	15,879	2,500	-	22,567
Disbursements:						
Current:						
Instruction	4,362	5,170	15,879	2,500	598	7,755
Support services	-	-	-	-	-	100
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	30,209	-	-	-	15,000
Debt services	-	-	-	-	-	-
Total disbursements	4,362	35,379	15,879	2,500	598	22,855
Excess (deficiency) of receipts over disbursements	11,138	23,815	-	-	(598)	(288)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(7,547)	-	-	-	-
Total other financing sources (uses)	-	(7,547)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,138	16,268	-	-	(598)	(288)
Cash and investments - beginning	4,362	-	-	-	25,796	25,226
Cash and investments - ending	\$ 15,500	\$ 16,268	\$ -	\$ -	\$ 25,198	\$ 24,938
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 15,500	\$ 16,268	\$ -	\$ -	\$ 25,198	\$ 24,938
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 15,500	\$ 16,268	\$ -	\$ -	\$ 25,198	\$ 24,938
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	15,500	16,268	-	-	25,198	24,938
Total cash and investment fund balance - ending	\$ 15,500	\$ 16,268	\$ -	\$ -	\$ 25,198	\$ 24,938

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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)

	Non-English Speaking Program	Connect 2000	Five Year Technology Plan Grant	Title I FY 05-06	Title I FY 06-07	FY 06-07 Title I School Improvement
<b>Receipts:</b>						
Local sources	\$ -	\$ 25,419	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	114,125	-	-	-
Federal sources	-	-	-	-	382,818	22,348
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>25,419</b>	<b>114,125</b>	<b>-</b>	<b>382,818</b>	<b>22,348</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	40,367	296,828	-
Support services	-	25,015	-	680	20,909	18,348
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>25,015</b>	<b>-</b>	<b>41,047</b>	<b>317,737</b>	<b>18,348</b>
Excess (deficiency) of receipts over disbursements	-	404	114,125	(41,047)	65,081	4,000
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	31,425	-
Transfers out	-	-	-	(31,425)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,425)</b>	<b>31,425</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	404	114,125	(72,472)	96,506	4,000
Cash and investments - beginning	87	27,034	-	72,472	-	-
<b>Cash and investments - ending</b>	<b>\$ 87</b>	<b>\$ 27,438</b>	<b>\$ 114,125</b>	<b>\$ -</b>	<b>\$ 96,506</b>	<b>\$ 4,000</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 87	\$ 27,438	\$ 114,125	\$ -	\$ 96,506	\$ 4,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 87</b>	<b>\$ 27,438</b>	<b>\$ 114,125</b>	<b>\$ -</b>	<b>\$ 96,506</b>	<b>\$ 4,000</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	87	27,438	114,125	-	96,506	4,000
<b>Total cash and investment fund balance - ending</b>	<b>\$ 87</b>	<b>\$ 27,438</b>	<b>\$ 114,125</b>	<b>\$ -</b>	<b>\$ 96,506</b>	<b>\$ 4,000</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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 05-06 Title I School Improvement	FY 05-06 Title I CSRSD	FY 07-08 Title I CSRSD	FY 05-06 Title V	FY 05-06 Drug Free Schools	06-07 Federal Medicaid Reimbursement
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	160,785	10,692	-	38,318
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>160,785</b>	<b>10,692</b>	<b>-</b>	<b>38,318</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	22,169	3,506	10,708	-	11,263	-
Support services	-	47,233	84,699	8,900	39	-
Community services	-	195	1,507	-	-	-
Nonprogrammed charges	-	-	-	-	-	87,716
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>22,169</b>	<b>50,934</b>	<b>96,914</b>	<b>8,900</b>	<b>11,302</b>	<b>87,716</b>
Excess (deficiency) of receipts over disbursements	(22,169)	(50,934)	63,871	1,792	(11,302)	(49,398)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	22,895	-	-	-
Transfers out	-	(22,895)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(22,895)</b>	<b>22,895</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,169)	(73,829)	86,766	1,792	(11,302)	(49,398)
Cash and investments - beginning	22,169	73,829	1,918	8,900	21,204	49,997
Cash and investments - ending	\$ -	\$ -	\$ 88,684	\$ 10,692	\$ 9,902	\$ 599
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 88,684	\$ 10,692	\$ 9,902	\$ 599
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88,684</b>	<b>\$ 10,692</b>	<b>\$ 9,902</b>	<b>\$ 599</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	88,684	10,692	9,902	599
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88,684</b>	<b>\$ 10,692</b>	<b>\$ 9,902</b>	<b>\$ 599</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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)

	Title II Improving Teacher Quality	Title II Part D Enhanced Education	Retirement/ Severance Bond	Common School Construction	Construction Fund	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 202,479	\$ -	\$ -	\$ 1,117,248
Intermediate sources	-	-	-	-	-	1,613
State sources	-	-	-	-	-	260,017
Federal sources	186,698	-	-	-	-	1,322,663
Sale of property, adjustments and refunds	-	-	-	-	-	29,813
<b>Total receipts</b>	<b>186,698</b>	<b>-</b>	<b>202,479</b>	<b>-</b>	<b>-</b>	<b>2,731,354</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	201,153	6,014	-	-	-	733,274
Support services	52	6,311	-	-	-	1,550,680
Community services	-	-	-	-	-	1,702
Nonprogrammed charges	-	-	-	-	-	132,925
Debt services	-	-	266,969	-	-	266,969
<b>Total disbursements</b>	<b>201,205</b>	<b>12,325</b>	<b>266,969</b>	<b>-</b>	<b>-</b>	<b>2,685,550</b>
Excess (deficiency) of receipts over disbursements	(14,507)	(12,325)	(64,490)	-	-	45,804
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	54,320
Transfers out	-	-	-	-	-	(61,867)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,547)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,507)	(12,325)	(64,490)	-	-	38,257
Cash and investments - beginning	96,544	18,038	114,886	6,118	22,780	1,137,138
Cash and investments - ending	<u>\$ 82,037</u>	<u>\$ 5,713</u>	<u>\$ 50,396</u>	<u>\$ 6,118</u>	<u>\$ 22,780</u>	<u>\$ 1,175,395</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 82,037	\$ 5,713	\$ -	\$ 6,118	\$ 22,780	\$ 1,124,999
Restricted assets:						
Cash and investments	-	-	50,396	-	-	50,396
<b>Total cash and investment assets - ending</b>	<b><u>\$ 82,037</u></b>	<b><u>\$ 5,713</u></b>	<b><u>\$ 50,396</u></b>	<b><u>\$ 6,118</u></b>	<b><u>\$ 22,780</u></b>	<b><u>\$ 1,175,395</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 50,396	\$ -	\$ -	\$ 50,396
Unrestricted	82,037	5,713	-	6,118	22,780	1,124,999
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 82,037</u></b>	<b><u>\$ 5,713</u></b>	<b><u>\$ 50,396</u></b>	<b><u>\$ 6,118</u></b>	<b><u>\$ 22,780</u></b>	<b><u>\$ 1,175,395</u></b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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, 2008

	Special Education Pre-School	School Lunch	Textbook Rental	Levy Excess Fund	Education License Plate	FY 07-08 Early Intervention	Reading Recovery/Early Intervention
<b>Receipts:</b>							
Local sources	\$ 12,263	\$ 604,594	\$ 234,227	\$ -	\$ -	\$ -	\$ 41,600
Intermediate sources	-	-	-	-	449	-	-
State sources	70,769	14,768	77,067	-	-	25,500	-
Federal sources	-	453,827	-	-	-	-	-
Sale of property, adjustments and refunds	-	9,002	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>83,032</b>	<b>1,082,191</b>	<b>311,294</b>	<b>-</b>	<b>449</b>	<b>25,500</b>	<b>41,600</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	90,967	-	-	-	-	36,895	8,303
Support services	-	1,075,895	277,184	-	-	-	14,725
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	32,440
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>90,967</b>	<b>1,075,895</b>	<b>277,184</b>	<b>-</b>	<b>-</b>	<b>36,895</b>	<b>55,468</b>
Excess (deficiency) of receipts over disbursements	(7,935)	6,296	34,110	-	449	(11,395)	(13,868)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(182,555)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(182,555)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,935)	6,296	34,110	(182,555)	449	(11,395)	(13,868)
Cash and investments - beginning	154,581	87,722	135,474	182,555	14,082	15,500	16,268
Cash and investments - ending	\$ 146,646	\$ 94,018	\$ 169,584	\$ -	\$ 14,531	\$ 4,105	\$ 2,400
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 146,646	\$ 94,018	\$ 169,584	\$ -	\$ 14,531	\$ 4,105	\$ 2,400
Total cash and investment assets - ending	\$ 146,646	\$ 94,018	\$ 169,584	\$ -	\$ 14,531	\$ 4,105	\$ 2,400
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 146,646	\$ 94,018	\$ 169,584	\$ -	\$ 14,531	\$ 4,105	\$ 2,400
Total cash and investment fund balance - ending	\$ 146,646	\$ 94,018	\$ 169,584	\$ -	\$ 14,531	\$ 4,105	\$ 2,400

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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, 2008  
 (Continued)

	Gifted & Talented FY 06-07	Gifted & Talented FY 07-08	Economic Education Mini Grant	Distance Learning	State Medicaid Reimbursement	Non-English Speaking Program	Connect 2000
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,082
Intermediate sources	-	-	-	-	-	-	-
State sources	-	38,778	-	-	-	-	-
Federal sources	-	-	-	-	471	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>38,778</b>	<b>-</b>	<b>-</b>	<b>471</b>	<b>-</b>	<b>17,082</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	32,099	-	1,870	11,459	-	-
Support services	-	-	-	-	1,081	-	7,125
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>32,099</b>	<b>-</b>	<b>1,870</b>	<b>12,540</b>	<b>-</b>	<b>7,125</b>
Excess (deficiency) of receipts over disbursements	-	6,679	-	(1,870)	(12,069)	-	9,957
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,679	-	(1,870)	(12,069)	-	9,957
Cash and investments - beginning	-	-	-	25,198	24,938	87	27,438
Cash and investments - ending	\$ -	\$ 6,679	\$ -	\$ 23,328	\$ 12,869	\$ 87	\$ 37,395
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 6,679	\$ -	\$ 23,328	\$ 12,869	\$ 87	\$ 37,395
Total cash and investment assets - ending	\$ -	\$ 6,679	\$ -	\$ 23,328	\$ 12,869	\$ 87	\$ 37,395
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 6,679	\$ -	\$ 23,328	\$ 12,869	\$ 87	\$ 37,395
Total cash and investment fund balance - ending	\$ -	\$ 6,679	\$ -	\$ 23,328	\$ 12,869	\$ 87	\$ 37,395

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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, 2008  
 (Continued)

	Five Year Technology Plan Grant	FY 07-08 Title I	FY 06-07 Title I	FY 06-07 Title I School Improvement	FY 07-08 Title I School Improvement	FY 07-08 Title I CSRD
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	481,386	-	-	40,000	100,000
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>481,386</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>100,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	325,710	37,791	-	40,000	28,225
Support services	106,272	36,253	24,601	4,000	-	121,562
Community services	-	4,505	4,189	-	-	318
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>106,272</b>	<b>366,468</b>	<b>66,581</b>	<b>4,000</b>	<b>40,000</b>	<b>150,105</b>
Excess (deficiency) of receipts over disbursements	(106,272)	114,918	(66,581)	(4,000)	-	(50,105)
<b>Other financing sources (uses):</b>						
Transfers in	-	29,925	-	-	-	-
Transfers out	-	-	(29,925)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>29,925</b>	<b>(29,925)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(106,272)	144,843	(96,506)	(4,000)	-	(50,105)
Cash and investments - beginning	114,125	-	96,506	4,000	-	88,684
Cash and investments - ending	<u>\$ 7,853</u>	<u>\$ 144,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,579</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 7,853</u>	<u>\$ 144,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,579</u>
Total cash and investment assets - ending	<u>\$ 7,853</u>	<u>\$ 144,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,579</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 7,853</u>	<u>\$ 144,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,579</u>
Total cash and investment fund balance - ending	<u>\$ 7,853</u>	<u>\$ 144,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,579</u>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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, 2008  
 (Continued)

	FY 05-06 Title V	FY 07-08 Title V	FY 05-06 Drug Free Schools	FY 06-07 Drug Free Schools	06-07 Federal Medicaid Reimbursement	Federal Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	5,193	-	11,219	180	537
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>5,193</b>	<b>-</b>	<b>11,219</b>	<b>180</b>	<b>537</b>
Disbursements:						
Current:						
Instruction	-	-	9,623	3,267	-	-
Support services	10,692	5,193	279	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	180	1,136
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,692</b>	<b>5,193</b>	<b>9,902</b>	<b>3,267</b>	<b>180</b>	<b>1,136</b>
Excess (deficiency) of receipts over disbursements	(10,692)	-	(9,902)	7,952	-	(599)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,692)	-	(9,902)	7,952	-	(599)
Cash and investments - beginning	10,692	-	9,902	-	-	599
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 7,952	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 7,952	\$ -	\$ -
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 7,952	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ -	\$ -	\$ -	\$ 7,952	\$ -	\$ -
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 7,952	\$ -	\$ -

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 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, 2008  
 (Continued)

	Title II Improving Teacher Quality	Title II Part D Enhanced Education	Retirement/ Severance Bond	Common School Construction	Construction Fund	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 224,340	\$ -	\$ -	\$ 1,134,106
Intermediate sources	-	-	-	-	-	449
State sources	-	-	-	-	-	226,882
Federal sources	108,637	163,790	-	-	-	1,365,240
Sale of property, adjustments and refunds	-	-	-	-	-	9,002
Interfund loans	-	-	129,064	-	-	129,064
<b>Total receipts</b>	<b>108,637</b>	<b>163,790</b>	<b>353,404</b>	<b>-</b>	<b>-</b>	<b>2,864,743</b>
Disbursements:						
Current:						
Instruction	190,674	-	-	-	-	816,883
Support services	-	110,899	-	-	-	1,795,761
Community services	-	-	-	-	-	9,012
Nonprogrammed charges	-	-	-	-	-	33,756
Debt services	-	-	269,041	-	-	269,041
Interfund loans	-	-	134,759	-	-	134,759
<b>Total disbursements</b>	<b>190,674</b>	<b>110,899</b>	<b>403,800</b>	<b>-</b>	<b>-</b>	<b>3,059,212</b>
Excess (deficiency) of receipts over disbursements	(82,037)	52,891	(50,396)	-	-	(194,469)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	29,925
Transfers out	-	-	-	-	-	(212,480)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(182,555)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(82,037)	52,891	(50,396)	-	-	(377,024)
Cash and investments - beginning	82,037	5,713	50,396	6,118	22,780	1,175,395
Cash and investments - ending	\$ -	\$ 58,604	\$ -	\$ 6,118	\$ 22,780	\$ 798,371
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 58,604	\$ -	\$ 6,118	\$ 22,780	\$ 798,371
Total cash and investment assets - ending	\$ -	\$ 58,604	\$ -	\$ 6,118	\$ 22,780	\$ 798,371
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 58,604	\$ -	\$ 6,118	\$ 22,780	\$ 798,371
Total cash and investment fund balance - ending	\$ -	\$ 58,604	\$ -	\$ 6,118	\$ 22,780	\$ 798,371

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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 and Buildings	\$ 38,157,501
Improvements other than buildings	759,813
Machinery and equipment	<u>8,413,124</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 47,330,438</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

Franklin County Community 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:		
Franklin County High School Building Corporation	\$ 1,173,080	\$ 840,000
Franklin County Middle School Building Corporation	7,411,420	875,000
Notes and loans payable	3,403,699	397,561
Bonds payable:		
Revenue bonds:		
Pension bonds	<u>510,000</u>	<u>269,085</u>
Total governmental activities debt	<u>\$ 12,498,199</u>	<u>\$ 2,381,646</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

The School Corporation has a policy concerning negative student account balances for school lunch. However, the School Corporation did not follow this policy. The policy states in part: "Students who have an outstanding balance of \$25.00 or more shall be given a peanut butter sandwich, milk, and fruit until balance is paid." However, we noted several instances where the policy was not followed and students with outstanding balances exceeding \$25.00 were still served the regular student lunch. We also noted 51 adult employees with negative balances ranging from \$ .75 to \$71.30.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

The School Corporation is using credit cards in some instances to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

Compliance

We have audited the compliance of the Franklin County Community 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, 2008-2, 2008-3, and 2008-4.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in items 2008-1, 2008-2, 2008-3, and 2008-4 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying 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 School 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

March 17, 2009

FRANKLIN COUNTY COMMUNITY 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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 2006-2007	\$ 74,934	\$ -
		FY 2007-2008	-	70,585
Total for program			<u>74,934</u>	<u>70,585</u>
National School Lunch Program	10.555			
		FY 2006-2007	437,227	-
		FY 2007-2008	-	414,626
Total for program			<u>437,227</u>	<u>414,626</u>
Fresh Fruit and Vegetable Program	10.582			
		FY 2006-2007	87,541	-
		FY 2007-2008	-	10,322
Total for program			<u>87,541</u>	<u>10,322</u>
Total for cluster			<u>599,702</u>	<u>495,533</u>
Total for federal grantor agency			<u>599,702</u>	<u>495,533</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		05-2475	72,472	-
		06-2475	346,194	68,049
School Improvement		06-2475	22,169	-
School Improvement		07-2475	18,348	4,000
		FY 05-06 CSR	73,829	-
		FY 06-07 CSR	96,913	158,829
School Improvement		08-2475	-	40,000
		08-2475	-	389,721
Total for program			<u>629,925</u>	<u>660,599</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		05-085	11,301	9,902
		06-2475	-	3,267
Total for program			<u>11,301</u>	<u>13,169</u>
State Grants for Innovative Programs	84.298			
		06-2475	8,900	10,692
		07-2475	-	5,193
Total for program			<u>8,900</u>	<u>15,885</u>
Education Technology State Grants	84.318			
		FY 06-07	12,325	-
		S318X060014	-	110,899
Total for program			<u>12,325</u>	<u>110,899</u>
Improving Teacher Quality State Grants	84.367			
		05-171	201,205	-
		06-2475	-	190,674
Total for program			<u>201,205</u>	<u>190,674</u>
Total for federal grantor agency			<u>863,656</u>	<u>991,226</u>
Total federal awards expended			<u>\$ 1,463,358</u>	<u>\$ 1,486,759</u>

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

FRANKLIN COUNTY COMMUNITY 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 Franklin County Community 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 schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. 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
School Breakfast Program	10.553	\$ 14,816	\$ 6,067
National School Lunch Program	10.555	86,449	35,639

FRANKLIN COUNTY COMMUNITY 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?	yes

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
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants

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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, INTERNAL CONTROL SIGNIFICANT DEFICIENCY/CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367  
Pass-Through Entity: Indiana Department of Education

34 CFR 80.20(b)(7) states in part: "procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used."

The cash balance of the grant exceeded the allowable cash balance based on estimated future requirements for 19 of the 21 months tested during the audit period. The cash balance of the grant at June 30, 2007, was \$82,037, which was approximately 63% of the total grant award during the grant period. The estimated cash needs in the few months subsequent to the grant period did not substantiate the need for this amount of cash.

Surplus cash indicates noncompliance with the cash management requirement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized.

FINDING 2008-2, INTERNAL CONTROL SIGNIFICANT DEFICIENCY/CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-Through Entity: Indiana Department of Education

34 CFR 80.20(b)(7) states in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used."

The cash balance of the grant exceeded the allowable cash balance based on estimated future requirements for 6 of the 8 quarters during the audit period. The cash balance of the grant at June 30, 2008, as reported on the fourth quarter report submitted to the Indiana Department of Education, was \$144,844, which was approximately 28% of the total grant awarded during the audit period. The estimated cash needs in the few months subsequent to the audit period did not substantiate the need for this amount of cash.

Surplus cash indicates noncompliance with the cash management requirement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

FINDING 2008-3, COMPLIANCE WITH PROGRAMMATIC REQUIREMENTS, TITLE I, PART A

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-through Entity: Indiana Department of Education

The Indiana Department of Education (IDOE) commenced on-site monitoring of Franklin County Community School Corporation on November 5, 2008, with a follow-up fiscal visit on January 19, 2009. The report indicated the School Corporation did not comply with the following programmatic requirements of Title I, Part A:

1. The School Corporation did not provide evidence that all core academic teachers and instructional paraprofessionals meet the highly qualified requirements;
2. did not provide evidence that the Parents' Right to Know letter was distributed to all students in Title I buildings;
3. some supporting documentation, such as teacher rosters were made available during the visit, but full-time equivalent information (as counted on the comparability report) did not match the report exactly.

Professional requirements are contained in Sections 1111 and 1119 of Title I. Additionally, "highly qualified" is defined in Section 9101 (23) of the general provisions section of No Child Left Behind (NCLB).

4. The School Corporation did not provide evidence of a district parental involvement policy that included all statutory components. The policy was not developed or revised with parental input, as required in NCLB, nor was there evidence of distribution to parents; did not show evidence of parental involvement policies for Laurel School that included all statutory components. Policies must be developed or revised with Title I parental input and distributed to parents; did not provide evidence of a school-parent compact for Laurel School that included all statutory components. Additionally, there was no involvement of parents with the development/revision of evidence of distribution; did not provide evidence that programs, activities, and opportunities are offered to parents to help them understand more about their child's school and academic programs; did not provide evidence that parental involvement activities are reviewed for effectiveness.

Parental involvement requirements are contained throughout Title I, specifically in Sections 1111, 1116, and 1118. Additionally, parental involvement is defined in Section 9101 (23) of the general provisions section of NCLB.

5. The School Corporation did not provide evidence that the Title I school in improvement was provided technical assistance in implementation of the school improvement plan. Staff at Laurel School was not able to talk about the school improvement plan, school improvement sanctions, specific support from the LEA, or Indiana's Differentiated Accountability Model.

School improvement, corrective action, restructuring and alternative governance requirements, including proper implementation of public school choice and supplemental educational services are contained in Section 1116 of NCLB.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

6. The School Corporation did not provide evidence that the LEA improvement plan is being implemented and monitored. The details of the plan and the implementation of such plan could not be articulated by either the Program Administrator or the Title I school principal, such as how the special education population is receiving additional help to help meet state standards.

Local educational agency improvement requirements are contained in Section 1116 (c) of NCLB.

7. The School Corporation did not provide evidence that Laurel School's schoolwide plan contained all required components; did not provide evidence of guidance to schools regarding the development or implementation of schoolwide plans, did not provide evidence that evaluation of the plans was conducted.

The schoolwide program requirements are contained in Section 1114. Federal, state, and local funds can be combined to upgrade the entire educational program in an eligible schoolwide program school. All students in a schoolwide program school are considered to be eligible for services and the goal is to upgrade the entire educational program of the school.

We recommended Franklin County Community School Corporation take appropriate action to remedy compliance deficiencies.

FINDING 2008-4, COMPLIANCE WITH FISCAL REQUIREMENTS OF TITLE I, PART A

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Pass-Through Entity: Indiana Department of Education

The Franklin County Community School Corporation did not comply with the following fiscal requirements for Title I, Part A:

1. The School Corporation did not provide evidence of expending funds for LEA professional development in 2007-2008. The LEA was required to reserve \$47,837.40 of which \$43,465.72 was budgeted at Laurel School for school improvement. The School Corporation also did not provide evidence of expending the full 10% for professional development for school improvement. Some expenditures were incorrectly coded to professional development such as classroom books, field trips, after school snacks, milk, and dictionaries. Additionally, the LEA must chargeback \$6,281.57 to the Title I program for unallowable expenses.

The statutory set-aside requirements are contained throughout Title I, including required reservations for neglected delinquent children; homeless children, public school choice, supplemental educational services, school improvement, parental involvement and professional development (Sections 1113, 1116 and 1118 of No Child Left Behind (NCLB)).

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. The School Corporation did not provide evidence that guidance is provided to the Title I school regarding supplement, not supplant rule.

Section 1120 A of NCLB requires Title I funds to supplement, not supplant non-Federal sources of funds.

3. The School Corporation did not provide evidence of a process for internal control. There is no Title I approval after merchandise is received.

Section 80.20(b)-(i) of the Education Department General Administrative Regulations (EDGAR) details the threshold requirements financial management systems for non-State grantees (such as school districts).

4. The School Corporation did not provide evidence of compliance with requirements to ensure that appropriate time records are kept for Title I funded staff. This includes Time and Effort logs for split-funded staff and a Semi-annual Certification form for fully-funded Title I staff.

OMB Circular A-87, Attachment B, Section 8 details the requirements for all compensation for personnel services supported with federal funds. This section includes the time distribution and semiannual certification requirements.

5. The School Corporation did not provide evidence that there was a policy regarding the disposition of equipment. There was also no evidence that the equipment list contains all the components required by EDGAR. The School Corporation did not provide evidence that equipment purchased with Title I is properly labeled and located where indicated on the inventory sheet.

Section 80.36 of EDGAR details the threshold requirements for the use, management and disposition of equipment acquired with federal funds by non-State grantees (such as school districts).

We recommend that Franklin County Community School Corporation take appropriate action to remedy compliance deficiencies.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# Franklin County Community School Corporation

225 E. 10<sup>th</sup> Street • Brookville, Indiana 47012

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Dr. William A. Glentzer, Superintendent of Schools  
Dr. Robert Brewer, Assistant Superintendent  
for Curriculum and Personnel  
Dr. Debbie Howell, Assistant Superintendent  
for Business and Transportation

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## **Response and Remedies to Fiscal Compliance as per On Site Review by the Title I Monitoring Team on November 5, 2008 and January 19, 2009**

### **2008-1, Internal Control Significant Deficiency/Cash Management**

CFDA Number 84.367

Improving Teacher Quality

Response/Remedy: A Plan for more judicious and frequent communication between the treasurer and Title I Coordinator shall be implemented (attachment 1).

### **2008-2, Internal Control Significant Deficiency/Cash Management**

CFDA Number 84.010

Title I Grant to Local Agencies

Response/Remedy: A Plan for more frequent and judicious communication between the treasurer and Title I Coordinator shall be implemented (attachment 2).

### **2008-4, Compliance with Fiscal Requirements of Title I**

Title I Grants to Local Agencies

CFDA Number 84.010

Response/Remedy:

1. A plan for more judicious and frequent communication between the treasurer and the Title I Coordinator shall be implemented. The LEA will chargeback \$6,281.57, which was incorrectly coded during the 2007-2008 school year. Both the Title I Coordinator and treasurer will routinely audit expenditure codes (attachment 2).



# Franklin County Community School Corporation

225 E. 10<sup>TH</sup> Street • Brookville, Indiana 47012

### BOARD OF TRUSTEES

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## CORRECTIVE ACTION PLAN

Finding Number: 2008-1 Internal Control Reportable Condition/Cash Management  
Audit Period: July 1, 2006 to June 30, 2008  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367  
Auditee Contact: Dr. Robert Brewer (765) 647-4128

The primary problem has been the failure to compare the Cash Forecast request prepared at the beginning of the Grant Award with the monthly cash expenditures. This is the responsibility of the Grant Director.

In order to help the Grant Director with this responsibility, the Corporation Treasurer will prepare a monthly report for the Grant Director showing cash on hand and estimated length of time before the fund has a negative Cash Balance. This estimated length of time will be based upon the historical expenditure history of each fund. If the estimated length of time is more than one month, the Grant Director or Treasurer must reply in writing as to why the Cash Balance is necessary and the forecast that supports that conclusion.

Based upon the answers received from the Grant Director or Corporation Treasurer, the Cash Request will be modified to reflect actual requirements.



# Franklin County Community School Corporation

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## CORRECTIVE ACTION PLAN

Finding Number: 2008-2 Internal Control Reportable Condition/Cash Management  
Audit Period: July 1, 2006 to June 30, 2008  
Federal Program: Title I Grants to Local Education Agencies  
CFDA Number: 84.010  
Auditee Contact: Dr. Robert Brewer (765) 647-4128

The primary problem has been the failure to compare the Cash Forecast request prepared at the beginning of the Grant Award with the monthly cash expenditures. This is the responsibility of the Director of Title I Grants.

In order to help the Grant Director with this responsibility, the Corporation Treasurer will prepare a monthly report for the Grant Director showing cash on hand and estimated length of time before the fund has a negative Cash Balance. This estimated length of time will be based upon the historical expenditure history of each fund. If the estimated length of time is more than one month, the Grant Director or Treasurer must reply in writing as to why the Cash Balance is necessary and the forecast that supports that conclusion.

Based upon the answers received from the Grant Director or Corporation Treasurer, the Cash Request will be modified to reflect actual requirements.



# Franklin County Community School Corporation

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Mrs. Linda Vaughan ..... Member

To: Lee Ann Kwiatowski  
Cindy Hurst

From: Robert Brewer

Re: Title I Funds, Excess Carry-Over

March 11, 2009

Excess carry-over funds from the Title I 2007-2008 Grant were due to an inadequate tracking method for the individual line item expenditures. Submitted with this explanation is a corrective action plan, which will enable the treasurer and Title I Grant Director to communicate clearly and track expenditures more efficiently.

The carry-over amount of \$30,032.10 will be used to pay a parent coordinator, add an additional section to the existing preschool at Laurel School, and purchase an online tutoring program, which will benefit all students, particularly the population that is having difficulty with ISTEP.



Indiana Department of Education  
SUPPORTING STUDENT SUCCESS

Office of Title I Academic Support

March 12, 2009

Dr. William A. Glentzer, Superintendent  
Franklin County Community School Corporation #2475  
225 East 10<sup>th</sup> Street  
Brookville, Indiana 47012

RE: Waiver for Excess Carryover

Dear Dr. Glentzer:

Upon receipt of your March 10, 2009 letter, the State Educational Agency (SEA) has reviewed and verified your district's request to carryover excess funds in the actual amount of thirty thousand and thirty two dollars and ten cents (\$30,032.10). The district's request to carryover funds in excess of 15 percent from 2007-2008 funds to the 2008-2009 Title I program is hereby approved.

As a result of this action to exceed the percentage limitation for carryover, the district will not be eligible again for such a request until the 2011-2012 program year. Please note that any carryover exceeding the 15 percent limitation during this three year period must be returned to the SEA.

In accordance with *No Child Left Behind*, Section 1127, the district must demonstrate that 2007-2008 Title I carryover and waived funds will be expended in appropriate Title I areas. An amendment to the district's 2008-2009 Title I Application for Grant must be submitted reflecting such changes.

We suggest that a copy of the district's letter of request and this letter of approval be appropriately filed with the 2008-2009 Title I amendment, and a copy retained in the district treasurer's files for purposes of audits and reviews. Meanwhile if you have further questions regarding this guidance, please contact our office at 317.232.0540.

Sincerely,

Lee Ann Kwiatkowski, Director  
Office of Title I Academic Support

Cc: Title I Program Administrator  
Treasurer

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2009, with Connie J. Lang, Treasurer; William A. Glentzer, Superintendent of Schools; and Robert Jewell, President of the School Board. The officials concurred with our audit findings.