

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

AUDIT REPORT
OF
SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
JOHNSON COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
02/25/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda Bennett	07-01-07 to 06-30-10
Director	Pamela T. Wright	07-01-07 to 06-30-10
President of the School Board	John T. Coopman Richard Arkanoff	07-01-07 to 06-30-09 07-01-09 to 06-30-10



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 SPECIAL SERVICES, JOHNSON
COUNTY SCHOOLS, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Special Services, Johnson County Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 December 3, 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.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, 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.

STATE BOARD OF ACCOUNTS

December 3, 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 SPECIAL SERVICES, JOHNSON
COUNTY SCHOOLS, JOHNSON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Special Services, Johnson County Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 3, 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.

This report is intended solely for the information and use of the School Corporation's management, Board of Directors, 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

December 3, 2009

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,144,807	\$ -	\$ -	\$ (3,144,807)
Support services	5,210,412	4,550	22,927	(5,182,935)
Facilities acquisition and construction	33,697	-	-	(33,697)
Debt service	10,336	-	-	(10,336)
Total governmental activities	<u>\$ 8,399,252</u>	<u>\$ 4,550</u>	<u>\$ 22,927</u>	<u>(8,371,775)</u>
General receipts:				
Other local sources				3,186,806
Grants and contributions not restricted to specific programs				5,071,239
Investment earnings				54,345
Other				17,425
Total general receipts				<u>8,329,815</u>
Change in net assets				(41,960)
Net assets - beginning				<u>1,453,801</u>
Net assets - ending				<u>\$ 1,411,841</u>
<u>Assets</u>				
Cash and investments				<u>\$ 1,411,841</u>
Total assets				<u>\$ 1,411,841</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 1,411,841</u>
Total net assets				<u>\$ 1,411,841</u>

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Charges for Services</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,770,424	\$ -	\$ -	\$ (2,770,424)
Support services	5,865,789	3,899	3,899	(5,861,890)
Facilities acquisition and construction	81,299	-	-	(81,299)
Debt service	17,267	-	-	(17,267)
Nonprogrammed charges	<u>75,512</u>	<u>-</u>	<u>-</u>	<u>(75,512)</u>
Total governmental activities	<u>\$ 8,810,291</u>	<u>\$ 3,899</u>	<u>\$ 3,899</u>	<u>(8,806,392)</u>
General receipts:				
Other local sources				3,207,862
Grants and contributions not restricted to specific programs				5,402,014
Investment earnings				17,836
Other				<u>2,550</u>
Total general receipts				<u>8,630,262</u>
Change in net assets				(176,130)
Net assets - beginning				<u>1,411,841</u>
Net assets - ending				<u>\$ 1,235,711</u>
<u>Assets</u>				
Cash and investments				<u>\$ 1,235,711</u>
Total assets				<u>\$ 1,235,711</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 1,235,711</u>
Total net assets				<u>\$ 1,235,711</u>

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
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	Special Education Preschool	IDEA 2006/2007	IDEA 2007/2008	Other	Totals
Receipts:						
Local sources	\$ 2,139,431	\$ 654,480	\$ 498	\$ 888	\$ 450,404	\$ 3,245,701
State sources	263,303	-	-	-	44,145	307,448
Federal sources	-	-	1,155,312	3,333,600	297,806	4,786,718
Other	844	-	-	-	16,581	17,425
Total receipts	2,403,578	654,480	1,155,810	3,334,488	808,936	8,357,292
Disbursements:						
Current:						
Instruction	442,692	525,520	356,379	1,428,102	392,114	3,144,807
Support services	2,063,480	85,638	816,678	1,858,262	386,354	5,210,412
Facilities acquisition and construction	2,558	-	-	-	31,139	33,697
Debt services	10,336	-	-	-	-	10,336
Total disbursements	2,519,066	611,158	1,173,057	3,286,364	809,607	8,399,252
Excess (deficiency) of receipts over disbursements	(115,488)	43,322	(17,247)	48,124	(671)	(41,960)
Other financing sources (uses):						
Transfers in	101,238	-	-	-	168,399	269,637
Transfers out	(51,738)	(66,483)	-	-	(151,416)	(269,637)
Total other financing sources (uses)	49,500	(66,483)	-	-	16,983	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(65,988)	(23,161)	(17,247)	48,124	16,312	(41,960)
Cash and investments - beginning	818,601	242,755	33,877	-	358,568	1,453,801
Cash and investments - ending	\$ 752,613	\$ 219,594	\$ 16,630	\$ 48,124	\$ 374,880	\$ 1,411,841
Cash and Investment Assets - Ending						
Cash and investments	\$ 752,613	\$ 219,594	\$ 16,630	\$ 48,124	\$ 374,880	\$ 1,411,841
Total cash and investment assets - ending	\$ 752,613	\$ 219,594	\$ 16,630	\$ 48,124	\$ 374,880	\$ 1,411,841
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 752,613	\$ 219,594	\$ 16,630	\$ 48,124	\$ 374,880	\$ 1,411,841
Total cash and investment fund balance - ending	\$ 752,613	\$ 219,594	\$ 16,630	\$ 48,124	\$ 374,880	\$ 1,411,841

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
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, 2009

	General	Special Education Preschool	IDEA 2008/2009	IDEA 2006/2007	IDEA 2007/2008	Other	Totals
Receipts:							
Local sources	\$ 2,082,686	\$ 631,003	\$ 309	\$ -	\$ 471	\$ 515,126	\$ 3,229,595
State sources	263,303	-	-	-	-	-	263,303
Federal sources	-	-	3,535,285	-	977,500	625,926	5,138,711
Other	1,172	-	-	-	-	1,380	2,552
Total receipts	2,347,161	631,003	3,535,594	-	977,971	1,142,432	8,634,161
Disbursements:							
Current:							
Instruction	148,047	581,043	1,028,494	294	694,717	317,829	2,770,424
Support services	2,323,298	158,876	2,446,517	16,336	329,388	591,374	5,865,789
Facilities acquisition and construction	730	-	-	-	-	80,569	81,299
Debt services	15,470	-	-	-	-	1,797	17,267
Nonprogrammed charges	-	-	-	-	-	75,512	75,512
Total disbursements	2,487,545	739,919	3,475,011	16,630	1,024,105	1,067,081	8,810,291
Excess (deficiency) of receipts over disbursements	(140,384)	(108,916)	60,583	(16,630)	(46,134)	75,351	(176,130)
Other financing sources (uses):							
Transfers in	90,371	-	-	-	-	60,623	150,994
Transfers out	(47,170)	-	-	-	-	(103,824)	(150,994)
Total other financing sources (uses)	43,201	-	-	-	-	(43,201)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(97,183)	(108,916)	60,583	(16,630)	(46,134)	32,150	(176,130)
Cash and investments - beginning	752,613	219,594	-	16,630	48,124	374,880	1,411,841
Cash and investments - ending	\$ 655,430	\$ 110,678	\$ 60,583	\$ -	\$ 1,990	\$ 407,030	\$ 1,235,711
Cash and Investment Assets - Ending							
Cash and investments	\$ 655,430	\$ 110,678	\$ 60,583	\$ -	\$ 1,990	\$ 407,030	\$ 1,235,711
Total cash and investment assets - ending	\$ 655,430	\$ 110,678	\$ 60,583	\$ -	\$ 1,990	\$ 407,030	\$ 1,235,711
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 655,430	\$ 110,678	\$ 60,583	\$ -	\$ 1,990	\$ 407,030	\$ 1,235,711
Total cash and investment fund balance - ending	\$ 655,430	\$ 110,678	\$ 60,583	\$ -	\$ 1,990	\$ 407,030	\$ 1,235,711

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 39,283</u>

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 37,719</u>

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
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: Special Service, Johnson County Schools

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 IDEA grant funds account for federal funds for programs for special education students.

The special education preschool fund accounts for programs for preschool education.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for various payroll withholding funds and South Central Indiana School Trust payroll funds.

C. Measurement Focus and Basis of Accounting

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

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.

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

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. Payment by Joint School Corporation Members

The joint school corporation members make General Fund payments at their discretion. Some school corporations pay when billed, while other school corporations divide the semi-annual budget over three or six months. The other funds are usually paid shortly after the billing is received from the Treasurer. All participating school corporation members were current on funding their share at June 30, 2008, and June 30, 2009. This revenue is reported in the financial statements in local sources.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

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 except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Budgets have been adopted by the Governing Board for the following funds:

General Fund, Transportation Operating, and Capital Projects

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board.

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

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2009, the School Corporation had deposit balances in the amount of \$1,390,928.

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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Other governmental funds	\$ 51,738	\$ 47,170
Special Education Preschool	General Fund	40,402	-
	Special Education Preschool	-	-
	Other governmental funds	26,081	-
Other governmental funds	General Fund	60,836	90,371
	Other governmental funds	90,580	13,453
Totals		<u>\$ 269,637</u>	<u>\$ 150,994</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	Balance as Restated January 1, 2008
General Fund	\$ 1,084,290	\$ (265,689)	\$ 818,601
Other Governmental	92,879	265,689	358,568

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Medical Benefits to Employees

During 1989, the School Corporation joined with other governmental entities to form the South Central Indiana School Trust a public entity risk pool currently operating as a common risk management and insurance program for 12 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$2,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$220,000 per covered person per year limit and independent aggregate stop loss coverage for up to \$15,842,388 in excess of a computed attachment point.

B. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF
Annual required contribution	\$ 49,152
Interest on net pension obligation	(249)
Adjustment to annual required contribution	284
Annual pension cost	49,187
Contributions made	56,186
Decrease in net pension obligation	(6,999)
Net pension obligation, beginning of year	(3,440)
Net pension obligation, end of year	\$ (10,439)

	PERF
Contribution rates:	
School Corporation	9.5%
Plan members	3%
Actuarial valuation date	07-01-08
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%

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 48,297	85%	\$ (1,362)
	06-30-07	44,333	105%	(3,440)
	06-30-08	49,187	114%	(10,439)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

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 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2008, and 2009, were \$180,231, \$202,517, and \$212,344, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 542,789	\$ 734,108	\$ (191,319)	74%	\$ 500,007	38%
07-01-07	595,975	786,986	(191,011)	76%	565,727	34%
07-01-08	698,855	920,215	(221,360)	76%	594,616	37%

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 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

	Transportation Operating	Clark Pleasant Joint Services	Center Grove Joint Services	Edinburgh Joint Services	Franklin Joint Services	Greenwood Joint Services
Receipts:						
Local sources	\$ 95,491	\$ 12,712	\$ 5,528	\$ 11,932	\$ 196,011	\$ 7,457
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	16,581
Total receipts	95,491	12,712	5,528	11,932	196,011	24,038
Disbursements:						
Current:						
Instruction	-	8,007	12,539	-	167,883	1,127
Support services	129,759	22,660	2,500	-	39,000	28,694
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	129,759	30,667	15,039	-	206,883	29,821
Excess (deficiency) of receipts over disbursements	(34,268)	(17,955)	(9,511)	11,932	(10,872)	(5,783)
Other financing sources (uses):						
Transfers in	22,978	25,868	35,831	7,294	47,689	18,743
Transfers out	(10,782)	-	(18,000)	-	(56,819)	(22,978)
Total other financing sources (uses)	12,196	25,868	17,831	7,294	(9,130)	(4,235)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,072)	7,913	8,320	19,226	(20,002)	(10,018)
Cash and investments - beginning	39,697	24,019	44,072	21,967	52,510	108,091
Cash and investments - ending	<u>\$ 17,625</u>	<u>\$ 31,932</u>	<u>\$ 52,392</u>	<u>\$ 41,193</u>	<u>\$ 32,508</u>	<u>\$ 98,073</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 17,625</u>	<u>\$ 31,932</u>	<u>\$ 52,392</u>	<u>\$ 41,193</u>	<u>\$ 32,508</u>	<u>\$ 98,073</u>
Total cash and investment assets - ending	<u>\$ 17,625</u>	<u>\$ 31,932</u>	<u>\$ 52,392</u>	<u>\$ 41,193</u>	<u>\$ 32,508</u>	<u>\$ 98,073</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 17,625</u>	<u>\$ 31,932</u>	<u>\$ 52,392</u>	<u>\$ 41,193</u>	<u>\$ 32,508</u>	<u>\$ 98,073</u>
Total cash and investment fund balance - ending	<u>\$ 17,625</u>	<u>\$ 31,932</u>	<u>\$ 52,392</u>	<u>\$ 41,193</u>	<u>\$ 32,508</u>	<u>\$ 98,073</u>

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 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)

	NHJ Joint Services	Alternative Services BW #2	Alternative Services BW #1	Alternative Services HT	ISTART
Receipts:					
Local sources	\$ 1,932	\$ -	\$ -	\$ -	\$ -
State sources	-	22,004	20,855	1,286	-
Federal sources	-	-	-	-	95,330
Other	-	-	-	-	-
Total receipts	<u>1,932</u>	<u>22,004</u>	<u>20,855</u>	<u>1,286</u>	<u>95,330</u>
Disbursements:					
Current:					
Instruction	19	-	-	-	8,930
Support services	-	20,009	20,855	-	80,032
Facilities acquisition and construction	-	-	-	-	-
Total disbursements	<u>19</u>	<u>20,009</u>	<u>20,855</u>	<u>-</u>	<u>88,962</u>
Excess (deficiency) of receipts over disbursements	<u>1,913</u>	<u>1,995</u>	<u>-</u>	<u>1,286</u>	<u>6,368</u>
Other financing sources (uses):					
Transfers in	9,996	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>9,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,909	1,995	-	1,286	6,368
Cash and investments - beginning	<u>15,031</u>	<u>(1,995)</u>	<u>-</u>	<u>(1,286)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 26,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,368</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 26,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,368</u>
Total cash and investment assets - ending	<u>\$ 26,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,368</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 26,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,368</u>
Total cash and investment fund balance - ending	<u>\$ 26,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,368</u>

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 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)

	Preschool	IDEA EPICC	Capital Projects	School Bus Replacement	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 115,412	\$ 3,929	\$ 450,404
State sources	-	-	-	-	44,145
Federal sources	106,140	96,336	-	-	297,806
Other	-	-	-	-	16,581
Total receipts	<u>106,140</u>	<u>96,336</u>	<u>115,412</u>	<u>3,929</u>	<u>808,936</u>
Disbursements:					
Current:					
Instruction	106,140	87,469	-	-	392,114
Support services	-	8,593	34,252	-	386,354
Facilities acquisition and construction	-	-	31,139	-	31,139
Total disbursements	<u>106,140</u>	<u>96,062</u>	<u>65,391</u>	<u>-</u>	<u>809,607</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>274</u>	<u>50,021</u>	<u>3,929</u>	<u>(671)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	168,399
Transfers out	-	-	(42,837)	-	(151,416)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(42,837)</u>	<u>-</u>	<u>16,983</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	274	7,184	3,929	16,312
Cash and investments - beginning	-	1,309	15,153	40,000	358,568
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,583</u>	<u>\$ 22,337</u>	<u>\$ 43,929</u>	<u>\$ 374,880</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ -</u>	<u>\$ 1,583</u>	<u>\$ 22,337</u>	<u>\$ 43,929</u>	<u>\$ 374,880</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 1,583</u>	<u>\$ 22,337</u>	<u>\$ 43,929</u>	<u>\$ 374,880</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ -</u>	<u>\$ 1,583</u>	<u>\$ 22,337</u>	<u>\$ 43,929</u>	<u>\$ 374,880</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,583</u>	<u>\$ 22,337</u>	<u>\$ 43,929</u>	<u>\$ 374,880</u>

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 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, 2009

	<u>Transportation Operating</u>	<u>Clark Pleasant Joint Services</u>	<u>Center Grove Joint Services</u>	<u>Edinburgh Joint Services</u>	<u>Franklin Joint Services</u>
Receipts:					
Local sources	\$ 153,162	\$ 26,246	\$ 9,055	\$ 23,864	\$ 152,274
Federal sources	-	-	-	-	-
Other	-	-	-	-	-
	<u>153,162</u>	<u>26,246</u>	<u>9,055</u>	<u>23,864</u>	<u>152,274</u>
Total receipts					
Disbursements:					
Current:					
Instruction	-	13,118	15,815	3,260	114,084
Support services	118,394	45,685	20,988	14,868	40,143
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<u>118,394</u>	<u>58,803</u>	<u>36,803</u>	<u>18,128</u>	<u>154,227</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	<u>34,768</u>	<u>(32,557)</u>	<u>(27,748)</u>	<u>5,736</u>	<u>(1,953)</u>
Other financing sources (uses):					
Transfers in	-	9,448	13,341	2,543	11,256
Transfers out	-	-	-	-	(30,000)
	<u>-</u>	<u>9,448</u>	<u>13,341</u>	<u>2,543</u>	<u>(18,744)</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>34,768</u>	<u>(23,109)</u>	<u>(14,407)</u>	<u>8,279</u>	<u>(20,697)</u>
Cash and investments - beginning	<u>17,625</u>	<u>31,932</u>	<u>52,392</u>	<u>41,193</u>	<u>32,508</u>
Cash and investments - ending	<u>\$ 52,393</u>	<u>\$ 8,823</u>	<u>\$ 37,985</u>	<u>\$ 49,472</u>	<u>\$ 11,811</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 52,393</u>	<u>\$ 8,823</u>	<u>\$ 37,985</u>	<u>\$ 49,472</u>	<u>\$ 11,811</u>
Total cash and investment assets - ending	<u>\$ 52,393</u>	<u>\$ 8,823</u>	<u>\$ 37,985</u>	<u>\$ 49,472</u>	<u>\$ 11,811</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 52,393</u>	<u>\$ 8,823</u>	<u>\$ 37,985</u>	<u>\$ 49,472</u>	<u>\$ 11,811</u>
Total cash and investment fund balance - ending	<u>\$ 52,393</u>	<u>\$ 8,823</u>	<u>\$ 37,985</u>	<u>\$ 49,472</u>	<u>\$ 11,811</u>

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 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, 2009
 (Continued)

	Greenwood Joint Services	NHJ Joint Services	ISTART FY07	ISTART FY08	Special Ed Preschool
Receipts:					
Local sources	\$ 4,165	\$ 3,864	\$ (28)	\$ -	\$ -
Federal sources	-	-	5,922	97,300	106,692
Other	1,380	-	-	-	-
	<u>5,545</u>	<u>3,864</u>	<u>5,894</u>	<u>97,300</u>	<u>106,692</u>
Total receipts					
Disbursements:					
Current:					
Instruction	223	30	-	-	106,692
Support services	489	-	12,262	94,416	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<u>712</u>	<u>30</u>	<u>12,262</u>	<u>94,416</u>	<u>106,692</u>
Total disbursements					
Excess (deficiency) of receipts over disbursements	4,833	3,834	(6,368)	2,884	-
Other financing sources (uses):					
Transfers in	7,002	3,579	-	-	-
Transfers out	-	(30,000)	-	-	-
	<u>7,002</u>	<u>(26,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,835	(22,587)	(6,368)	2,884	-
Cash and investments - beginning	98,073	26,940	6,368	-	-
Cash and investments - ending	<u>\$ 109,908</u>	<u>\$ 4,353</u>	<u>\$ -</u>	<u>\$ 2,884</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 109,908	\$ 4,353	\$ -	\$ 2,884	\$ -
Total cash and investment assets - ending	<u>\$ 109,908</u>	<u>\$ 4,353</u>	<u>\$ -</u>	<u>\$ 2,884</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ 109,908	\$ 4,353	\$ -	\$ 2,884	\$ -
Total cash and investment fund balance - ending	<u>\$ 109,908</u>	<u>\$ 4,353</u>	<u>\$ -</u>	<u>\$ 2,884</u>	<u>\$ -</u>

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 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, 2009
 (Continued)

	IDEA EPICC	Spec Ed Part B ARRA	Capital Projects	School Bus Replacement	Totals
Receipts:					
Local sources	\$ 327	\$ -	\$ 136,126	\$ 6,071	\$ 515,126
Federal sources	105,500	310,512	-	-	625,926
Other	-	-	-	-	1,380
Total receipts	105,827	310,512	136,126	6,071	1,142,432
Disbursements:					
Current:					
Instruction	64,607	-	-	-	317,829
Support services	38,829	171,056	34,244	-	591,374
Facilities acquisition and construction	-	-	80,569	-	80,569
Debt services	-	-	1,797	-	1,797
Nonprogrammed charges	-	75,512	-	-	75,512
Total disbursements	103,436	246,568	116,610	-	1,067,081
Excess (deficiency) of receipts over disbursements	2,391	63,944	19,516	6,071	75,351
Other financing sources (uses):					
Transfers in	-	-	13,454	-	60,623
Transfers out	-	-	(43,824)	-	(103,824)
Total other financing sources (uses)	-	-	(30,370)	-	(43,201)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,391	63,944	(10,854)	6,071	32,150
Cash and investments - beginning	1,583	-	22,337	43,929	374,880
Cash and investments - ending	<u>\$ 3,974</u>	<u>\$ 63,944</u>	<u>\$ 11,483</u>	<u>\$ 50,000</u>	<u>\$ 407,030</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 3,974</u>	<u>\$ 63,944</u>	<u>\$ 11,483</u>	<u>\$ 50,000</u>	<u>\$ 407,030</u>
Total cash and investment assets - ending	<u>\$ 3,974</u>	<u>\$ 63,944</u>	<u>\$ 11,483</u>	<u>\$ 50,000</u>	<u>\$ 407,030</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 3,974</u>	<u>\$ 63,944</u>	<u>\$ 11,483</u>	<u>\$ 50,000</u>	<u>\$ 407,030</u>
Total cash and investment fund balance - ending	<u>\$ 3,974</u>	<u>\$ 63,944</u>	<u>\$ 11,483</u>	<u>\$ 50,000</u>	<u>\$ 407,030</u>

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Payroll Withholding	South Central Indiana School Trust	Totals
Additions:			
Agency fund additions	\$ 1,987,751	\$ 55,789	\$ 2,043,540
Deductions:			
Agency fund deductions	1,982,979	54,245	2,037,224
Excess (deficiency) of total additions over total deductions	4,772	1,544	6,316
Cash and investment fund balance - beginning	32,534	433	32,967
Cash and investment fund balance - ending	\$ 37,306	\$ 1,977	\$ 39,283

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Payroll Withholding</u>	<u>South Central Indiana School Trust</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 2,130,952	\$ 56,950	\$ 2,187,902
Deductions:			
Agency fund deductions	<u>2,132,626</u>	<u>56,840</u>	<u>2,189,466</u>
Excess (deficiency) of total additions over total deductions	(1,674)	110	(1,564)
Cash and investment fund balance - beginning	<u>37,306</u>	<u>1,977</u>	<u>39,283</u>
Cash and investment fund balance - ending	<u>\$ 35,632</u>	<u>\$ 2,087</u>	<u>\$ 37,719</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 SPECIAL SERVICES, JOHNSON
COUNTY SCHOOLS, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Special Services, Johnson County Schools (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, 2008 and 2009. 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, 2008 and 2009.

Internal Control Over Compliance

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

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

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

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

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

This report is intended solely for the information and use of the School Corporation's management, Board of Directors, 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

December 3, 2009

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States	84.027			
14207-033-PY01			\$ 215,813	\$ -
14207-033-PY02			538,871	16,630
14207-041-DY01			88,961	12,262
14207-024-DY03			96,062	103,436
14208-033-PN01			3,565,877	228,811
14208-033-PN02			-	515,781
14208-044-DY01			-	94,416
14209-033-N01			-	3,811,970
Total for program			<u>4,505,584</u>	<u>4,783,306</u>
Special Education - Preschool Grants	84.173			
45708-033-PN01			106,140	-
45709-033-PN01			-	106,692
Total for program			<u>106,140</u>	<u>106,692</u>
ARRA - Special Education - Grants to States	84.391			
33310-033-SN01			-	246,568
Total for program			<u>-</u>	<u>246,568</u>
Total for cluster			<u>4,611,724</u>	<u>5,136,566</u>
Total for federal grantor agency			<u>4,611,724</u>	<u>5,136,566</u>
Total federal awards expended			<u>\$ 4,611,724</u>	<u>\$ 5,136,566</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Special Services, Johnson County Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.027	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



Earlywood Education Center

500 Earlywood Drive, Franklin, Indiana 46131

Tel: (317) 736-8495, Fax: (317) 736-6967, www.ssjs.k12.in.us

Center Grove
Community School
Corporation

Clark-Pleasant
Community School
Corporation

Edinburgh
Community School
Corporation

Franklin
Community School
Corporation

Greenwood
Community School
Corporation

Nineveh-
Hensley-Jackson
United School
Corporation

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Original SBA Audit Report Number:	B31780
Fiscal Year:	2006-2007; 2007-2008
Auditee Contact Person:	Ms. Brenda J. Bennett <i>Brenda J. Bennett 12-2-09</i>
Title of Contact Person:	Treasurer
Phone Number:	(317) 738-7009

Finding Number 2007-1 Internal Controls over Revenue

Federal Agency: U.S. Department of Education
 Federal Program: Special Education Cluster
 CFDA Number: 84.027
 Pass-Through Entity: Indiana Department of Education
 Auditee Contact Persons: Dr. Pamela Wright, Director
 Brenda Bennett, Treasurer
 Telephone Number: 317-736-8495

Receipts are issued most generally on a daily basis, with the exception of the absence of the Deputy Treasurer or Treasurer. Receipts are posted daily when written with the exception of when we are still closing out a previous month or year-end. At that time, once the previous month or year-end figures are cleared, receipts for the current month are posted immediately.

Finding Number 2007-02 Allowable Costs/Cost Principles

Federal Agency: U.S. Department of Education
 Federal Program: Special Education Cluster
 CFDA Number: 84.027
 Pass-Through Entity: Indiana Department of Education
 Auditee Contact Persons: Dr. Pamela Wright, Director
 Brenda Bennett, Treasurer
 Telephone Number: 317-736-8495

Semi-Annual Certification Activity Reports are maintained within each Federal Grant Project. These Certification reports identify federal project numbers, CFDA numbers, term of grant award and title of grant award. Employees are listed by program area, payroll periods gross wages are paid from the grant and a supervisor and/or assistant director(s) signature certifies that the employees are being funded within the federal grant award. If an employee terminates or moves from one program area to another or is funded from more than one federal project, documentation is provided on the certification report. Certification reports are completed twice a year and placed within the federal grant award file for auditing.

Finding Number 2007-03 Equipment and Real Property Management

Federal Agency: U.S. Department of Education
 Federal Program: Special Education Cluster
 CFDA Number: 84.027
 Pass-Through Entity: Indiana Department of Education
 Auditee Contact Persons: Dr. Pamela Wright, Director
 Brenda Bennett, Treasurer
 Telephone Number: 317-736-8495

We have put in place effective controls for recording capital assets purchased with federal and local funding. Appropriate mandated inventory controls are kept up to-date on a daily basis. Fiscal inventory is maintained on purchases recorded on the Capital Assets Report.

SPECIAL SERVICES, JOHNSON COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 21, 2010, with Brenda Bennett, Treasurer; Pamela T. Wright, Director, and Richard Arkanoff, President of the School Board. Our audit disclosed no material items that warrant comment at this time.