

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

AUDIT REPORT
OF
CENTRAL NINE CAREER CENTER
JOHNSON COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
03/26/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cindy Payton	07-01-07 to 06-30-10
Director	Timothy Lavery	07-01-07 to 04-20-08
	Stephen Hagen (Interim)	04-21-08 to 05-31-08
	Stephen Hagen	06-01-08 to 06-30-10
President of the School Board	Bill Maschmeyer	07-01-07 to 06-30-09
	Adam Allen	07-01-09 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Nine Career Center (School Corporation), as of and for the years ended June 30, 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 January 12, 2010, 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. The Schedule of Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

January 12, 2010



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Nine Career Center (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

January 12, 2010

CENTRAL NINE CAREER CENTER
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	\$ 3,109,040	\$ -	\$ 3,000	\$ (3,106,040)
Support services	1,744,924	67,024	-	(1,677,900)
Facilities acquisition and construction	670,004	-	-	(670,004)
Total governmental activities	<u>\$ 5,523,968</u>	<u>\$ 67,024</u>	<u>\$ 3,000</u>	<u>(5,453,944)</u>
General receipts:				
Other local sources				5,351,955
State aid				103,841
Grants and contributions not restricted to specific programs				752,214
Investment earnings				<u>93,554</u>
Total general receipts				<u>6,301,564</u>
Change in net assets				847,620
Net assets - beginning				<u>2,108,236</u>
Net assets - ending				<u><u>\$ 2,955,856</u></u>
 <u>Assets</u>				
Cash and investments				<u>\$ 2,955,856</u>
 <u>Net Assets</u>				
Unrestricted				<u><u>\$ 2,955,856</u></u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<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	\$ 3,010,453	\$ -	\$ 3,000	\$ (3,007,453)
Support services	1,865,856	37,393	-	(1,828,463)
Noninstructional services	7,639	-	-	(7,639)
Facilities acquisition and construction	1,425,240	-	-	(1,425,240)
Debt service	14,000	-	-	(14,000)
Total governmental activities	<u>\$ 6,323,188</u>	<u>\$ 37,393</u>	<u>\$ 3,000</u>	<u>(6,282,795)</u>
General receipts:				
Other local sources				5,846,910
State aid				139,997
Grants and contributions not restricted to specific programs				902,652
Sale of property				1,429,767
Investment earnings				15,555
Total general receipts				<u>8,334,881</u>
Change in net assets				2,052,086
Net assets - beginning				<u>2,955,856</u>
Net assets - ending				<u>\$ 5,007,942</u>
<u>Assets</u>				
Cash and investments				<u>\$ 5,007,942</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 5,007,942</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Rainy Day	Capital Projects	Construction Phase I	Other	Totals
Receipts:						
Local sources	\$ 3,718,379	\$ -	\$ 862,291	\$ 660,197	\$ 271,666	\$ 5,512,533
State sources	91,972	-	-	-	103,841	195,813
Federal sources	-	-	-	-	663,242	663,242
Interfund loans	-	-	-	-	66,057	66,057
Total receipts	<u>3,810,351</u>	<u>-</u>	<u>862,291</u>	<u>660,197</u>	<u>1,104,806</u>	<u>6,437,645</u>
Disbursements:						
Current:						
Instruction	2,307,178	-	-	-	801,862	3,109,040
Support services	907,578	263,437	390,040	-	183,869	1,744,924
Facilities acquisition and construction	75,000	-	450,515	66,478	78,011	670,004
Interfund loans	-	66,057	-	-	-	66,057
Total disbursements	<u>3,289,756</u>	<u>329,494</u>	<u>840,555</u>	<u>66,478</u>	<u>1,063,742</u>	<u>5,590,025</u>
Excess (deficiency) of receipts over disbursements	<u>520,595</u>	<u>(329,494)</u>	<u>21,736</u>	<u>593,719</u>	<u>41,064</u>	<u>847,620</u>
Other financing sources (uses):						
Transfers in	-	860,003	-	-	64,047	924,050
Transfers out	(860,003)	-	-	-	(64,047)	(924,050)
Total other financing sources (uses)	<u>(860,003)</u>	<u>860,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(339,408)</u>	<u>530,509</u>	<u>21,736</u>	<u>593,719</u>	<u>41,064</u>	<u>847,620</u>
Cash and investments - beginning	<u>1,360,003</u>	<u>17,860</u>	<u>313,406</u>	<u>331,124</u>	<u>85,843</u>	<u>2,108,236</u>
Cash and investments - ending	<u>\$ 1,020,595</u>	<u>\$ 548,369</u>	<u>\$ 335,142</u>	<u>\$ 924,843</u>	<u>\$ 126,907</u>	<u>\$ 2,955,856</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 1,020,595</u>	<u>\$ 548,369</u>	<u>\$ 335,142</u>	<u>\$ 924,843</u>	<u>\$ 126,907</u>	<u>\$ 2,955,856</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 1,020,595</u>	<u>\$ 548,369</u>	<u>\$ 335,142</u>	<u>\$ 924,843</u>	<u>\$ 126,907</u>	<u>\$ 2,955,856</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Rainy Day	Capital Projects	Construction Phase I	Construction Phase II	Other	Totals
Receipts:							
Local sources	\$ 3,224,066	\$ -	\$ 947,030	\$ 19	\$ 1,423,254	\$ 305,489	\$ 5,899,858
State sources	91,972	-	-	-	-	139,997	231,969
Federal sources	-	-	-	-	-	813,680	813,680
Interfund loans	-	66,057	-	-	-	55,483	121,540
Total receipts	3,316,038	66,057	947,030	19	1,423,254	1,314,649	7,067,047
Disbursements:							
Current:							
Instruction	2,065,263	-	-	-	-	945,190	3,010,453
Support services	1,096,685	-	449,112	-	-	320,059	1,865,856
Noninstructional services	-	-	-	-	-	7,639	7,639
Facilities acquisition and construction	-	-	493,674	619,252	312,314	-	1,425,240
Debt services	-	14,000	-	-	-	-	14,000
Interfund loans	-	55,483	-	-	-	66,057	121,540
Total disbursements	3,161,948	69,483	942,786	619,252	312,314	1,338,945	6,444,728
Excess (deficiency) of receipts over disbursements	154,090	(3,426)	4,244	(619,233)	1,110,940	(24,296)	622,319
Other financing sources (uses):							
Sale of capital assets	4,687	-	-	-	1,425,080	-	1,429,767
Transfers in	-	-	-	-	-	64,570	64,570
Transfers out	(63,695)	-	-	-	-	(875)	(64,570)
Total other financing sources (uses)	(59,008)	-	-	-	1,425,080	63,695	1,429,767
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	95,082	(3,426)	4,244	(619,233)	2,536,020	39,399	2,052,086
Cash and investments - beginning	1,020,595	548,369	335,142	924,843	-	126,907	2,955,856
Cash and investments - ending	<u>\$ 1,115,677</u>	<u>\$ 544,943</u>	<u>\$ 339,386</u>	<u>\$ 305,610</u>	<u>\$ 2,536,020</u>	<u>\$ 166,306</u>	<u>\$ 5,007,942</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 1,115,677</u>	<u>\$ 544,943</u>	<u>\$ 339,386</u>	<u>\$ 305,610</u>	<u>\$ 2,536,020</u>	<u>\$ 166,306</u>	<u>\$ 5,007,942</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 1,115,677</u>	<u>\$ 544,943</u>	<u>\$ 339,386</u>	<u>\$ 305,610</u>	<u>\$ 2,536,020</u>	<u>\$ 166,306</u>	<u>\$ 5,007,942</u>

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Payroll Agency Fund
Additions:			
Contributions:			
Employer	\$ 263,437	\$ -	
Other	49,062	103,602	
Total additions	312,499	103,602	
Deductions:			
Administrative and general	49,062	90,004	
Excess of total additions over total deductions	263,437	13,598	
Cash and investment fund balance - beginning	49,062	120,187	
Cash and investment fund balance - ending	\$ 312,499	\$ 133,785	\$ 21,348
Net assets:			
Cash and investments	\$ 312,499	\$ 133,785	
Total net assets - cash and investment basis held in trust	\$ 312,499	\$ 133,785	

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

CENTRAL NINE CAREER CENTER
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Payroll Agency Funds
Additions:			
Contributions:			
Other	\$ 2,552	\$ 26,205	
Deductions:			
Benefits	27,398	-	
Administrative and general	-	45,913	
Total deductions	27,398	45,913	
Deficiency of total additions over total deductions	(24,846)	(19,708)	
Cash and investment fund balance - beginning	312,499	133,785	
Cash and investment fund balance - ending	\$ 287,653	\$ 114,077	\$ 17,118
Net assets:			
Cash and investments	\$ 287,653	\$ 114,077	
Total net assets - cash and investment basis held in trust	\$ 287,653	\$ 114,077	

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Central Nine Career Center (School Corporation) was established December 1, 1970, and consists of the following participating school corporations:

Beech Grove City Schools, Marion County
Center Grove Community School Corporation, Johnson County
Clark-Pleasant Community School Corporation, Johnson County
Franklin Community School Corporation, Johnson County
Franklin Township Community School Corporation, Marion County
Greenwood Community School Corporation, Johnson County
Metropolitan School District of Perry Township, Marion County
Nineveh-Hensley-Jackson United School Corporation, Johnson County

The policy making body of the area vocational school consists of a representative from each participating school corporation which collectively comprise the Central Nine Career Center Governing Board. Governing board members are approved by the Board of School Trustees of each participating school corporation.

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

Primary Government: Central Nine Career Center

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

Joint Venture

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The 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.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, 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 rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

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

The construction fund (phase 1) accounts for the proceeds of funds advanced for the construction or renovations of school buildings for phase 1 of construction.

The construction fund (phase 2) accounts for the proceeds of funds advanced for the construction or renovations of school buildings for phase 2 of construction.

Additionally, the School Corporation reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, 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.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. 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.

3. Long-Term Debt

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

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."

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Each participating school corporation contributed to the construction cost of Central Nine Career Center based on the total assessed valuation of each school corporation.

The operating costs are funded by each participating school corporation based on the following:

20% per assessed valuation
80% per average daily membership

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

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

III. Detailed Notes on All Funds

A. Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2009, the bank sweep account balance held at Heartland Community Bank in the amount of \$5,026,055 was collateralized with securities held by the pledging financial institution but not in the depositor-School Corporation's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	Rainy Day Fund	\$ 860,003	\$ -
General Fund	Other governmental funds	-	63,695
Other governmental funds	Other governmental funds	<u>64,047</u>	<u>875</u>
Totals		<u>\$ 924,050</u>	<u>\$ 64,570</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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

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

Medical, Dental, Disability, and Life Coverage for Employees

During 1989, the School Corporation joined with other governmental entities to form the South Central Indiana School Trust, a public entity risk pool currently operating as a common risk management and insurance program for 11 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical, dental, disability and life coverage benefits. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$2,000,000 per life time for covered participants. The risk pool obtains independent coverage for insured events in excess of the \$200,000 limit per year for covered participants and independent aggregate stop loss coverage for up to \$11,458,319 in excess of a computed attached point. Coverage amounts represent the trust as a whole.

B. Holding Corporation

The Central Nine Career Center governing School Corporations have entered into a capital lease with Central Nine Career Center School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Payments made to the holding corporation are made directly by the participating school corporations. Payments are based on their assessed valuation.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The School provides postemployment health, dental and life benefits, as authorized Indiana Code 5-10-8, to all employees who retire from the School on or after attaining the age of 60 or meeting the rule of 85 with at least 10 years of service. Currently, one retiree meets these eligibility requirements. The School provides \$3,000 towards the cost of health benefits and \$225 towards dental each year. Disbursements for postemployment benefits for the audit period were \$6,450.

Funding Policy

The contribution requirements of plan members are established in the teacher contract and approved by the governing board. For the year ended June 30, 2009, the School contribution for the employee was \$6,450.

Annual OPEB Cost and Net OPEB Obligation

The School's annual other postemployment benefit (OPEB) expense has not been calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The School has not engaged an actuary to perform an actuarial valuation of the plan.

Funded Status and Funding Progress

As of June 30, 2009, the plan was not funded and is on a pay-as-you-go basis. An actuarial valuation has not been performed, consequently, the unfunded actuarial accrued liability for benefits is unknown.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 35,238
Interest on net pension obligation	(2,569)
Adjustment to annual required contribution	2,927
Annual pension cost	35,596
Contributions made	29,159
Increase (decrease) in net pension obligation	6,437
Net pension obligation, beginning of year	(35,430)
Net pension obligation, end of year	\$ (28,993)

	PERF
Contribution rates:	
School Corporation	7.50%
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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

	<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
PERF	06-30-06	\$ 18,986	131%	\$ (39,095)
	06-30-07	32,681	89%	(35,430)
	06-30-08	35,596	82%	(28,993)

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENTS
(Continued)

formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$100,362, \$106,983, and \$79,135, respectively.

CENTRAL NINE CAREER CENTER
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 274,662	\$ 315,172	\$ (40,510)	87%	\$ 446,855	(9%)
07-01-07	328,806	374,894	(46,088)	88%	475,700	(10%)
07-01-08	385,551	379,813	5,738	102%	395,601	1%

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	School Transportation	Adult and Continuing Education	School Technology Fund	Adult Education	Adult Education and Family Literacy Title II	FY 2006/2007 Civics Grant	FY 2007/2008 Adult Basic Ed Grant
Receipts:							
Local sources	\$ 29,790	\$ 141,629	\$ -	\$ 100,247	\$ -	\$ -	\$ -
State sources	-	71,962	-	31,879	-	-	-
Federal sources	-	-	-	-	-	-	131,832
Interfund loans	-	-	-	-	-	-	-
Total receipts	29,790	213,591	-	132,126	-	-	131,832
Disbursements:							
Current:							
Instruction	-	140,842	-	194,911	2,278	1,053	52,220
Support services	20,503	5,913	-	4,919	2,533	252	66,861
Facilities acquisition and construction	-	-	-	-	-	-	-
Total disbursements	20,503	146,755	-	199,830	4,811	1,305	119,081
Excess (deficiency) of receipts over disbursements	9,287	66,836	-	(67,704)	(4,811)	(1,305)	12,751
Other financing sources (uses):							
Transfers in	-	-	-	64,047	-	-	-
Transfers out	-	(64,047)	-	-	-	-	-
Total other financing sources (uses)	-	(64,047)	-	64,047	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,287	2,789	-	(3,657)	(4,811)	(1,305)	12,751
Cash and investments - beginning	19,807	-	9,500	3,657	4,811	1,305	-
Cash and investments - ending	\$ 29,094	\$ 2,789	\$ 9,500	\$ -	\$ -	\$ -	\$ 12,751
Cash and Investment Assets - Ending							
Cash and investments	\$ 29,094	\$ 2,789	\$ 9,500	\$ -	\$ -	\$ -	\$ 12,751
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 29,094	\$ 2,789	\$ 9,500	\$ -	\$ -	\$ -	\$ 12,751

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	FY 2007/2008 Civics Grant	FY 2007/2008 Perkins Grant	Moving Forward Entrepreneurship Grant	FY 2006/2007 Perkins Grant	FY2006/2007 Career Majors Grant	FY 2007/2008 Moving Forward Grant	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,666
State sources	-	-	-	-	-	-	103,841
Federal sources	33,000	296,424	-	97,195	31,255	73,536	663,242
Interfund loans	-	-	18,839	-	-	47,218	66,057
Total receipts	<u>33,000</u>	<u>296,424</u>	<u>18,839</u>	<u>97,195</u>	<u>31,255</u>	<u>120,754</u>	<u>1,104,806</u>
Disbursements:							
Current:							
Instruction	30,713	167,196	18,839	51,111	30,010	112,689	801,862
Support services	-	58,742	-	16,081	-	8,065	183,869
Facilities acquisition and construction	-	-	-	78,011	-	-	78,011
Total disbursements	<u>30,713</u>	<u>225,938</u>	<u>18,839</u>	<u>145,203</u>	<u>30,010</u>	<u>120,754</u>	<u>1,063,742</u>
Excess (deficiency) of receipts over disbursements	<u>2,287</u>	<u>70,486</u>	<u>-</u>	<u>(48,008)</u>	<u>1,245</u>	<u>-</u>	<u>41,064</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	64,047
Transfers out	-	-	-	-	-	-	(64,047)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,287</u>	<u>70,486</u>	<u>-</u>	<u>(48,008)</u>	<u>1,245</u>	<u>-</u>	<u>41,064</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,008</u>	<u>(1,245)</u>	<u>-</u>	<u>85,843</u>
Cash and investments - ending	<u>\$ 2,287</u>	<u>\$ 70,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,907</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 2,287</u>	<u>\$ 70,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,907</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 2,287</u>	<u>\$ 70,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,907</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	School Transportation	Adult and Continuing Education	School Technology Fund	Title I	FY 2007/2008 Adult Basic Ed Grant	FY 2007/2008 Civics Grant	FY 2008/2009 Adult Basic Ed Grant	FY 2008/2009 Civics Grant
Receipts:								
Local sources	\$ 36,213	\$ 260,483	\$ 8,793	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	139,997	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	163,436	35,000
Interfund loans	-	52,239	-	2,577	-	-	-	-
Total receipts	36,213	452,719	8,793	2,577	-	-	163,436	35,000
Disbursements:								
Current:								
Instruction	-	389,815	-	2,577	5,365	2,287	69,390	32,767
Support services	21,391	14,208	-	-	7,387	-	91,072	1,036
Noninstructional services	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	21,391	404,023	-	2,577	12,752	2,287	160,462	33,803
Excess (deficiency) of receipts over disbursements	14,822	48,696	8,793	-	(12,752)	(2,287)	2,974	1,197
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,822	48,696	8,793	-	(12,752)	(2,287)	2,974	1,197
Cash and investments - beginning	29,094	2,789	9,500	-	12,751	2,287	-	-
Cash and investments - ending	<u>\$ 43,916</u>	<u>\$ 51,485</u>	<u>\$ 18,293</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 2,974</u>	<u>\$ 1,197</u>
Cash and Investment Assets - Ending								
Cash and investments	<u>\$ 43,916</u>	<u>\$ 51,485</u>	<u>\$ 18,293</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 2,974</u>	<u>\$ 1,197</u>
Cash and Investment Fund Balance - Ending								
Unrestricted	<u>\$ 43,916</u>	<u>\$ 51,485</u>	<u>\$ 18,293</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 2,974</u>	<u>\$ 1,197</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	FY 2007/2008 Perkins Grant	FY 2008/2009 PLTW Bio-Med Grant	FY 2008/2009 Perkins Grant	Moving Forward Entrepreneurship Grant	FY2006/2007 Career Majors Grant	FY 2007/2008 Moving Forward Grant	School Bus Replacement Fund	Totals
Receipts:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,489
State sources	-	-	-	-	-	-	-	139,997
Federal sources	97,874	23,041	384,483	25,000	-	84,846	-	813,680
Interfund loans	-	667	-	-	-	-	-	55,483
Total receipts	97,874	23,708	384,483	25,000	-	84,846	-	1,314,649
Disbursements:								
Current:								
Instruction	141,985	23,708	230,943	5,286	-	41,067	-	945,190
Support services	26,375	-	97,459	-	-	(2,564)	63,695	320,059
Noninstructional services	-	-	7,639	-	-	-	-	7,639
Interfund loans	-	-	-	18,839	-	47,218	-	66,057
Total disbursements	168,360	23,708	336,041	24,125	-	85,721	63,695	1,338,945
Excess (deficiency) of receipts over disbursements	(70,486)	-	48,442	875	-	(875)	(63,695)	(24,296)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	875	63,695	64,570
Transfers out	-	-	-	(875)	-	-	-	(875)
Total other financing sources (uses)	-	-	-	(875)	-	875	63,695	63,695
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(70,486)	-	48,442	-	-	-	-	39,399
Cash and investments - beginning	70,486	-	-	-	-	-	-	126,907
Cash and investments - ending	\$ -	\$ -	\$ 48,442	\$ -	\$ -	\$ -	\$ -	\$ 166,306
Cash and Investment Assets - Ending								
Cash and investments	\$ -	\$ -	\$ 48,442	\$ -	\$ -	\$ -	\$ -	\$ 166,306
Cash and Investment Fund Balance - Ending								
Unrestricted	\$ -	\$ -	\$ 48,442	\$ -	\$ -	\$ -	\$ -	\$ 166,306

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ -	\$ 263,437	\$ 263,437
Other	-	49,062	49,062
Total additions	-	312,499	312,499
Deductions:			
Administrative and general	49,062	-	49,062
Excess (deficiency) of total additions over total deductions	(49,062)	312,499	263,437
Cash and investment fund balance - beginning	49,062	-	49,062
Cash and investment fund balance - ending	\$ -	\$ 312,499	\$ 312,499
Net assets:			
Cash and investments	\$ -	\$ 312,499	\$ 312,499
Total net assets - cash and investment basis held in trust	\$ -	\$ 312,499	\$ 312,499

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Post-Retirement/ Severance Future Benefit	Totals
Additions:		
Contributions:		
Other	\$ 2,552	\$ 2,552
Deductions:		
Benefits	27,398	27,398
Deficiency of total additions over total deductions	(24,846)	(24,846)
Cash and investment fund balance - beginning	312,499	312,499
Cash and investment fund balance - ending	\$ 287,653	\$ 287,653
Net assets:		
Cash and investments	\$ 287,653	\$ 287,653
Total net assets - cash and investment basis held in trust	\$ 287,653	\$ 287,653

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Eight Accounts	Auto Service Scholarship	Totals
Additions:			
Contributions:			
Other	\$ 85,684	\$ 17,918	\$ 103,602
Deductions:			
Administrative and general	86,004	4,000	90,004
Excess (deficiency) of total additions over total deductions	(320)	13,918	13,598
Cash and investment fund balance - beginning	48,028	72,159	120,187
Cash and investments - June 30	<u>\$ 47,708</u>	<u>\$ 86,077</u>	<u>\$ 133,785</u>
Net assets:			
Cash and investments	<u>\$ 47,708</u>	<u>\$ 86,077</u>	<u>\$ 133,785</u>
Total net assets - cash and investment basis held in trust	<u>\$ 47,708</u>	<u>\$ 86,077</u>	<u>\$ 133,785</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Dollar General Grant	Eight Accounts	Auto Service Scholarship	Totals
Additions:				
Contributions:				
Other	\$ 20,000	\$ 205	\$ 6,000	\$ 26,205
Total additions	20,000	205	6,000	26,205
Deductions:				
Administrative and general	-	45,913	-	45,913
Excess (deficiency) of total additions over total deductions	20,000	(45,708)	6,000	(19,708)
Cash and investment fund balance - beginning	-	45,708	88,077	133,785
Cash and investments - June 30	\$ 20,000	\$ -	\$ 94,077	\$ 114,077
Net assets:				
Cash and investments	\$ 20,000	\$ -	\$ 94,077	\$ 114,077
Total net assets - cash and investment basis held in trust	\$ 20,000	\$ -	\$ 94,077	\$ 114,077

CENTRAL NINE CAREER CENTER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2007 Building and Renovation - First Mortgage Revenue Bonds Series	\$ 5,630,000	\$ 768,000
2009 Building and Renovation - First Mortgage Revenue Bonds Series	<u>5,175,000</u>	<u>174,061</u>
Total governmental activities debt	<u>\$ 10,805,000</u>	<u>\$ 942,061</u>

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

CENTRAL NINE CAREER CENTER
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS – EXTRA-CURRICULAR ACCOUNT (ECA)

Depository reconciliations of the ECA fund balances to the bank account balances were not prepared monthly or were incorrect.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONDITION OF RECORDS – EXTRA-CURRICULAR ACCOUNT (ECA) TEXTBOOK RENTAL

The following deficiencies relating to the recordkeeping were noted. The ECA Treasurer would take the total money collected for textbook rental each day, subtracts out the cash change and prepares the deposit. The deposit was not compared to supporting documentation for each day. The first four days of registration showed the deposits for these days did not agree to the supporting documentation. The amount deposited, in all instances, was less than the amount shown as collected on the Harmony system printouts for those days. The amount recorded as textbook rental receipts for the year in Komputrol does not agree to the Harmony software reports for the year. The Harmony software year end reports for the year show more being collected for textbook rental than the Komputrol year end reports. Textbook rental receipts sometimes were held before deposit, at the request of the parent. Some courses were incorrectly inputted into the Harmony system which caused numerous adjustments to be made to the students accounts. These adjustments caused the Harmony system printouts to incorrectly crossfoot. Adjustments made were not approved by the Principal. The ECA Treasurer was aware of errors on the Harmony system textbook rental system but never reported them until they were brought up during the audit.

- (1) Record balances were not reconciled to depository balances.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

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

CENTRAL NINE CAREER CENTER
AUDIT RESULTS AND COMMENTS
(Continued)

(3) Some transactions were recorded as "negative" receipts and disbursements.

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

DEPOSITS – EXTRA-CURRICULAR ACCOUNT (ECA) TEXTBOOK RENTAL

Receipts in numerous instances were deposited later than the next business day.

Some receipts were written for amounts which could not be verified to the bank deposits due to some textbook rental receipts being reported as a cash receipt when actually a check was received. Also, when the bank deposit slip was prepared writing was done on top of the carbon copy, in which case the detailed deposit slip was not readable.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ." "Public funds deposited . . . shall be deposited in the same form in which they were received."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the Central Nine Career Center (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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.

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

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

STATE BOARD OF ACCOUNTS

January 12, 2010

CENTRAL NINE CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity 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 LABOR</u>				
Pass-Through Indiana Department of Workforce Development WIA Cluster WIA Adult Program	17.258	None	\$ -	\$ 2,577
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Adult Education - Basic Grants to States	84.002			
ABE Grant 06/07		07-8004	4,811	-
ABE Grant 07/08		08-8004	119,081	12,751
ABE Grant 08/09		09-8004	-	160,461
Civics Grant 06/07		V002A070014	1,305	-
Civics Grant 07/08		V002A080014	30,713	2,287
Civics Grant 08/09		V002A090014	-	33,804
Total for program			<u>155,910</u>	<u>209,303</u>
Career and Technical Education - Basic Grants to States	84.048			
Perkins Grant		07-4700-4265	145,203	-
Perkins Grant		08-4700-4265	225,937	168,360
Perkins Grant		09-4700-4265	-	336,041
Project Lead The Way Biomedical		PLTW Bio Med SPL BIO-7-33	-	24,849
Moving Forward Grant		C1-7-CPS-6-33	139,593	43,789
Total for program			<u>510,733</u>	<u>573,039</u>
Tech-Prep Education Career Major	84.243	TP-7-33	30,010	-
Total for federal grantor agency			<u>696,653</u>	<u>782,342</u>
Total federal awards expended			<u>\$ 696,653</u>	<u>\$ 784,919</u>

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

CENTRAL NINE CAREER CENTER
NOTE 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 Central Nine Career Center (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

CENTRAL NINE CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
----------------	------------------------------------

84.048	Career and Technical Education - Basic Grant to States
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Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CENTRAL NINE CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CENTRAL NINE CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2010, with Stephen Hagen, Executive Director; Adam Allen, President of the Board; and Cindy Payton, Business Manager/Treasurer. The official response has been made a part of this report and may be found on pages 43 through 45.



1999 U S 31 South
Greenwood, IN 46143
P 317 888 4401
F 317 885 8670

Stephen Hagen

Executive Director
shagen@central9.k12.in.us

John Strader

Principal, High School
jstrader@central9.k12.in.us

Sherene Donaldson

Curriculum Director
sdonaldson@central9.k12.in.us

Cindy Payton

Business Manager
cpayton@central9.k12.in.us

Erin Dietrich

Guidance Counselor
edietrich@central9.k12.in.us

Laura Showalter

Data Specialist
lshowalter@central9.k12.in.us

Bev Bonsett

Technology Director
bbonsett@central9.k12.in.us

OFFICIAL RESPONSE

TO: State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, Indiana

DATE: January 12, 2010
FROM: Stephen Hagen

- A. Noted below is a list of measures the High School Principal has instituted in order to prevent any reoccurrence of the bookkeeping incidents that were cited in the exit conference for Central Nine that occurred on January 2, 2010.
- B. In addition to these measures, the district office will arrange for random 3rd party audits on a regular basis. These audits will be unannounced to either the Principal or the ECA Secretary.

Textbook Rental and/or Fee Payments Procedures

Adjustment Procedures

1. Adjustments for Free & Reduced payments must be verified by the ECA Treasurer. After verification by the ECA Treasurer, adjustments will be made only after the approval of the School Principal. Both the Principal and ECA Treasurer must sign off on changes.
2. All adjustments will have a reason documented on the comment line and/or a Free and Reduced letter of approval attached to the students TBR for future reference.
3. Free & Reduced adjustments will continue to be done only if the student and/or parent supplies Central Nine with a letter of approval from the sending school corporation. Free & reduced adjustments will not be made during the registration process. Once free & reduced adjustments are applied to student accounts, a statement will be mailed home.

member



TBR/Fee Deposit Procedures

1. Textbook rental payments and fees collected will be deposited within 24 hours by the ECA Treasurer.
2. All textbook rental receipts and fees will be accounted for and signed by the employee collecting the payment and verified by the ECA Treasurer. Only two people will collect money during registration.
3. Receipts will be sorted in numerical order to ensure there are no missing receipt numbers.
4. Copies of receipts will be sorted alphabetical for ease of looking up specific students.
5. Receipts will be broken down and deposited in the correct sub-accounts with the proper supporting documentation by the ECA Treasurer. Receipts must verify amount deposited for the day. If there is a discrepancy, it must be noted on the receipts, the reason for the discrepancy, and the ECA Treasurer and Principal must sign off on the documentation.
6. Receipts will be deposited as cash, check, or credit cards as they were collected.

Registration TBR/Fees Collection Procedures

1. Only two people will be collecting TBR/Fees from students/parents.
2. Each employee will be issued a register till with a determined amount of change in the till. (\$150.00)
3. Employees will be required to sign all TBR receipts and will be responsible for keeping track of all receipts that they handle.
4. Employees will have each student/parent sign in at their station prior to entering/collecting TBR/Fees.
5. Any mistakes made on receipts will be noted by entering employee and signed by employee and ECA Treasurer.
6. There are to be no adjustments made during registration. All adjustments needed will be documented and made at a later date by the ECA Treasurer and signed off by the ECA Treasurer and School Principal.

7. When an employee takes a break from registration they will turn in their till and receipts to the ECA Treasurer who will lock them in the safe until the employee returns.
8. At the end of day each employee will have to balance their till with their receipts before it is turned into the ECA Treasurer. If there is a discrepancy in the till, the employee collecting the money and the ECA Treasurer will work together to find the mistake at that time. If they unable to balance, the Principal must be notified.
9. No changes may be made to these procedures without written approval of the principal.