

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

AUDIT REPORT  
OF

FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION  
FRANKLIN COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**  
02/25/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	11-12
Notes to Financial Statements .....	13-21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22-31
Combining Schedule of Cash and Investment Balances – Agency Fund .....	32-33
Schedule of Capital Assets.....	34
Schedule of Long-Term Debt .....	35
Audit Results and Comments:	
School Lunch - Ordinances and Resolutions .....	36
Internal Controls over Financial Transactions and Reporting .....	36-37
Supplemental Audit of Federal Awards:	
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.....	40-41
Schedule of Expenditures of Federal Awards .....	42
Notes to Schedule of Expenditures of Federal Awards.....	43
Schedule of Findings and Questioned Costs .....	44-45
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	46-47
Corrective Action Plan.....	48
Exit Conference.....	49

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Connie Lang	07-01-08 to 06-30-11
Superintendent of Schools	William Glentzer Debbie Howell	07-01-08 to 06-30-10 07-01-10 to 06-30-11
President of the School Board	Robert Jewell	07-01-08 to 06-30-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin County Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 18, 2011, 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 integral part of 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 School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

January 18, 2011



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

TO: THE OFFICIALS OF THE FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin County Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 18, 2011. 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.

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

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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 Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

January 18, 2011

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,887,616	\$ -	\$ 216,807	\$ (12,670,809)
Support services	8,090,293	577,809	743,577	(6,768,907)
Noninstructional services	1,312,664	-	-	(1,312,664)
Facilities acquisition and construction	2,305,351	-	-	(2,305,351)
Debt service	2,341,417	-	-	(2,341,417)
Nonprogrammed charges	814,821	-	-	(814,821)
Total governmental activities	\$ 27,752,162	\$ 577,809	\$ 960,384	(26,213,969)
General receipts:				
Property taxes				10,785,126
Other local sources				2,210,507
State aid				13,135,649
Grants and contributions not restricted to specific programs				2,207,547
Investment earnings				199,959
Other				85,400
Total general receipts				28,624,188
Change in net assets				2,410,219
Net assets - beginning				7,443,853
Net assets - ending				\$ 9,854,072
<u>Assets</u>				
Cash and investments				\$ 9,704,958
Restricted assets:				
Cash and investments				149,114
Total assets				\$ 9,854,072
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 149,114
Unrestricted				9,704,958
Total net assets				\$ 9,854,072

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2010

<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	\$ 13,097,046	\$ -	\$ 175,768	\$ (12,921,278)
Support services	8,146,862	575,892	802,217	(6,768,753)
Noninstructional services	1,372,546	-	-	(1,372,546)
Facilities acquisition and construction	1,645,275	-	-	(1,645,275)
Debt service	2,155,877	-	-	(2,155,877)
Nonprogrammed charges	760,529	-	-	(760,529)
	<u>\$ 27,178,135</u>	<u>\$ 575,892</u>	<u>\$ 977,985</u>	<u>(25,624,258)</u>
General receipts:				
Property taxes				9,003,974
Other local sources				1,471,207
State aid				16,588,300
Grants and contributions not restricted to specific programs				1,383,631
Investment earnings				134,224
Other				<u>257,367</u>
Total general receipts				<u>28,838,703</u>
Change in net assets				3,214,445
Net assets - beginning				<u>9,854,070</u>
Net assets - ending				<u>\$ 13,068,515</u>
<u>Assets</u>				
Cash and investments				\$ 12,531,126
Restricted assets:				
Cash and investments				<u>537,389</u>
Total assets				<u>\$ 13,068,515</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 537,389
Unrestricted				<u>12,531,126</u>
Total net assets				<u>\$ 13,068,515</u>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Transportation Operating	Fiscal Stabilization	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 5,337,536	\$ 2,582,098	\$ -	\$ 2,288,749	\$ 3,562,669	\$ 13,771,052
Intermediate sources	1,747	-	-	-	600	2,347
State sources	13,316,077	-	-	-	444,151	13,760,228
Federal sources	-	-	1,458,711	-	1,084,643	2,543,354
Interfund loans	-	-	-	907,748	144,235	1,051,983
Other	77,041	424	-	-	7,935	85,400
<b>Total receipts</b>	<b>18,732,401</b>	<b>2,582,522</b>	<b>1,458,711</b>	<b>3,196,497</b>	<b>5,244,233</b>	<b>31,214,364</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	12,026,102	-	100,647	-	760,867	12,887,616
Support services	3,853,932	2,617,940	13,452	949,258	655,711	8,090,293
Noninstructional services	255,519	-	386	-	1,056,759	1,312,664
Facilities acquisition and construction	-	-	-	2,295,984	9,367	2,305,351
Debt services	-	-	-	-	2,341,417	2,341,417
Nonprogrammed charges	814,821	-	-	-	-	814,821
Interfund loans	-	-	-	144,235	907,748	1,051,983
<b>Total disbursements</b>	<b>16,950,374</b>	<b>2,617,940</b>	<b>114,485</b>	<b>3,389,477</b>	<b>5,731,869</b>	<b>28,804,145</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>1,782,027</b>	<b>(35,418)</b>	<b>1,344,226</b>	<b>(192,980)</b>	<b>(487,636)</b>	<b>2,410,219</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	79,815	79,815
Transfers out	-	-	-	-	(79,815)	(79,815)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>1,782,027</b>	<b>(35,418)</b>	<b>1,344,226</b>	<b>(192,980)</b>	<b>(487,636)</b>	<b>2,410,219</b>
<b>Cash and investments - beginning</b>	<b>995,986</b>	<b>1,039,091</b>	<b>-</b>	<b>3,979,191</b>	<b>1,429,585</b>	<b>7,443,853</b>
<b>Cash and investments - ending</b>	<b>\$ 2,778,013</b>	<b>\$ 1,003,673</b>	<b>\$ 1,344,226</b>	<b>\$ 3,786,211</b>	<b>\$ 941,949</b>	<b>\$ 9,854,072</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 2,778,013	\$ 1,003,673	\$ 1,344,226	\$ 3,786,211	\$ 792,835	\$ 9,704,958
Restricted assets:						
Cash and investments	-	-	-	-	149,114	149,114
<b>Total cash and investment assets - ending</b>	<b>\$ 2,778,013</b>	<b>\$ 1,003,673</b>	<b>\$ 1,344,226</b>	<b>\$ 3,786,211</b>	<b>\$ 941,949</b>	<b>\$ 9,854,072</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 149,114	\$ 149,114
Unrestricted	2,778,013	1,003,673	1,344,226	3,786,211	792,835	9,704,958
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,778,013</b>	<b>\$ 1,003,673</b>	<b>\$ 1,344,226</b>	<b>\$ 3,786,211</b>	<b>\$ 941,949</b>	<b>\$ 9,854,072</b>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	General	Transportation Operating	Fiscal Stabilization	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 250,458	\$ 3,945,329	\$ -	\$ 3,413,067	\$ 3,544,368	\$ 11,153,222
Intermediate sources	31,640	-	-	-	431	32,071
State sources	16,726,069	-	-	-	418,617	17,144,686
Federal sources	-	-	600,934	-	1,204,298	1,805,232
Interfund loans	-	-	-	434,905	286,349	721,254
Other	<u>242,820</u>	<u>2,626</u>	<u>-</u>	<u>150</u>	<u>11,773</u>	<u>257,369</u>
<b>Total receipts</b>	<u>17,250,987</u>	<u>3,947,955</u>	<u>600,934</u>	<u>3,848,122</u>	<u>5,465,836</u>	<u>31,113,834</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	10,923,381	-	1,521,638	-	652,027	13,097,046
Support services	3,598,439	2,571,547	391,898	934,599	650,379	8,146,862
Noninstructional services	218,118	-	31,623	-	1,122,805	1,372,546
Facilities acquisition and construction	-	-	-	1,645,275	-	1,645,275
Debt services	-	-	-	-	2,155,877	2,155,877
Nonprogrammed charges	757,429	-	-	-	3,100	760,529
Interfund loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,671</u>	<u>430,583</u>	<u>721,254</u>
<b>Total disbursements</b>	<u>15,497,367</u>	<u>2,571,547</u>	<u>1,945,159</u>	<u>2,870,545</u>	<u>5,014,771</u>	<u>27,899,389</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>1,753,620</u>	<u>1,376,408</u>	<u>(1,344,225)</u>	<u>977,577</u>	<u>451,065</u>	<u>3,214,445</u>
<b>Other financing sources (uses):</b>						
Transfers in	125,098	-	-	-	57,738	182,836
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,836)</u>	<u>(182,836)</u>
<b>Total other financing sources (uses)</b>	<u>125,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,098)</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>1,878,718</u>	<u>1,376,408</u>	<u>(1,344,225)</u>	<u>977,577</u>	<u>325,967</u>	<u>3,214,445</u>
<b>Cash and investments - beginning</b>	<u>2,778,011</u>	<u>1,003,674</u>	<u>1,344,225</u>	<u>3,786,212</u>	<u>941,948</u>	<u>9,854,070</u>
<b>Cash and investments - ending</b>	<u>\$ 4,656,729</u>	<u>\$ 2,380,082</u>	<u>\$ -</u>	<u>\$ 4,763,789</u>	<u>\$ 1,267,915</u>	<u>\$ 13,068,515</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 4,656,729	\$ 2,380,082	\$ -	\$ 4,763,789	\$ 730,526	\$ 12,531,126
Restricted assets:						
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,389</u>	<u>537,389</u>
<b>Total cash and investment assets - ending</b>	<u>\$ 4,656,729</u>	<u>\$ 2,380,082</u>	<u>\$ -</u>	<u>\$ 4,763,789</u>	<u>\$ 1,267,915</u>	<u>\$ 13,068,515</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 537,389	\$ 537,389
Unrestricted	<u>4,656,729</u>	<u>2,380,082</u>	<u>-</u>	<u>4,763,789</u>	<u>730,526</u>	<u>12,531,126</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 4,656,729</u>	<u>\$ 2,380,082</u>	<u>\$ -</u>	<u>\$ 4,763,789</u>	<u>\$ 1,267,915</u>	<u>\$ 13,068,515</u>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	\$ <u>160,145</u>
Net assets:	
Total net assets - cash and investment basis held in trust	\$ <u>160,145</u>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2010

	<u>Agency Funds</u>
Cash and investment fund balance - ending	\$ <u>156,701</u>
Net assets:	
Total net assets - cash and investment basis held in trust	\$ <u>156,701</u>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Franklin County Community School Corporation

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

Joint Venture

The School Corporation is a participant in a joint venture to operate East Central Indiana Special Services which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit an annual amount determined by a funding formula approved by the district board to supplement the East Central Indiana Special Services. Complete financial statements for the East Central Indiana Special Services can be obtained from joint venture's administrative office at 107 Layman Street, Liberty, IN 47353.

The School Corporation is a participant in a joint venture to operate Whitewater Technical Career Center (Co-op) which was created to provide vocational education instruction to students of member schools. The Whitewater Technical Career Center (Co-op) Board consists of the Superintendents of the member school corporations. Fayette County School Corporation maintains the treasury function for the Co-op, and is accountable to the Co-op for all fiscal matters. Complete financial statements for the Whitewater Technical Career Center (Co-op) can be obtained from by contacting Fayette County School Corporation, 1401 Spartan Drive, Connersville, IN 47331.

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The fiscal stabilization fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for federal and state revenue agencies and serve as control of accounts for 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.

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

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

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

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

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

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. 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.

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

5. Long-Term Debt

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

6. 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."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

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

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$13,225,220.

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, 2009 and 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
Other Governmental Funds	General Fund	\$ -	\$ 125,098
Other Governmental Funds	Other Governmental Funds	<u>79,815</u>	<u>57,738</u>
Totals		<u>\$ 79,815</u>	<u>\$ 182,836</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; 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; medical benefits to employees, retirees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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

B. Holding Corporations

The School Corporation has entered into a capital lease with Franklin County High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$841,500 and \$841,500, respectively.

The School Corporation has entered into a capital lease with Franklin County Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010 totaled \$864,000 and \$866,000, respectively.

C. Other Postemployment Benefit

Defined Contribution Healthcare Plan

Plan Description

Anthem Healthcare Plan is a defined contribution healthcare plan administered by Anthem. The plan provides Medical and life insurance benefits and salary replacement to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Anthem Healthcare Plan are established by the School Corporation's governing board. The required contribution is \$1 or more. For the year ended June 30, 2010, the School Corporation contributed \$113,837 to the plan. Plan members receiving benefits contributed \$60,986.

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

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

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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$111,807 and \$116,338, respectively.

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

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

Funding Policy

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's contributions to the plan during the period were \$1,415,825 and \$1,273,164 respectively.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Special Education Pre-school	School Lunch	Textbook Rental	Education License Plate	FY07/08 Early Intervention	FY08/09 Early Intervention
<b>Receipts:</b>						
Local sources	\$ 15,157	\$ 550,883	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	600	-	-
State sources	70,075	13,517	239,162	-	-	81,819
Federal sources	-	490,899	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	7,935	-	-	-	-
<b>Total receipts</b>	<b>85,232</b>	<b>1,063,234</b>	<b>239,162</b>	<b>600</b>	<b>-</b>	<b>81,819</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	94,515	-	-	-	4,105	45,761
Support services	-	-	202,352	-	-	-
Noninstructional services	-	1,035,469	-	-	-	21,146
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>94,515</b>	<b>1,035,469</b>	<b>202,352</b>	<b>-</b>	<b>4,105</b>	<b>66,907</b>
Excess (deficiency) of receipts over disbursements	(9,283)	27,765	36,810	600	(4,105)	14,912
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,283)	27,765	36,810	600	(4,105)	14,912
Cash and investments - beginning	146,646	94,018	169,584	14,531	4,105	-
Cash and investments - ending	\$ 137,363	\$ 121,783	\$ 206,394	\$ 15,131	\$ -	\$ 14,912
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 137,363	\$ 121,783	\$ 206,394	\$ 15,131	\$ -	\$ 14,912
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 137,363</b>	<b>\$ 121,783</b>	<b>\$ 206,394</b>	<b>\$ 15,131</b>	<b>\$ -</b>	<b>\$ 14,912</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	137,363	121,783	206,394	15,131	-	14,912
<b>Total cash and investment fund balance - ending</b>	<b>\$ 137,363</b>	<b>\$ 121,783</b>	<b>\$ 206,394</b>	<b>\$ 15,131</b>	<b>\$ -</b>	<b>\$ 14,912</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Early Intervention	FY07/08 Gifted & Talented	FY08/09 Gifted & Talented	Distance Learning	State Medicaid Reimbursement	Non-English Speaking Program
<b>Receipts:</b>						
Local sources	\$ 64,900	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	800	-	38,778	-	-	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>65,700</b>	<b>-</b>	<b>38,778</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	64,851	3,890	16,585	490	7,185	-
Support services	-	2,789	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	3,249	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>68,100</b>	<b>6,679</b>	<b>16,585</b>	<b>490</b>	<b>7,185</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(2,400)	(6,679)	22,193	(490)	(7,185)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,400)	(6,679)	22,193	(490)	(7,185)	-
Cash and investments - beginning	2,400	6,679	-	23,328	12,869	87
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,193</u>	<u>\$ 22,838</u>	<u>\$ 5,684</u>	<u>\$ 87</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 22,193	\$ 22,838	\$ 5,684	\$ 87
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,193</u>	<u>\$ 22,838</u>	<u>\$ 5,684</u>	<u>\$ 87</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	22,193	22,838	5,684	87
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,193</u>	<u>\$ 22,838</u>	<u>\$ 5,684</u>	<u>\$ 87</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Connect 2000	Five Year Technology Plan Grant	FY07/08 Title I	FY08/09 Title I	2009 Title I School Improvement	FY07/08 Title I CSRD
<b>Receipts:</b>						
Local sources	\$ 3,221	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	352,187	50,000	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>3,221</b>	<b>-</b>	<b>-</b>	<b>352,187</b>	<b>50,000</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	71,288	290,703	-	5,943
Support services	-	7,853	1,585	33,320	-	32,636
Noninstructional services	-	-	107	37	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>7,853</b>	<b>72,980</b>	<b>324,060</b>	<b>-</b>	<b>38,579</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,221</b>	<b>(7,853)</b>	<b>(72,980)</b>	<b>28,127</b>	<b>50,000</b>	<b>(38,579)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	71,863	-	-
Transfers out	-	-	(71,863)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(71,863)</b>	<b>71,863</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>3,221</b>	<b>(7,853)</b>	<b>(144,843)</b>	<b>99,990</b>	<b>50,000</b>	<b>(38,579)</b>
<b>Cash and investments - beginning</b>	<b>37,395</b>	<b>7,853</b>	<b>144,843</b>	<b>-</b>	<b>-</b>	<b>38,579</b>
<b>Cash and investments - ending</b>	<b>\$ 40,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99,990</b>	<b>\$ 50,000</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 40,616	\$ -	\$ -	\$ 99,990	\$ 50,000	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 40,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99,990</b>	<b>\$ 50,000</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	40,616	-	-	99,990	50,000	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 40,616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99,990</b>	<b>\$ 50,000</b>	<b>\$ -</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	FY07/08 Title V	FY06/07 Drug Free Schools	FY 07/08 Drug Free Schools	FY06/07 Drug Free Schools	FY 08/09 Title II	Title II Part D Enhanced Education
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	4,854	-	10,973	-	152,630	23,100
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>4,854</b>	<b>-</b>	<b>10,973</b>	<b>-</b>	<b>152,630</b>	<b>23,100</b>
Disbursements:						
Current:						
Instruction	-	1,067	5,109	-	149,375	-
Support services	150	6,885	-	-	-	81,704
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>150</b>	<b>7,952</b>	<b>5,109</b>	<b>-</b>	<b>149,375</b>	<b>81,704</b>
Excess (deficiency) of receipts over disbursements	4,704	(7,952)	5,864	-	3,255	(58,604)
Other financing sources (uses):						
Transfers in	-	7,952	-	-	-	-
Transfers out	-	-	-	(7,952)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>7,952</b>	<b>-</b>	<b>(7,952)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,704	-	5,864	(7,952)	3,255	(58,604)
Cash and investments - beginning	-	-	-	7,952	-	58,604
Cash and investments - ending	<u>\$ 4,704</u>	<u>\$ -</u>	<u>\$ 5,864</u>	<u>\$ -</u>	<u>\$ 3,255</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,704	\$ -	\$ 5,864	\$ -	\$ 3,255	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 4,704</u>	<u>\$ -</u>	<u>\$ 5,864</u>	<u>\$ -</u>	<u>\$ 3,255</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,704	-	5,864	-	3,255	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 4,704</u>	<u>\$ -</u>	<u>\$ 5,864</u>	<u>\$ -</u>	<u>\$ 3,255</u>	<u>\$ -</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Debt Service	Retirement/ Severance Bond	Bus Replacement	Common School Construction	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ 2,579,555	\$ 253,738	\$ 95,215	\$ -	\$ -	\$ 3,562,669
Intermediate sources	-	-	-	-	-	600
State sources	-	-	-	-	-	444,151
Federal sources	-	-	-	-	-	1,084,643
Interfund loans	-	144,235	-	-	-	144,235
Other	-	-	-	-	-	7,935
<b>Total receipts</b>	<b>2,579,555</b>	<b>397,973</b>	<b>95,215</b>	<b>-</b>	<b>-</b>	<b>5,244,233</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	760,867
Support services	-	-	286,437	-	-	655,711
Noninstructional services	-	-	-	-	-	1,056,759
Facilities acquisition and construction	-	-	-	6,118	-	9,367
Debt services	2,072,508	268,909	-	-	-	2,341,417
Interfund loans	778,684	129,064	-	-	-	907,748
<b>Total disbursements</b>	<b>2,851,192</b>	<b>397,973</b>	<b>286,437</b>	<b>6,118</b>	<b>-</b>	<b>5,731,869</b>
Excess (deficiency) of receipts over disbursements	(271,637)	-	(191,222)	(6,118)	-	(487,636)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	79,815
Transfers out	-	-	-	-	-	(79,815)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(271,637)	-	(191,222)	(6,118)	-	(487,636)
Cash and investments - beginning	420,751	-	210,463	6,118	22,780	1,429,585
Cash and investments - ending	\$ 149,114	\$ -	\$ 19,241	\$ -	\$ 22,780	\$ 941,949
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 19,241	\$ -	\$ 22,780	\$ 792,835
Restricted assets:						
Cash and investments	149,114	-	-	-	-	149,114
<b>Total cash and investment assets - ending</b>	<b>\$ 149,114</b>	<b>\$ -</b>	<b>\$ 19,241</b>	<b>\$ -</b>	<b>\$ 22,780</b>	<b>\$ 941,949</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ 149,114	\$ -	\$ -	\$ -	\$ -	\$ 149,114
Unrestricted	-	-	19,241	-	22,780	792,835
<b>Total cash and investment fund balance - ending</b>	<b>\$ 149,114</b>	<b>\$ -</b>	<b>\$ 19,241</b>	<b>\$ -</b>	<b>\$ 22,780</b>	<b>\$ 941,949</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010

	Special Education Pre-school	School Lunch	Textbook Rental	Levy Excess	Education License Plate	FY07/08 Early Intervention
<b>Receipts:</b>						
Local sources	\$ -	\$ 545,280	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	431	-
State sources	33,000	-	213,333	40,426	-	83,636
Federal sources	-	546,835	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	11,773	-	-	-	-
<b>Total receipts</b>	<b>33,000</b>	<b>1,103,888</b>	<b>213,333</b>	<b>40,426</b>	<b>431</b>	<b>83,636</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	45,265	-	-	-	-	38,766
Support services	-	-	242,925	-	-	-
Noninstructional services	-	1,102,990	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>45,265</b>	<b>1,102,990</b>	<b>242,925</b>	<b>-</b>	<b>-</b>	<b>38,766</b>
Excess (deficiency) of receipts over disbursements	(12,265)	898	(29,592)	40,426	431	44,870
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(125,098)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(125,098)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(137,363)	898	(29,592)	40,426	431	44,870
Cash and investments - beginning	137,363	121,785	206,393	-	15,131	-
Cash and investments - ending	\$ -	\$ 122,683	\$ 176,801	\$ 40,426	\$ 15,562	\$ 44,870
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 122,683	\$ 176,801	\$ 40,426	\$ 15,562	\$ 44,870
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 122,683</b>	<b>\$ 176,801</b>	<b>\$ 40,426</b>	<b>\$ 15,562</b>	<b>\$ 44,870</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	122,683	176,801	40,426	15,562	44,870
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 122,683</b>	<b>\$ 176,801</b>	<b>\$ 40,426</b>	<b>\$ 15,562</b>	<b>\$ 44,870</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	FY08/09 Early Intervention	Early Intervention	FY08/09 Gifted & Talented	FY09/10 Gifted & Talented	Distance Learning	State Medicaid Reimbursement
<b>Receipts:</b>						
Local sources	\$ -	\$ 11,284	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	38,000	-	10,222
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>11,284</b>	<b>-</b>	<b>38,000</b>	<b>-</b>	<b>10,222</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	771	11,200	7,053	10,399	-	5,014
Support services	7,714	-	15,140	-	-	-
Noninstructional services	6,427	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14,912</b>	<b>11,200</b>	<b>22,193</b>	<b>10,399</b>	<b>-</b>	<b>5,014</b>
Excess (deficiency) of receipts over disbursements	(14,912)	84	(22,193)	27,601	-	5,208
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,912)	84	(22,193)	27,601	-	5,208
Cash and investments - beginning	14,912	-	22,193	-	22,838	5,684
Cash and investments - ending	\$ -	\$ 84	\$ -	\$ 27,601	\$ 22,838	\$ 10,892
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 84	\$ -	\$ 27,601	\$ 22,838	\$ 10,892
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 84</b>	<b>\$ -</b>	<b>\$ 27,601</b>	<b>\$ 22,838</b>	<b>\$ 10,892</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	84	-	27,601	22,838	10,892
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 84</b>	<b>\$ -</b>	<b>\$ 27,601</b>	<b>\$ 22,838</b>	<b>\$ 10,892</b>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Non-English Speaking Program	Connect 2000	FY08/09 Title I	FY09/10 Title I	2009 Title I School Improvement	FY07/08 Title V
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	119,704	283,517	-	1,893
Interfund loans	-	-	-	14,712	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>119,704</b>	<b>298,229</b>	<b>-</b>	<b>1,893</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	92,472	277,194	11,504	-
Support services	-	36,941	68,472	50,451	38,496	6,597
Noninstructional services	-	-	1,012	2,376	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	14,712	-	-
<b>Total disbursements</b>	<b>-</b>	<b>36,941</b>	<b>161,956</b>	<b>344,733</b>	<b>50,000</b>	<b>6,597</b>
Excess (deficiency) of receipts over disbursements	-	(36,941)	(42,252)	(46,504)	(50,000)	(4,704)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	57,738	-	-
Transfers out	-	-	(57,738)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(57,738)</b>	<b>57,738</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(36,941)	(99,990)	11,234	(50,000)	(4,704)
Cash and investments - beginning	87	40,615	99,990	-	50,000	4,704
Cash and investments - ending	<u>\$ 87</u>	<u>\$ 3,674</u>	<u>\$ -</u>	<u>\$ 11,234</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 87	\$ 3,674	\$ -	\$ 11,234	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 87</u>	<u>\$ 3,674</u>	<u>\$ -</u>	<u>\$ 11,234</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	87	3,674	-	11,234	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 87</u>	<u>\$ 3,674</u>	<u>\$ -</u>	<u>\$ 11,234</u>	<u>\$ -</u>	<u>\$ -</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	FY 07/08 Drug Free Schools	FY09/10 Drug Free Schools	Federal Medicaid Reimbursement	FY 08/09 Title II	Title I	School Lunch Equipment
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	5,579	31,828	80,000	124,942	10,000
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>5,579</u>	<u>31,828</u>	<u>80,000</u>	<u>124,942</u>	<u>10,000</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	4,853	1,817	-	57,771	87,948	-
Support services	1,011	-	-	-	27,401	-
Noninstructional services	-	-	-	-	-	10,000
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	3,100	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<u>5,864</u>	<u>1,817</u>	<u>3,100</u>	<u>57,771</u>	<u>115,349</u>	<u>10,000</u>
Excess (deficiency) of receipts over disbursements	<u>(5,864)</u>	<u>3,762</u>	<u>28,728</u>	<u>22,229</u>	<u>9,593</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,864)</u>	<u>3,762</u>	<u>28,728</u>	<u>22,229</u>	<u>9,593</u>	<u>-</u>
Cash and investments - beginning	<u>5,864</u>	<u>-</u>	<u>-</u>	<u>3,255</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,762</u>	<u>\$ 28,728</u>	<u>\$ 25,484</u>	<u>\$ 9,593</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 3,762	\$ 28,728	\$ 25,484	\$ 9,593	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 3,762</u>	<u>\$ 28,728</u>	<u>\$ 25,484</u>	<u>\$ 9,593</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,762	28,728	25,484	9,593	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 3,762</u>	<u>\$ 28,728</u>	<u>\$ 25,484</u>	<u>\$ 9,593</u>	<u>\$ -</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2010  
 (Continued)

	Debt Service	Retirement/ Severance Bond	Bus Replacement	Construction	Totals
<b>Receipts:</b>					
Local sources	\$ 2,399,052	\$ 289,335	\$ 299,417	\$ -	\$ 3,544,368
Intermediate sources	-	-	-	-	431
State sources	-	-	-	-	418,617
Federal sources	-	-	-	-	1,204,298
Interfund loans	271,637	-	-	-	286,349
Other	-	-	-	-	11,773
<b>Total receipts</b>	<u>2,670,689</u>	<u>289,335</u>	<u>299,417</u>	<u>-</u>	<u>5,465,836</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	652,027
Support services	-	-	155,231	-	650,379
Noninstructional services	-	-	-	-	1,122,805
Debt services	2,023,023	132,854	-	-	2,155,877
Nonprogrammed charges	-	-	-	-	3,100
Interfund loans	271,637	144,234	-	-	430,583
<b>Total disbursements</b>	<u>2,294,660</u>	<u>277,088</u>	<u>155,231</u>	<u>-</u>	<u>5,014,771</u>
Excess (deficiency) of receipts over disbursements	<u>376,029</u>	<u>12,247</u>	<u>144,186</u>	<u>-</u>	<u>451,065</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	57,738
Transfers out	-	-	-	-	(182,836)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,098)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	376,029	12,247	144,186	-	325,967
Cash and investments - beginning	<u>149,113</u>	<u>-</u>	<u>19,241</u>	<u>22,780</u>	<u>941,948</u>
Cash and investments - ending	<u>\$ 525,142</u>	<u>\$ 12,247</u>	<u>\$ 163,427</u>	<u>\$ 22,780</u>	<u>\$ 1,267,915</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ 163,427	\$ 22,780	\$ 730,526
<b>Restricted assets:</b>					
Cash and investments	<u>525,142</u>	<u>12,247</u>	<u>-</u>	<u>-</u>	<u>537,389</u>
<b>Total cash and investment assets - ending</b>	<u>\$ 525,142</u>	<u>\$ 12,247</u>	<u>\$ 163,427</u>	<u>\$ 22,780</u>	<u>\$ 1,267,915</u>
<b>Cash and Investment Fund Balance - Ending</b>					
<b>Restricted for:</b>					
Debt service	\$ 525,142	\$ 12,247	\$ -	\$ -	\$ 537,389
Unrestricted	<u>-</u>	<u>-</u>	<u>163,427</u>	<u>22,780</u>	<u>730,526</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 525,142</u>	<u>\$ 12,247</u>	<u>\$ 163,427</u>	<u>\$ 22,780</u>	<u>\$ 1,267,915</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For the Year Ended June 30, 2009

	<u>Payroll Withholding</u>
Additions:	
Agency fund additions	\$ <u>3,952,736</u>
Deductions:	
Agency fund deductions	<u>3,941,989</u>
Excess of total additions over total deductions	10,747
Cash and investment fund balance - beginning	<u>149,398</u>
Cash and investment fund balance - ending	<u><u>\$ 160,145</u></u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUND  
 For the Year Ended June 30, 2010

	<u>Payroll Withholding</u>
Additions:	
Agency fund additions	<u>\$ 4,062,723</u>
Deductions:	
Agency fund deductions	<u>4,066,167</u>
Deficiency of total additions over total deductions	(3,444)
Cash and investment fund balance - beginning	<u>160,145</u>
Cash and investment fund balance - ending	<u><u>\$ 156,701</u></u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and buildings	\$ 38,157,501
Improvements other than buildings	759,813
Machinery and equipment	<u>9,391,456</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 48,308,770</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2010

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:		
Franklin County High School Building Corp.	\$ 673,155	\$ 258,426
Franklin County Middle School Building Corp.	7,420,000	565,000
Notes and loans payable	3,059,000	161,000
Bonds payable:		
Revenue bonds:		
Pension bonds	-	130,000
Total governmental activities debt	<u>\$ 11,152,155</u>	<u>\$ 1,114,426</u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

SCHOOL LUNCH - ORDINANCES AND RESOLUTIONS

The School Corporation has a policy concerning negative student account balances for school lunch. However, the policy was not always followed. The policy states in part: "Students who have an outstanding balance of \$25 or more shall be given a peanut butter sandwich, milk and fruit until the balance is paid." However, we noted that 13 students at Laurel Elementary, 1 student at Mt. Carmel Elementary, and 66 students at Brookville Elementary had outstanding balances exceeding \$25 and were still served the regular student lunch. We also noted 21 adults at Laurel Elementary, 10 adults at Mt. Carmel Elementary, and 27 adults at Brookville Elementary had negative balances ranging from \$.25 to \$61.40.

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

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Extra-Curricular Schools related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the Schools to reduce risks to achievement of financial reporting objectives. The Extra-Curricular activities have not separated incompatible activities related to receipts, disbursements, and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to be undetected.
2. Preparing Financial Statements: The School Corporation did not have effective internal control over financial reporting involving the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statements and did not determine how identified risks should be managed. The Extra-Curricular accounts maintain the cash for textbook rental and school lunch accounts and have not identified risks to the preparation of reliable financial statements and as a result have failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

3. Monitoring of Controls: The School Board did not monitor and assess the quality of the Extra-Curriculars' systems of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the Extra-Curricular accounts at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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 Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://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 FRANKLIN COUNTY COMMUNITY  
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

Compliance

We have audited the compliance of the Franklin County Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. 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, 2009 and 2010.

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

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)

on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 18, 2011

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY 2008-2009	\$ 83,986	\$ -
		FY 2009-2010	-	142,179
			<u>83,986</u>	<u>142,179</u>
Total for program				
			<u>83,986</u>	<u>142,179</u>
National School Lunch Program				
	10.555			
		FY 2008-2009	473,369	-
		FY 2009-2010	-	469,860
			<u>473,369</u>	<u>469,860</u>
Total for program				
			<u>473,369</u>	<u>469,860</u>
Total for cluster				
			<u>557,355</u>	<u>612,039</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability				
	10.579			
		FY 2009-2010	-	10,000
Total for federal grantor agency				
			<u>557,355</u>	<u>622,039</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		07-2475	144,843	-
		08-2475	38,580	-
		09-2475	324,060	219,694
		10-2475	-	330,021
		FY 2009-2010	-	50,000
			<u>507,483</u>	<u>599,715</u>
Total for program				
			<u>507,483</u>	<u>599,715</u>
ARRA - Title I Grant to Local Educational Agencies, Recovery Act				
	84.389			
		FY 2009-2010	-	115,349
Total for cluster				
			<u>507,483</u>	<u>715,064</u>
Education Technology State Grants Cluster				
Education Technology State Grants				
	84.318			
		S318X070014	23,000	-
		S318X060014	58,704	-
			<u>81,704</u>	<u>-</u>
Total for cluster				
			<u>81,704</u>	<u>-</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394			
		FY 2009	114,485	1,945,160
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		FY 2006-2007	7,952	-
		06-2475	7,952	-
		07-2475	5,100	5,864
		09-2475	-	1,817
			<u>21,004</u>	<u>7,681</u>
Total for program				
			<u>21,004</u>	<u>7,681</u>
State Grants for Innovative Programs				
	84.298			
		S298A070014	150	6,597
Improving Teacher Quality State Grants				
	84.367			
		07-2475	100,000	-
		08-2475	49,375	57,771
			<u>149,375</u>	<u>57,771</u>
Total for program				
			<u>149,375</u>	<u>57,771</u>
Total for federal grantor agency				
			<u>874,201</u>	<u>2,732,273</u>
Total federal awards expended			<u>\$ 1,431,556</u>	<u>\$ 3,354,312</u>

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Franklin County Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 10,014	\$ 15,147
National School Lunch Program	10.555	56,442	50,058

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
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
	State Fiscal Stabilization Fund Cluster
	Title I, Part A Cluster
	Child Nutrition 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

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Extra-Curricular Schools related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

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

1. Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the Schools to reduce risks to achievement of financial reporting objectives. The Extra-Curricular activities have not separated incompatible activities related to receipts, disbursements, and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to be undetected.
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Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



# Franklin County Community School Corporation

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

Dr. Debbie Howell, Superintendent of Schools  
Dr. Robert Brewer, Assistant Superintendent for Curriculum and Personnel

## BOARD OF TRUSTEES

Mr. Robert Jewell ..... President  
Mr. Matthew Siedling ..... Vice-President  
Mr. Charles Sprague ..... Secretary  
Mr. Francis Brumback ..... Member  
Ms. Sara Duffy ..... Member  
Mr. Larry Polk ..... Member  
Mr. Kim Simonson ..... Member

## Response to Follow-up Audit for Year 2007-2008, Which was Conducted in November 2008 and January, 2009

### **2008-1, 2008-2, Internal Control Significant Deficiency/Cash Management CDFA 84.367/84.010**

Internal control for cash management has greatly improved, as evidenced by IDOE records. This is a result of ongoing efforts and communication between the treasurer, and the Title I coordinator.

### **2008-4, Compliance with Fiscal Requirements of Title I Title I Grants to Local Agencies CDFA 84.010**

Internal control for cash management has greatly improved, as evidenced by IDOE records. This is a result of ongoing efforts and communication between the treasurer, and the Title I coordinator.

### **2008-3 Programmatic Requirements of Title I, Part A**

1. All core academic teachers are highly qualified. Documentation on file includes HOUSSE, or professional growth plan, or NBPTS.
2. Parent's Right to Know Letter was submitted to Title I Specialist Ms. Hurst.
3. Comparability reports have been submitted both electronically and on paper.
4. Parental Involvement criteria are found in the PL221 Plans, and have been forwarded to the Title I specialist.
5. A committee comprised of teachers from each grade level, special education teachers, principal, and parents, develop and implement the Title I school improvement plan.
6. The Title I plan is monitored throughout the school year. There is also a calendar that cites dates throughout the year when aspects of the plan are to be implemented and evaluated.



# Franklin County Community School Corporation

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7. The Laurel Schoolwide Plan is monitored, assessed and revised with input from a large percentage of staff. Each spring a new calendar for the SIP is developed for the following year based on disaggregation and extensive evaluation of students test scores, teacher needs, and program needs/changes

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

1. Coding errors and expenditure amounts are routinely monitored by both the corporation treasure and the Tile I coordinator. Adding to the previous problems were the change in code numbers.
2. The building level administrator was beginning her first year as a principal. She now knows the difference between supplement and supplement.
3. The statement is not correct. There is, and has always been, a process for internal control of merchandise that has been received.
4. Time and effort logs are available for all split funded staff.
5. The FCCSC does have a written policy regarding disposition of equipment. All merchandise acquired with Title I funds is located Laurel School (there are no other Title I schools in the FCCSC). A list of equipment is maintained in the corporation office. The equipment has Title I labels.



# Franklin County Community School Corporation

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

Dr. Debbie Howell, Superintendent of Schools  
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Mr. Francis Brumback ..... Member  
Ms. Sara Duffy ..... Member  
Mr. Kim Simonson ..... Member  
Mr. Justin Ward ..... Member

### Finding 2010-1 Segregation of Duties

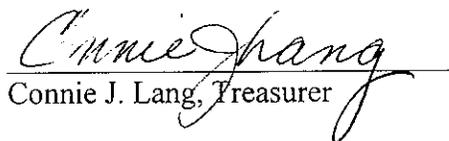
Contact Person: Connie J. Lang, Treasurer

Franklin County Community School Corporation is aware of the risks associated with a limited staff and has determined the benefits of hiring additional staff, in order that all accounting functions are performed by different individuals, are not sufficient to justify the increase in personnel cost to the taxpayers of Franklin County .

Bank balances are reconciled monthly and balanced to the Fund totals. The Board of School Trustees is provided monthly reports showing Fund Activity, Bank Balances, Interest Earned, and Appropriation Activity.

In addition to the above reports, a cash flow worksheet is provided to the Superintendent on a monthly balance.

  
\_\_\_\_\_  
Dr. Debbie Howell, Superintendent

  
\_\_\_\_\_  
Connie J. Lang, Treasurer

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2011, with Connie Lang, Treasurer; Debbie Howell, Superintendent of Schools; and Robert Jewell, President of the School Board.