

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

AUDIT REPORT

OF

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION

RIPLEY COUNTY, INDIANA

July 1, 2008 to June 30, 2010



**FILED**  
03/10/2011



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruth Ann Peetz Lynaya Hess	07-01-08 to 06-30-09 07-01-09 to 06-30-11
Superintendent of Schools	William H. Narwold	07-01-08 to 06-30-11
President of the School Board	Paul Hardy John Billman Kathleen Dickman	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



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

TO: THE OFFICIALS OF THE JAC-CEN-DEL COMMUNITY  
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jac-Cen-Del 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 February 10, 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, 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 Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 10, 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 JAC-CEN-DEL COMMUNITY  
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jac-Cen-Del 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 February 10, 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, Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 10, 2011

JAC-CEN-DEL 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>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 4,181,778	\$ -	\$ 137,895	\$ (4,043,883)
Support services	2,581,725	284,923	216,012	(2,080,790)
Noninstructional services	487,988	-	8,713	(479,275)
Facilities acquisition and construction	552,891	-	-	(552,891)
Debt service	618,125	-	-	(618,125)
Nonprogrammed charges	511,147	-	-	(511,147)
	<u>\$ 8,933,654</u>	<u>\$ 284,923</u>	<u>\$ 362,620</u>	<u>(8,286,111)</u>
Total governmental activities				
General receipts:				
Property taxes				2,777,420
Other local sources				635,606
State aid				4,524,542
Grants and contributions not restricted to specific programs				749,385
Investment earnings				13,197
Other				31,915
				<u>8,732,065</u>
				445,954
Change in net assets				
				<u>727,809</u>
Net assets - beginning				
				<u>\$ 1,173,763</u>
Net assets - ending				
<u>Assets</u>				
Cash and investments				\$ 1,155,164
Restricted assets:				
Cash and investments				<u>18,599</u>
Total assets				<u>\$ 1,173,763</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 18,599
Unrestricted				
				<u>1,155,164</u>
Total net assets				<u>\$ 1,173,763</u>

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

JAC-CEN-DEL 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	\$ 4,196,323	\$ -	\$ 112,759	\$ (4,083,564)
Support services	2,389,763	278,880	245,581	(1,865,302)
Noninstructional services	468,746	-	-	(468,746)
Facilities acquisition and construction	460,525	-	-	(460,525)
Debt service	594,759	-	-	(594,759)
Nonprogrammed charges	<u>625,840</u>	<u>-</u>	<u>-</u>	<u>(625,840)</u>
Total governmental activities	<u>\$ 8,735,956</u>	<u>\$ 278,880</u>	<u>\$ 358,340</u>	<u>(8,098,736)</u>
General receipts:				
Property taxes				1,871,630
Other local sources				1,528,859
State aid				5,545,114
Grants and contributions not restricted to specific programs				566,340
Sale of property				473
Investment earnings				15,832
Other				<u>3,855</u>
Total general receipts				<u>9,532,103</u>
Change in net assets				1,433,367
Net assets - beginning				<u>1,173,763</u>
Net assets - ending				<u>\$ 2,607,130</u>
<u>Assets</u>				
Cash and investments				\$ 2,247,212
Restricted assets:				
Cash and investments				<u>359,918</u>
Total assets				<u>\$ 2,607,130</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 359,918
Unrestricted				<u>2,247,212</u>
Total net assets				<u>\$ 2,607,130</u>

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

JAC-CEN-DEL 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	Rainy Day	School Lunch	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 1,641,352	\$ 4,266	\$ 227,000	\$ -	\$ 598,990	\$ 669,257	\$ 569,639	\$ 3,710,504
Intermediate sources	173	-	-	-	-	-	469	642
State sources	4,661,997	-	7,484	-	-	-	69,056	4,738,537
Federal sources	6,175	-	168,970	480,915	-	-	241,951	898,011
Other	-	-	5,292	-	-	25,850	772	31,914
<b>Total receipts</b>	<b>6,309,697</b>	<b>4,266</b>	<b>408,746</b>	<b>480,915</b>	<b>598,990</b>	<b>695,107</b>	<b>881,887</b>	<b>9,379,608</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	3,828,558	95,071	-	-	-	-	258,149	4,181,778
Support services	1,511,603	105	7,759	-	-	321,917	740,341	2,581,725
Noninstructional services	98,918	-	369,242	-	-	-	19,828	487,988
Facilities acquisition and construction	33	-	7,101	-	-	532,220	13,537	552,891
Debt services	-	-	-	-	618,125	-	-	618,125
Nonprogrammed charges	499,225	-	-	-	11,922	-	-	511,147
<b>Total disbursements</b>	<b>5,938,337</b>	<b>95,176</b>	<b>384,102</b>	<b>-</b>	<b>630,047</b>	<b>854,137</b>	<b>1,031,855</b>	<b>8,933,654</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>371,360</b>	<b>(90,910)</b>	<b>24,644</b>	<b>480,915</b>	<b>(31,057)</b>	<b>(159,030)</b>	<b>(149,968)</b>	<b>445,954</b>
<b>Other financing sources (uses):</b>								
Transfers in	14,888	-	-	-	27,724	28,456	23,624	94,692
Transfers out	(79,804)	(5,648)	-	-	-	-	(9,240)	(94,692)
<b>Total other financing sources (uses)</b>	<b>(64,916)</b>	<b>(5,648)</b>	<b>-</b>	<b>-</b>	<b>27,724</b>	<b>28,456</b>	<b>14,384</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>306,444</b>	<b>(96,558)</b>	<b>24,644</b>	<b>480,915</b>	<b>(3,333)</b>	<b>(130,574)</b>	<b>(135,584)</b>	<b>445,954</b>
<b>Cash and investments - beginning</b>	<b>(306,551)</b>	<b>696,066</b>	<b>244,699</b>	<b>-</b>	<b>21,932</b>	<b>(137,740)</b>	<b>209,403</b>	<b>727,809</b>
<b>Cash and investments - ending</b>	<b>\$ (107)</b>	<b>\$ 599,508</b>	<b>\$ 269,343</b>	<b>\$ 480,915</b>	<b>\$ 18,599</b>	<b>\$ (268,314)</b>	<b>\$ 73,819</b>	<b>\$ 1,173,763</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ (107)	\$ 599,508	\$ 269,343	\$ 480,915	\$ -	\$ (268,314)	\$ 73,819	\$ 1,155,164
Restricted assets:								
Cash and investments	-	-	-	-	18,599	-	-	18,599
<b>Total cash and investment assets - ending</b>	<b>\$ (107)</b>	<b>\$ 599,508</b>	<b>\$ 269,343</b>	<b>\$ 480,915</b>	<b>\$ 18,599</b>	<b>\$ (268,314)</b>	<b>\$ 73,819</b>	<b>\$ 1,173,763</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 18,599	\$ -	\$ -	\$ 18,599
Unrestricted	(107)	599,508	269,343	480,915	-	(268,314)	73,819	1,155,164
<b>Total cash and investment fund balance - ending</b>	<b>\$ (107)</b>	<b>\$ 599,508</b>	<b>\$ 269,343</b>	<b>\$ 480,915</b>	<b>\$ 18,599</b>	<b>\$ (268,314)</b>	<b>\$ 73,819</b>	<b>\$ 1,173,763</b>

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

JAC-CEN-DEL 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	Rainy Day	School Lunch	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 477,777	\$ 7,591	\$ 210,592	\$ -	\$ 969,203	\$ 1,061,855	\$ 967,934	\$ 3,694,952
Intermediate sources	173	-	-	-	-	-	75	248
State sources	5,657,873	-	7,087	-	-	-	54,257	5,719,217
Federal sources	-	-	197,987	185,790	-	-	366,800	750,577
Other	-	-	3,546	-	-	-	310	3,856
<b>Total receipts</b>	<b>6,135,823</b>	<b>7,591</b>	<b>419,212</b>	<b>185,790</b>	<b>969,203</b>	<b>1,061,855</b>	<b>1,389,376</b>	<b>10,168,850</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	3,081,892	70,774	-	667,307	-	-	376,350	4,196,323
Support services	1,362,625	605	9,478	-	-	285,293	731,762	2,389,763
Noninstructional services	81,083	-	372,818	-	-	-	14,845	468,746
Facilities acquisition and construction	47,239	-	17,696	-	-	372,658	22,932	460,525
Debt services	-	-	-	-	594,759	-	-	594,759
Nonprogrammed charges	617,840	-	-	-	-	-	8,000	625,840
<b>Total disbursements</b>	<b>5,190,679</b>	<b>71,379</b>	<b>399,992</b>	<b>667,307</b>	<b>594,759</b>	<b>657,951</b>	<b>1,153,889</b>	<b>8,735,956</b>
Excess (deficiency) of receipts over disbursements	945,144	(63,788)	19,220	(481,517)	374,444	403,904	235,487	1,432,894
<b>Other financing sources (uses):</b>								
Sale of capital assets	473	-	-	-	-	-	-	473
Transfers in	44,889	-	-	602	-	-	22,987	68,478
Transfers out	(613)	-	-	-	(33,125)	-	(34,740)	(68,478)
<b>Total other financing sources (uses)</b>	<b>44,749</b>	<b>-</b>	<b>-</b>	<b>602</b>	<b>(33,125)</b>	<b>-</b>	<b>(11,753)</b>	<b>473</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	989,893	(63,788)	19,220	(480,915)	341,319	403,904	223,734	1,433,367
Cash and investments - beginning	(107)	599,508	269,343	480,915	18,599	(268,314)	73,819	1,173,763
<b>Cash and investments - ending</b>	<b>\$ 989,786</b>	<b>\$ 535,720</b>	<b>\$ 288,563</b>	<b>\$ -</b>	<b>\$ 359,918</b>	<b>\$ 135,590</b>	<b>\$ 297,553</b>	<b>\$ 2,607,130</b>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 989,786	\$ 535,720	\$ 288,563	\$ -	\$ -	\$ 135,590	\$ 297,553	\$ 2,247,212
Restricted assets:								
Cash and investments	-	-	-	-	359,918	-	-	359,918
<b>Total cash and investment assets - ending</b>	<b>\$ 989,786</b>	<b>\$ 535,720</b>	<b>\$ 288,563</b>	<b>\$ -</b>	<b>\$ 359,918</b>	<b>\$ 135,590</b>	<b>\$ 297,553</b>	<b>\$ 2,607,130</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 359,918	\$ -	\$ -	\$ 359,918
Unrestricted	989,786	535,720	288,563	-	-	135,590	297,553	2,247,212
<b>Total cash and investment fund balance - ending</b>	<b>\$ 989,786</b>	<b>\$ 535,720</b>	<b>\$ 288,563</b>	<b>\$ -</b>	<b>\$ 359,918</b>	<b>\$ 135,590</b>	<b>\$ 297,553</b>	<b>\$ 2,607,130</b>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 113,026	
Total additions	113,026	
Deductions:		
Administrative and general	118,547	
Total deductions	118,547	
Excess (deficiency) of total additions over total deductions	(5,521)	
Cash and investment fund balance - beginning	41,033	
Cash and investment fund balance - ending	\$ 35,512	\$ 46,272
Net assets:		
Cash and investments	\$ 35,512	\$ 46,272
Total net assets - cash and investment basis held in trust	\$ 35,512	\$ 46,272

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2010

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ <u>67,882</u>	
Total additions	<u>67,882</u>	
Deductions:		
Administrative and general	<u>55,969</u>	
Total deductions	<u>55,969</u>	
Excess (deficiency) of total additions over total deductions	11,913	
Cash and investment fund balance - beginning	<u>35,512</u>	
Cash and investment fund balance - ending	<u>\$ 47,425</u>	<u>\$ 48,805</u>
Net assets:		
Cash and investments	<u>\$ 47,425</u>	<u>\$ 48,805</u>
Total net assets - cash and investment basis held in trust	<u>\$ 47,425</u>	<u>\$ 48,805</u>

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

JAC-CEN-DEL 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: Jac-Cen-Del Community School Corporation

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

Joint Venture

The School Corporation is a participant with seven other school corporations in a joint venture to operate Ripley-Ohio-Dearborn Special Education Cooperative (Co-op) which was created to provide educational services to handicapped students. The School Corporation is obligated by contract to remit an annual amount based on the contractual funding formula to supplement the Co-op. Payments to the Co-op during the 2009-2010 school years, were \$346,477. Complete financial statements for the Co-op can be obtained from the administrative office at Sunman Dearborn Community School Corporation, Sunman, Indiana.

The School Corporation is a participant with nine other school corporations in a joint venture to operate Southeastern Career Center (Career Center) which was created to provide vocational education services. The School Corporation is obligated by contract to remit an annual amount based on the contractual funding formula to supplement the Career Center. Payments to the Career Center during the 2009-2010 school years were \$183,172. Complete financial statements for the Career Center can be obtained from the Career Center's administration office in Versailles, Indiana.

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. However, there are no business-type activities to report at this time.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The school lunch fund is used to account for receipts and disbursements for the food service program.

The fiscal stabilization fund is used to account for the receipts and disbursements from distributions received from the American Recovery and Reinvestment Act.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

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

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporation's students.

Agency funds account for assets held by the School Corporation as an agent for various entities until payroll withholdings are remitted by the School Corporation.

C. Measurement Focus and Basis of Accounting

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

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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 or internal service 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 December 31 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.

JAC-CEN-DEL 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 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.
2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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

A. Budgetary Information

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

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.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Cash Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by State statute:

Fund	2009	2010
General	\$ 107	\$ -
Capital Projects	268,314	-
Transportation	95,590	-

Cash deficits arose primarily from disbursements exceeding receipts due to disbursements preceding reimbursement from local, state, or federal sources.

At June 30, 2009 and 2010, the following grant funds reported deficits in cash:

Fund	2009	2010
Title I Stimulus	\$ -	\$ 2,687
Special Education Stimulus	-	1,444

Cash deficits arose primarily from disbursements exceeding receipts due to disbursements preceding reimbursement from local, state, or federal sources.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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 \$2,795,912.

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.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Debt Service Fund	\$ 27,724	\$ -
General Fund	Capital Projects Fund	28,456	-
General Fund	Fiscal Stabilization Fund	-	602
General Fund	Other Governmental Funds	23,624	11
Rainy Day Fund	General Fund	5,648	-
Debt Service Fund	General Fund	-	33,125
Other Governmental Funds	General Fund	9,240	11,764
Other Governmental Funds	Other Governmental Funds	-	22,976
Totals		<u>\$ 94,692</u>	<u>\$ 68,478</u>

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

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 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; 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.

Medical Benefits to Employees

During 1999, the School Corporation joined with other governmental entities to form the South-eastern Indiana Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its coverage of medical benefits to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$100,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Jac-Cen-Del Elementary School Building Corporation (lessor). The lessor was organized as a for 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 ended June 30, 2009 and June 30, 2010, totaled \$540,000, and \$540,000, respectively.

C. Subsequent Event

In July 2010, the School Corporation entered into a capital lease with the Jac-Cen-Del Community School Building Corporation (Holding Corporation) for renovations to the Jac-Cen-Del Middle/High School. The principal amount of the lease is \$6,300,000 with payments of \$540,000 to be paid annually over twenty years.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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 fiscal years ended June 30, 2009 and June 30, 2010 were \$89,446 and \$95,912, 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.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy

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 for the fiscal years ended June 30, 2009 and June 30, 2010, were \$109,381 and \$109,524, respectively.

JAC-CEN-DEL 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

	Transportation	Special Education Preschool	Textbook Rental	Rising Sun/ Reynolds Grant	Education License	Summer Childcare
Receipts:						
Local sources	\$ 369,008	\$ 3,654	\$ 65,888	\$ 12,413	\$ -	\$ 5,836
Intermediate sources	-	-	-	-	469	-
State sources	-	29,057	39,549	-	-	-
Federal sources	-	-	-	-	-	-
Other	472	-	300	-	-	-
<b>Total receipts</b>	<b>369,480</b>	<b>32,711</b>	<b>105,737</b>	<b>12,413</b>	<b>469</b>	<b>5,836</b>
Disbursements:						
Current:						
Instruction	-	47,705	1,680	-	-	-
Support services	508,418	-	104,445	-	-	-
Noninstructional services	-	-	-	-	-	9,323
Facilities acquisition and construction	-	12,000	-	1,537	-	-
<b>Total disbursements</b>	<b>508,418</b>	<b>59,705</b>	<b>106,125</b>	<b>1,537</b>	<b>-</b>	<b>9,323</b>
Excess (deficiency) of receipts over disbursements	(138,938)	(26,994)	(388)	10,876	469	(3,487)
Other financing sources (uses):						
Transfers in	17,031	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>17,031</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	(121,907)	(26,994)	(388)	10,876	469	(3,487)
Cash and investments - beginning	26,317	47,615	52,397	-	2,543	11,817
Cash and investments - ending	\$ (95,590)	\$ 20,621	\$ 52,009	\$ 10,876	\$ 3,012	\$ 8,330
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (95,590)	\$ 20,621	\$ 52,009	\$ 10,876	\$ 3,012	\$ 8,330
Total cash and investment assets - ending	\$ (95,590)	\$ 20,621	\$ 52,009	\$ 10,876	\$ 3,012	\$ 8,330
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Unrestricted	\$ (95,590)	\$ 20,621	\$ 52,009	\$ 10,876	\$ 3,012	\$ 8,330
Total cash and investment fund balance - ending	\$ (95,590)	\$ 20,621	\$ 52,009	\$ 10,876	\$ 3,012	\$ 8,330

JAC-CEN-DEL 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)

	Latch Key	Early Morning Childcare	Non-English Speaking	Title I 2008-2009	Title V, Part A FY 08	Title V, Part A FY 07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	450	-	-	-
Federal sources	8,713	-	-	170,153	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>8,713</b>	<b>-</b>	<b>450</b>	<b>170,153</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	160,948	-	-
Support services	-	-	-	-	-	-
Noninstructional services	8,090	2,415	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,090</b>	<b>2,415</b>	<b>-</b>	<b>160,948</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	623	(2,415)	450	9,205	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(9,200)	(15)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,200)</b>	<b>(15)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	623	(2,415)	450	5	(15)	-
Cash and investments - beginning	6,071	3,560	-	-	15	200
Cash and investments - ending	<u>\$ 6,694</u>	<u>\$ 1,145</u>	<u>\$ 450</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 200</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 6,694	\$ 1,145	\$ 450	\$ 5	\$ -	\$ 200
Total cash and investment assets - ending	<u>\$ 6,694</u>	<u>\$ 1,145</u>	<u>\$ 450</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 200</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Unrestricted	\$ 6,694	\$ 1,145	\$ 450	\$ 5	\$ -	\$ 200
Total cash and investment fund balance - ending	<u>\$ 6,694</u>	<u>\$ 1,145</u>	<u>\$ 450</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 200</u>

JAC-CEN-DEL 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)

	Drug Free Schools	Medicaid Reimbursement	Title II, Part A 2008-2009	School Bus Replacement	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 112,840	\$ 569,639
Intermediate sources	-	-	-	-	469
State sources	-	-	-	-	69,056
Federal sources	3,359	-	59,726	-	241,951
Other	-	-	-	-	772
<b>Total receipts</b>	<b>3,359</b>	<b>-</b>	<b>59,726</b>	<b>112,840</b>	<b>881,887</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	47,816	-	258,149
Support services	-	-	-	127,478	740,341
Noninstructional services	-	-	-	-	19,828
Facilities acquisition and construction	-	-	-	-	13,537
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>47,816</b>	<b>127,478</b>	<b>1,031,855</b>
Excess (deficiency) of receipts over disbursements	3,359	-	11,910	(14,638)	(149,968)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	6,593	23,624
Transfers out	-	-	(25)	-	(9,240)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>6,593</b>	<b>14,384</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,359	-	11,885	(8,045)	(135,584)
Cash and investments - beginning	-	7,071	36,539	15,258	209,403
Cash and investments - ending	<u>\$ 3,359</u>	<u>\$ 7,071</u>	<u>\$ 48,424</u>	<u>\$ 7,213</u>	<u>\$ 73,819</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 3,359</u>	<u>\$ 7,071</u>	<u>\$ 48,424</u>	<u>\$ 7,213</u>	<u>\$ 73,819</u>
Total cash and investment assets - ending	<u>\$ 3,359</u>	<u>\$ 7,071</u>	<u>\$ 48,424</u>	<u>\$ 7,213</u>	<u>\$ 73,819</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Unrestricted	<u>\$ 3,359</u>	<u>\$ 7,071</u>	<u>\$ 48,424</u>	<u>\$ 7,213</u>	<u>\$ 73,819</u>
Total cash and investment fund balance - ending	<u>\$ 3,359</u>	<u>\$ 7,071</u>	<u>\$ 48,424</u>	<u>\$ 7,213</u>	<u>\$ 73,819</u>

JAC-CEN-DEL 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

	Transportation	Special Education Preschool	Textbook Rental	Rising Sun/ Reynolds Grant	Reynolds Drama Club	Reynolds Library Books	Rising Sun
<b>Receipts:</b>							
Local sources	\$ 617,174	\$ -	\$ 61,598	\$ 12,413	\$ 750	\$ 10,000	\$ 6,207
Intermediate sources	-	-	-	-	-	-	-
State sources	-	13,750	40,507	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	310	-	-	-	-
<b>Total receipts</b>	<b>617,174</b>	<b>13,750</b>	<b>102,415</b>	<b>12,413</b>	<b>750</b>	<b>10,000</b>	<b>6,207</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	29,745	3,247	-	-	-	-
Support services	488,548	-	78,241	-	303	10,000	6,218
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	22,932	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>488,548</b>	<b>29,745</b>	<b>81,488</b>	<b>22,932</b>	<b>303</b>	<b>10,000</b>	<b>6,218</b>
Excess (deficiency) of receipts over disbursements	128,626	(15,995)	20,927	(10,519)	447	-	(11)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	11
Transfers out	-	(4,626)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,626)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	128,626	(20,621)	20,927	(10,519)	447	-	-
Cash and investments - beginning	(95,590)	20,621	52,009	10,876	-	-	-
Cash and investments - ending	<u>\$ 33,036</u>	<u>\$ -</u>	<u>\$ 72,936</u>	<u>\$ 357</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 33,036	\$ -	\$ 72,936	\$ 357	\$ 447	\$ -	\$ -
Total cash and investment assets - ending	<u>\$ 33,036</u>	<u>\$ -</u>	<u>\$ 72,936</u>	<u>\$ 357</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Unrestricted	\$ 33,036	\$ -	\$ 72,936	\$ 357	\$ 447	\$ -	\$ -
Total cash and investment fund balance - ending	<u>\$ 33,036</u>	<u>\$ -</u>	<u>\$ 72,936</u>	<u>\$ 357</u>	<u>\$ 447</u>	<u>\$ -</u>	<u>\$ -</u>

JAC-CEN-DEL 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)

	Reynolds Brown Salary	Reynolds Flag Uniforms	Reynolds Teacher Grants	Reynolds Crane Field Trip	Reynolds Technology	Education License	Summer Childcare
<b>Receipts:</b>							
Local sources	\$ 30,000	\$ 500	\$ 7,038	\$ 417	\$ 2,448	\$ -	\$ 4,839
Intermediate sources	-	-	-	-	-	75	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>30,000</b>	<b>500</b>	<b>7,038</b>	<b>417</b>	<b>2,448</b>	<b>75</b>	<b>4,839</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	30,000	-	-	-	-	-	696
Support services	-	500	6,810	417	-	544	-
Noninstructional services	-	-	-	-	-	-	12,179
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>30,000</b>	<b>500</b>	<b>6,810</b>	<b>417</b>	<b>-</b>	<b>544</b>	<b>12,875</b>
Excess (deficiency) of receipts over disbursements	-	-	228	-	2,448	(469)	(8,036)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	5,286
Transfers out	-	-	(67)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(67)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,286</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	161	-	2,448	(469)	(2,750)
Cash and investments - beginning	-	-	-	-	-	3,012	8,330
Cash and investments - ending	\$ -	\$ -	\$ 161	\$ -	\$ 2,448	\$ 2,543	\$ 5,580
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 161	\$ -	\$ 2,448	\$ 2,543	\$ 5,580
Total cash and investment assets - ending	\$ -	\$ -	\$ 161	\$ -	\$ 2,448	\$ 2,543	\$ 5,580
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Unrestricted	\$ -	\$ -	\$ 161	\$ -	\$ 2,448	\$ 2,543	\$ 5,580
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 161	\$ -	\$ 2,448	\$ 2,543	\$ 5,580

JAC-CEN-DEL 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)

	Latch Key	Early Morning Childcare	Non-English Speaking	Title I 2009-2010	Title I 2008-2009	Title V, Part A FY 07	Drug Free Schools
<b>Receipts:</b>							
Local sources	\$ 113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	170,589	16,800	597	3,836
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>170,589</b>	<b>16,800</b>	<b>597</b>	<b>3,836</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	166,842	260	-	-
Support services	-	-	-	-	-	797	7,195
Noninstructional services	2,666	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,666</b>	<b>-</b>	<b>-</b>	<b>166,842</b>	<b>260</b>	<b>797</b>	<b>7,195</b>
Excess (deficiency) of receipts over disbursements	(2,553)	-	-	3,747	16,540	(200)	(3,359)
<b>Other financing sources (uses):</b>							
Transfers in	1,145	-	-	16,545	-	-	-
Transfers out	(5,286)	(1,145)	-	-	(16,545)	-	-
<b>Total other financing sources (uses)</b>	<b>(4,141)</b>	<b>(1,145)</b>	<b>-</b>	<b>16,545</b>	<b>(16,545)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,694)	(1,145)	-	20,292	(5)	(200)	(3,359)
Cash and investments - beginning	6,694	1,145	450	-	5	200	3,359
Cash and investments - ending	\$ -	\$ -	\$ 450	\$ 20,292	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 450	\$ 20,292	\$ -	\$ -	\$ -
Total cash and investment assets - ending	\$ -	\$ -	\$ 450	\$ 20,292	\$ -	\$ -	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Unrestricted	\$ -	\$ -	\$ 450	\$ 20,292	\$ -	\$ -	\$ -
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 450	\$ 20,292	\$ -	\$ -	\$ -

JAC-CEN-DEL 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)

	Medicaid Reimbursement	Title II, Part A 2008-2009	Title II, Part A 2009-2010	Title I Stimulus	Special Education Stimulus	School Bus Replacement	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,437	\$ 967,934
Intermediate sources	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	54,257
Federal sources	-	-	60,554	75,852	38,572	-	366,800
Other	-	-	-	-	-	-	310
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>60,554</b>	<b>75,852</b>	<b>38,572</b>	<b>214,437</b>	<b>1,389,376</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	33,575	1,430	78,539	32,016	-	376,350
Support services	-	-	-	-	-	132,189	731,762
Noninstructional services	-	-	-	-	-	-	14,845
Facilities acquisition and construction	-	-	-	-	-	-	22,932
Nonprogrammed charges	-	-	-	-	8,000	-	8,000
<b>Total disbursements</b>	<b>-</b>	<b>33,575</b>	<b>1,430</b>	<b>78,539</b>	<b>40,016</b>	<b>132,189</b>	<b>1,153,889</b>
Excess (deficiency) of receipts over disbursements	-	(33,575)	59,124	(2,687)	(1,444)	82,248	235,487
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	22,987
Transfers out	(7,071)	-	-	-	-	-	(34,740)
<b>Total other financing sources (uses)</b>	<b>(7,071)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,753)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,071)	(33,575)	59,124	(2,687)	(1,444)	82,248	223,734
Cash and investments - beginning	7,071	48,424	-	-	-	7,213	73,819
Cash and investments - ending	\$ -	\$ 14,849	\$ 59,124	\$ (2,687)	\$ (1,444)	\$ 89,461	\$ 297,553
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 14,849	\$ 59,124	\$ (2,687)	\$ (1,444)	\$ 89,461	\$ 297,553
Total cash and investment assets - ending	\$ -	\$ 14,849	\$ 59,124	\$ (2,687)	\$ (1,444)	\$ 89,461	\$ 297,553
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Unrestricted	\$ -	\$ 14,849	\$ 59,124	\$ (2,687)	\$ (1,444)	\$ 89,461	\$ 297,553
Total cash and investment fund balance - ending	\$ -	\$ 14,849	\$ 59,124	\$ (2,687)	\$ (1,444)	\$ 89,461	\$ 297,553

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009

	Reynolds Foundation No. 1	Reynolds Foundation No. 2	Reynolds Foundation No. 4	Reynolds Foundation No. 5	Reynolds Foundation No. 6	Project Lead The Way	Reynolds Foundation No. 8
<b>Additions:</b>							
Contributions:							
Other	\$ -	\$ -	\$ 66	\$ -	\$ -	\$ 34,567	\$ 8,626
Total additions	<u>-</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>34,567</u>	<u>8,626</u>
<b>Deductions:</b>							
Administrative and general	<u>-</u>	<u>2,186</u>	<u>1,279</u>	<u>-</u>	<u>10,000</u>	<u>21,159</u>	<u>7,104</u>
Excess (deficiency) of total additions over total deductions	-	(2,186)	(1,213)	-	(10,000)	13,408	1,522
Cash and investment fund balance - beginning	<u>1,467</u>	<u>2,444</u>	<u>1,213</u>	<u>158</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Cash and investments - June 30	<u>\$ 1,467</u>	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 13,408</u>	<u>\$ 1,522</u>
<b>Net assets:</b>							
Cash and investments	<u>\$ 1,467</u>	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 13,408</u>	<u>\$ 1,522</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,467</u>	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 13,408</u>	<u>\$ 1,522</u>

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Ripley County Foundation No. 10	Reynolds Foundation No. 11	Reynolds Foundation No. 7	Rising Sun Foundation	Summer Recreation	Totals
<b>Additions:</b>						
<b>Contributions:</b>						
Other	\$ -	\$ -	\$ 30,000	\$ 25,000	\$ 14,767	\$ 113,026
Total additions	-	-	30,000	25,000	14,767	113,026
<b>Deductions:</b>						
Administrative and general	-	2,305	30,000	25,000	19,514	118,547
Excess (deficiency) of total additions over total deductions	-	(2,305)	-	-	(4,747)	(5,521)
Cash and investment fund balance - beginning	11	2,305	-	-	23,435	41,033
Cash and investments - June 30	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,688</u>	<u>\$ 35,512</u>
<b>Net assets:</b>						
Cash and investments	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,688</u>	<u>\$ 35,512</u>
Total net assets - cash and investment basis held in trust	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,688</u>	<u>\$ 35,512</u>

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2010

	Reynolds Foundation No. 1	Reynolds Foundation No. 2	Reynolds Foundation No. 5	Project Lead The Way	Reynolds Foundation No. 8	Ripley County Foundation No. 10	Summer Recreation	Totals
Additions:								
Contributions:								
Other	\$ -	\$ -	\$ -	\$ 53,602	\$ -	\$ -	\$ 14,280	\$ 67,882
Total additions	-	-	-	53,602	-	-	14,280	67,882
Deductions:								
Administrative and general	1,467	258	158	38,467	1,522	11	14,086	55,969
Excess (deficiency) of total additions over total deductions	(1,467)	(258)	(158)	15,135	(1,522)	(11)	194	11,913
Cash and investment fund balance - beginning	1,467	258	158	13,408	1,522	11	18,688	35,512
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,882</u>	<u>\$ 47,425</u>
Net assets:								
Cash and investments	\$ -	\$ -	\$ -	\$ 28,543	\$ -	\$ -	\$ 18,882	\$ 47,425
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,882</u>	<u>\$ 47,425</u>

JAC-CEN-DEL 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:		
School Building Lease	\$ 1,015,155	\$ 540,000
Loans payable:		
Common School Loan	37,500	38,625
Energy Savings Loan	<u>286,274</u>	<u>201,791</u>
Total governmental activities debt	<u>\$ 1,338,929</u>	<u>\$ 780,416</u>

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCES

The following funds were overdrawn as of June 30, 2009:

<u>Fund</u>	<u>2009</u>
General	\$ 107
Capital Projects	268,314
Transportation	95,590

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS (Applies to Elementary School)

The following deficiencies relating to recordkeeping were noted:

1. The computerized accounting system allows a user to post transactions to prior and future periods. If a transaction is entered with a date that doesn't fall within the current period, the transaction will update the cash balance, but does not appear on the transaction log (revenue history or budget history reports). Controls do not exist to help ensure all transactions are appropriately posted and reported.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from original source of entry into the system, through all system processing, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 8)

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

2. The record balance at June 30, 2010, was overstated by \$5,000 which was the result of an investment transaction that was posted to the ledger incorrectly. The posting error was corrected on January 31, 2011.

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

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE JAC-CEN-DEL COMMUNITY  
SCHOOL CORPORATION, RIPLEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Jac-Cen-Del 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

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)

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

The School Corporation's response to the findings identified in our audit is described in the accompanying 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, Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 10, 2011

JAC-CEN-DEL 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>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553		\$ 37,102	\$ -
		SY 08-09	-	44,349
		SY 09-10	-	-
National School Lunch Program	10.555		165,217	-
		SY 08-09	-	188,280
		SY 09-10	-	-
Total for cluster			<u>202,319</u>	<u>232,629</u>
Total for federal grantor agency			<u>202,319</u>	<u>232,629</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies School Improvement Funds	84.010		170,148	16,805
		SY 08-09	-	166,842
		SY 09-10	-	-
Total for program			<u>170,148</u>	<u>183,647</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		-	78,539
		SY 09-10	-	-
Total for cluster			<u>170,148</u>	<u>262,186</u>
Pass-Through Ripley-Ohio-Dearborn Special Education Cooperative Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act	84.391		-	40,016
		SY 09-10	-	-
Total for cluster			<u>-</u>	<u>40,016</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		-	667,308
		SY 09-10	-	-
Total for cluster			<u>-</u>	<u>667,308</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186		-	7,195
		SY 09-10	-	-
State Grants For Innovative Programs	84.298		15	-
		SY 08-09	-	797
		SY 09-10	-	-
Total for program			<u>15</u>	<u>797</u>
Improving Teacher Quality State Grants	84.367		36,539	-
		SY 07-08	11,302	33,575
		SY 08-09	-	1,430
		SY 09-10	-	-
Total for program			<u>47,841</u>	<u>35,005</u>
Total for federal grantor agency			<u>218,004</u>	<u>1,012,507</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		3,869	-
		SY 08-09	-	-
Total for federal grantor agency			<u>3,869</u>	<u>-</u>
Total federal awards expended			<u>\$ 424,192</u>	<u>\$ 1,245,136</u>

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

JAC-CEN-DEL 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 Jac-Cen-Del 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.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2009</u>	<u>2010</u>
School Breakfast Program	10.553	\$ 3,142	\$ 6,604
National School Lunch Program	10.555	30,207	28,038

JAC-CEN-DEL 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:

Name of Federal Program or Cluster  
Child Nutrition Cluster  
Title I, Part A Cluster  
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II - Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

The lack of segregation of duties is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting duties.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended School Corporation Officials make a determination either to enhance segregation of accounting duties or implement compensating controls.

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



**JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION**

**723 N Buckeye Street, Osgood Indiana 47037**

**Phone: 812-689-4114**

**Fax: 812-689-7423**

*William H. Narwold, Superintendent*  
[bnarwold@jaccendel.k12.in.us](mailto:bnarwold@jaccendel.k12.in.us)

*Lynaya Hess, Treasurer*  
*Pam Comer, Transportation*

Date 2/10/11

To: Indiana State Board of Accounts

Corrective Action Plan Concerning:

FINDING 2010-1 INTERNAL CONTROLS – SEGREGATION OF DUTIES

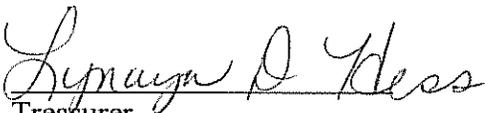
Contact Person: Lynaya Hess

Title: Treasurer

Phone Number: (812) 689-4114

Expected Completion Date: Immediately

We have corrected the issue by giving the bank reconciliation duties to another Jac-Cen-Del School Corporation employee. This employee will not be employed at the Central Office and will be reconciling the bank statements monthly.

  
Treasurer

2/10/11  
Date

JAC-CEN-DEL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2011, with William H. Narwold, Superintendent of Schools; Lynaya Hess, Treasurer; Ruth Ann Peetz, former Treasurer; and Tammy L. Bonnlander, Secretary/Treasurer – Elementary School. The officials concurred with our audit findings.