

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CENTRAL NINE CAREER CENTER
JOHNSON COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/02/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cindy Payton	07-01-09 to 06-30-12
Director	Stephen Hagen	07-01-09 to 06-30-14
President of the School Board	Adam Allen Chris Wood	07-01-09 to 06-30-10 07-01-10 to 06-30-12



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

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

We have audited the accompanying financial statement of the Central Nine Career Center (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 19, 2012, 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 THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 19, 2012



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

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

We have audited the financial statement of the Central Nine Career Center (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 19, 2012. 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 opinion on the financial statement, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-2 to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is 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, others within the entity, 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 19, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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CENTRAL NINE CAREER CENTER
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 1,115,678	\$ 3,630,329	\$ 3,264,072	\$ (121,889)	\$ 1,360,046	\$ 3,625,082	\$ 3,679,630	\$ -	\$ 1,305,498
Capital Projects	339,385	970,194	712,324	-	597,255	968,699	897,894	-	668,060
School Transportation	43,917	33,705	32,504	-	45,118	54,276	33,228	-	66,166
School Bus Replacement	-	-	-	25,000	25,000	-	-	-	25,000
Rainy Day	544,943	-	11	55,482	600,414	12	97,980	-	502,446
Post-Retirement/Severance Future Benefits	287,653	837	2,419	-	286,071	(1)	2,213	-	283,857
Construction Fund (Phase 1)	305,609	24,809	24,881	-	305,537	-	65,336	(145,804)	94,397
Construction Fund (Phase 2)	2,536,020	14,830	2,487,663	65,850	129,037	1,778	275,878	145,804	741
Textbook Rental (as restated, see Note 6)	79,663	81,315	58,080	-	102,897	99,414	44,359	-	157,952
AE H.O.P.E. Grant	20,000	-	20,000	-	-	-	-	-	-
Scholarships and Awards	94,077	5,325	1,612	-	97,790	-	3,000	-	94,790
SME CIM Updgrade Grant	-	-	-	-	-	5,000	-	-	5,000
Adult and Continuing Education	51,486	483,602	428,060	(83,483)	23,545	465,092	424,109	-	64,528
School Technology	18,293	3,564	1,591	100,000	120,266	8,219	53,455	-	75,030
Title I	-	14,352	11,775	(2,577)	-	-	-	-	-
Adult Basic Ed Grant 08/09	2,975	-	2,975	-	-	-	-	-	-
Adult Ed Civics Grant 08/09	1,196	-	1,196	-	-	-	-	-	-
Adult Basic Ed Grant 09/10	-	106,818	126,673	31,244	11,389	-	11,389	-	-
Adult Ed Civics Grant 09/10	-	35,000	34,948	-	52	-	52	-	-
ABE Grant 2010-2011	-	-	-	-	-	145,450	145,450	-	-
EL Civics Grant 2010-2011	-	-	-	-	-	42,151	42,151	-	-
PLTW - (Bio-Medical Grant) 08-09	-	1,960	1,293	(667)	-	-	-	-	-
Perkins Grant (08-09)	48,442	112,381	160,823	-	-	-	-	-	-
Perkins Grant (09-10)	-	346,861	322,467	-	24,394	115,622	140,016	-	-
PLTW - (Bio-Medical Grant) 09-10	-	14,863	14,863	-	-	5,149	5,149	-	-
Perkins Grant (10-11)	-	-	-	-	-	360,031	360,031	-	-
PLTW - (Bio-Medical Grant) 10-11	-	-	-	-	-	13,001	13,001	-	-
PLTW Engineering Grant 10-11	-	-	-	-	-	18,989	18,989	-	-
Payroll Withholding	17,119	733,837	732,820	-	18,136	718,229	719,491	-	16,873
Totals	\$ 5,506,456	\$ 6,614,581	\$ 8,443,050	\$ 68,960	\$ 3,746,947	\$ 6,646,192	\$ 7,032,802	\$ -	\$ 3,360,338

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

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

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

20 percent per assessed valuation
80 percent per average daily membership

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

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

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The School Corporation may be 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.

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority

CENTRAL NINE CAREER CENTER
NOTES TO FINANCIAL STATEMENT
(Continued)

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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

Note 6. Restatements

For the year ended June 30, 2009, the Textbook Rental Fund has been added to the financial statement to more appropriately disclose the financial activity of the School Corporation. The additional \$79,663 for the beginning balance in the fund reflects the actual balance in the fund.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post - Retirement/ Severance/ Future Benefits	Construction Fund (Phase 1)	Construction Fund (Phase 2)	Textbook Rental	AE H.O.P.E. Grant
Cash and investments - beginning	\$ 1,115,678	\$ 339,385	\$ 43,917	\$ -	\$ 544,943	\$ 287,653	\$ 305,609	\$ 2,536,020	\$ 79,663	\$ 20,000
Receipts:										
Local sources	3,541,357	970,194	33,705	-	-	837	24,809	-	81,315	-
State sources	88,972	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	14,830	-	-
Total receipts	3,630,329	970,194	33,705	-	-	837	24,809	14,830	81,315	-
Disbursements:										
Current:										
Instruction	2,098,880	-	-	-	-	-	-	-	-	17,914
Support services	1,165,192	458,982	32,504	-	-	2,419	-	-	58,080	2,086
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	253,342	-	-	-	-	24,881	2,487,663	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	11	-	-	-	-	-
Total disbursements	3,264,072	712,324	32,504	-	11	2,419	24,881	2,487,663	58,080	20,000
Excess (deficiency) of receipts over disbursements	366,257	257,870	1,201	-	(11)	(1,582)	(72)	(2,472,833)	23,234	(20,000)
Other financing sources (uses):										
Sale of capital assets	3,111	-	-	-	-	-	-	65,850	-	-
Transfers in	-	-	-	25,000	55,482	-	-	-	-	-
Transfers out	(125,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(121,889)	-	-	25,000	55,482	-	-	65,850	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	244,368	257,870	1,201	25,000	55,471	(1,582)	(72)	(2,406,983)	23,234	(20,000)
Cash and investments - ending	\$ 1,360,046	\$ 597,255	\$ 45,118	\$ 25,000	\$ 600,414	\$ 286,071	\$ 305,537	\$ 129,037	\$ 102,897	\$ -

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Scholarships and Awards	SME CIM Upgrade Grant	Adult and Continuing Education	School Technology	Title I	Adult Basic Ed Grant 08/09	Adult Ed Civics Grant 08/09	Adult Basic Ed Grant 09/10	Adult Ed Civics Grant 09/10	ABE Grant 2010-2011
Cash and investments - beginning	\$ 94,077	\$ -	\$ 51,486	\$ 18,293	\$ -	\$ 2,975	\$ 1,196	\$ -	\$ -	\$ -
Receipts:										
Local sources	5,325	-	300,081	3,564	-	-	-	-	-	-
State sources	-	-	183,521	-	-	-	-	-	-	-
Federal sources	-	-	-	-	14,352	-	-	106,818	35,000	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	5,325	-	483,602	3,564	14,352	-	-	106,818	35,000	-
Disbursements:										
Current:										
Instruction	112	-	411,365	1,591	11,775	1,029	1,196	44,599	34,453	-
Support services	-	-	16,695	-	-	1,946	-	82,074	495	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,500	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,612	-	428,060	1,591	11,775	2,975	1,196	126,673	34,948	-
Excess (deficiency) of receipts over disbursements	3,713	-	55,542	1,973	2,577	(2,975)	(1,196)	(19,855)	52	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	100,000	-	-	-	31,244	-	-
Transfers out	-	-	(83,483)	-	(2,577)	-	-	-	-	-
Total other financing sources (uses)	-	-	(83,483)	100,000	(2,577)	-	-	31,244	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,713	-	(27,941)	101,973	-	(2,975)	(1,196)	11,389	52	-
Cash and investments - ending	\$ 97,790	\$ -	\$ 23,545	\$ 120,266	\$ -	\$ -	\$ -	\$ 11,389	\$ 52	\$ -

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	EL Civics Grant 2010-2011	PLTW - (Bio-Medical Grant) 08-09	Perkins Grant (08-09)	Perkins Grant (09-10)	PLTW - (Bio-Medical Grant) 09-10	Perkins Grant (10-11)	PLTW - (Bio-Medical Grant) 10-11	PLTW - Engineering Grant 10-11	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 48,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,119	\$ 5,506,456
Receipts:										
Local sources	-	-	-	-	-	-	-	-	733,837	5,695,023
State sources	-	-	-	-	-	-	-	-	-	272,493
Federal sources	-	1,960	112,381	346,861	14,852	-	-	-	-	632,224
Interfund loans	-	-	-	-	11	-	-	-	-	11
Other	-	-	-	-	-	-	-	-	-	14,830
Total receipts	-	1,960	112,381	346,861	14,863	-	-	-	733,837	6,614,581
Disbursements:										
Current:										
Instruction	-	1,293	127,130	176,759	14,863	-	-	-	732,820	3,675,779
Support services	-	-	31,951	138,689	-	-	-	-	-	1,991,113
Noninstructional services	-	-	1,742	7,019	-	-	-	-	-	8,761
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,765,886
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	1,500
Interfund loans	-	-	-	-	-	-	-	-	-	11
Total disbursements	-	1,293	160,823	322,467	14,863	-	-	-	732,820	8,443,050
Excess (deficiency) of receipts over disbursements	-	667	(48,442)	24,394	-	-	-	-	1,017	(1,828,469)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	68,961
Transfers in	-	-	-	-	-	-	-	-	-	211,726
Transfers out	-	(667)	-	-	-	-	-	-	-	(211,727)
Total other financing sources (uses)	-	(667)	-	-	-	-	-	-	-	68,960
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(48,442)	24,394	-	-	-	-	1,017	(1,759,509)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 24,394	\$ -	\$ -	\$ -	\$ -	\$ 18,136	\$ 3,746,947

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post - Retirement/ Severance Future Benefits	Construction Fund (Phase 1)	Construction Fund (Phase 2)	Textbook Rental	AE H.O.P.E. Grant
Cash and investments - beginning	\$ 1,360,046	\$ 597,255	\$ 45,118	\$ 25,000	\$ 600,414	\$ 286,071	\$ 305,537	\$ 129,037	\$ 102,897	\$ -
Receipts:										
Local sources	3,536,110	968,699	54,276	-	-	(1)	-	1,778	99,414	-
State sources	88,972	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	12	-	-	-	-	-
Total receipts	<u>3,625,082</u>	<u>968,699</u>	<u>54,276</u>	<u>-</u>	<u>12</u>	<u>(1)</u>	<u>-</u>	<u>1,778</u>	<u>99,414</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	2,260,184	-	-	-	-	2,213	-	-	-	-
Support services	1,177,948	435,513	33,228	-	-	-	-	-	44,359	-
Facilities acquisition and construction	241,498	462,381	-	-	-	-	65,336	275,878	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	97,980	-	-	-	-	-
Total disbursements	<u>3,679,630</u>	<u>897,894</u>	<u>33,228</u>	<u>-</u>	<u>97,980</u>	<u>2,213</u>	<u>65,336</u>	<u>275,878</u>	<u>44,359</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(54,548)</u>	<u>70,805</u>	<u>21,048</u>	<u>-</u>	<u>(97,968)</u>	<u>(2,214)</u>	<u>(65,336)</u>	<u>(274,100)</u>	<u>55,054</u>	<u>-</u>
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	145,804	-	-
Transfers out	-	-	-	-	-	-	(145,804)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,804)</u>	<u>145,804</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(54,548)</u>	<u>70,805</u>	<u>21,048</u>	<u>-</u>	<u>(97,968)</u>	<u>(2,214)</u>	<u>(211,140)</u>	<u>(128,296)</u>	<u>55,054</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,305,498</u>	<u>\$ 668,060</u>	<u>\$ 66,166</u>	<u>\$ 25,000</u>	<u>\$ 502,446</u>	<u>\$ 283,857</u>	<u>\$ 94,397</u>	<u>\$ 741</u>	<u>\$ 157,952</u>	<u>\$ -</u>

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Scholarships and Awards	SME CIM Upgrade Grant	Adult and Continuing Education	School Technology	Title I	Adult Basic Ed Grant 08/09	Adult Ed Civics Grant 08/09	Adult Basic Ed Grant 09/10	Adult Ed Civics Grant 09/10	ABE Grant 2010-2011
Cash and investments - beginning	\$ 97,790	\$ -	\$ 23,545	\$ 120,266	\$ -	\$ -	\$ -	\$ 11,389	\$ 52	\$ -
Receipts:										
Local sources	-	5,000	259,787	8,219	-	-	-	-	-	-
State sources	-	-	149,173	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	116,107
Interfund loans	-	-	56,132	-	-	-	-	-	-	29,343
Total receipts	-	5,000	465,092	8,219	-	-	-	-	-	145,450
Disbursements:										
Current:										
Instruction	-	-	350,111	8,097	-	-	-	5,918	52	86,560
Support services	-	-	17,866	-	-	-	-	5,471	-	58,890
Facilities acquisition and construction	-	-	-	45,358	-	-	-	-	-	-
Nonprogrammed charges	3,000	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	56,132	-	-	-	-	-	-	-
Total disbursements	3,000	-	424,109	53,455	-	-	-	11,389	52	145,450
Excess (deficiency) of receipts over disbursements	(3,000)	5,000	40,983	(45,236)	-	-	-	(11,389)	(52)	-
Other financing sources (uses):										
Transfers in	-	-	46,758	-	-	-	-	-	-	-
Transfers out	-	-	(46,758)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,000)	5,000	40,983	(45,236)	-	-	-	(11,389)	(52)	-
Cash and investments - ending	\$ 94,790	\$ 5,000	\$ 64,528	\$ 75,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CENTRAL NINE CAREER CENTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	EL Civics Grant 2010-2011	PLTW - (Bio-Medical Grant) 08-09	Perkins Grant (08-09)	Perkins Grant (09-10)	PLTW - (Bio-Medical Grant) 09-10	Perkins Grant (10-11)	PLTW - (Bio-Medical Grant) 10-11	PLTW - Engineering Grant 10-11	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 24,394	\$ -	\$ -	\$ -	\$ -	\$ 18,136	\$ 3,746,947
Receipts:										
Local sources	-	-	-	-	-	-	-	-	718,229	5,651,510
State sources	-	-	-	-	-	-	-	-	-	238,145
Federal sources	36,389	-	-	115,622	5,149	303,040	10,701	15,405	-	602,413
Interfund loans	5,762	-	-	-	-	56,991	2,300	3,584	-	154,124
Total receipts	42,151	-	-	115,622	5,149	360,031	13,001	18,989	718,229	6,646,192
Disbursements:										
Current:										
Instruction	41,914	-	-	111,283	5,138	233,359	13,001	18,989	719,491	3,856,310
Support services	237	-	-	28,733	-	126,672	-	-	-	1,928,917
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,090,451
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	3,000
Interfund loans	-	-	-	-	11	-	-	-	-	154,123
Total disbursements	42,151	-	-	140,016	5,149	360,031	13,001	18,989	719,491	7,032,802
Excess (deficiency) of receipts over disbursements	-	-	-	(24,394)	-	-	-	-	(1,262)	(386,609)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	192,562
Transfers out	-	-	-	-	-	-	-	-	-	(192,562)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(24,394)	-	-	-	-	(1,262)	(386,609)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,873	\$ 3,360,338

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CENTRAL NINE CAREER CENTER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

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:		
Building and Renovation - First Mortgage Revenue Bonds Series 2007	\$ 4,640,000	\$ 766,000
Building and Renovation - First Mortgage Revenue Bonds Series 2009	4,960,000	647,000
Total governmental activities debt	\$ 9,600,000	\$ 1,413,000

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

CENTRAL NINE CAREER CENTER
AUDIT RESULTS AND COMMENTS

QUESTIONED COSTS - EXTRA-CURRICULAR ACCOUNT (ECA) TEXTBOOK RENTAL

Shortages in the amount of \$30.17 and \$355.60 were identified totaling \$385.77 for eight days of registration during August of 2008 and August of 2009, respectively. The shortages were a result of several of the bank deposits being less than the amount noted on the daily collection of textbook rental fees.

At the end of each registration day, Kimberly Hamilton, Extra-Curricular Account (ECA) Treasurer would take the total money in the drawer for each day and subtract out the start up cash to arrive at the amount to be deposited. The deposit amount was not compared to supporting documentation for each day. For the eight days reviewed in the audit period, the deposits did not agree to the supporting documentation. The amount recorded as textbook rental receipts in the Komputrol accounting software did not agree to the Harmony student software used to capture the detailed posting of textbook rental fees charged each student during registration for the years in question, but did agree to total amount deposited. Some of the variances between supporting documentation and total deposit were identified by the following; (1) If requested by the parent, the check received as payment for Textbook rental could be held for several days before deposit, and (2) some courses were incorrectly inputted into the Harmony system which caused numerous adjustments to be made to the students' account, the supporting documentation did not always reflect these adjustments. These adjustments were made by the ECA Treasurer, but were not approved by the principal. The ECA Treasurer was aware of errors on the Harmony textbook rental system, but never reported or mentioned them until they were discovered during the audit.

The registration periods were selected for review because the overwhelming majority of the receipts for the collection of textbook rental fees are collected during this period.

Kimberly Hamilton, ECA Treasurer, was bonded and served as the ECA Treasurer during the period of the shortages. She was subsequently removed from the position on or about April 8, 2010, into a significantly lower paying position that did not require or allow the handling of money. She resigned shortly thereafter on July 13, 2010, and is no longer employed by Central Nine Career Center.

As a result of the shortages and errors, procedures were designed and implemented by management and approved by the School Board on or about April 8, 2010, in an effort to deter or prevent future occurrences of this nature.

Registration for August 2010 was reviewed and no shortages or discrepancies were noted.

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)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CENTRAL NINE CAREER CENTER
AUDIT RESULTS AND COMMENTS
(Continued)

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements as of June 30, 2011, revealed checks issued in the years 2007 and 2008, totaling \$1,030.35 and \$693.25 respectively, were outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The controls over disbursing, recording, and accounting for the financial activities were insufficient. Claims for bi-weekly payroll and certain withholdings were not approved by the fiscal officer and the School Board.

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)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 CENTRAL NINE CAREER CENTER, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Central Nine Career Center (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended June 30, 2010 and 2011. The School Corporation's major federal program is 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 major federal program 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 the major federal program for the years ended June 30, 2010 and 2011.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses, have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-3 to be a material weakness.

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 the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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 19, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the School Corporation. The schedule and note are presented as intended by the School Corporation.

CENTRAL NINE CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
U.S. DEPARTMENT OF LABOR				
Pass-Through Indiana Department of Workforce Development				
WIA Cluster				
WIA Adult Program	17.258	None	\$ 11,775	\$ -
Trade Adjustment Assistance	17.245	None	1,605	-
Total for federal grantor agency			<u>13,380</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Vocational Rehabilitation Cluster				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	None		
Vocational Rehabilitation Grant 2009-2010			2,751	-
Vocational Rehabilitation Grant 2010-2011			-	740
Total for cluster			<u>2,751</u>	<u>740</u>
Adult Education - Basic Grants to States	84.002	None		
ABE Grant 09/10			106,818	-
ABE Grant 10/11			-	116,106
Civics Grant 09/10			35,000	-
Civics Grant 10/11			-	36,387
Total for program			<u>141,818</u>	<u>152,493</u>
Career and Technical Education - Basic Grants to States	84.048			
Perkins Grant			112,382	-
Perkins Grant 09/10		Project #10-4700-4265	346,860	115,621
Perkins Grant 10/11		Project #11-4700-4265	-	303,035
PLTW Bio Med 08/09			1,292	
PLTW Bio Med 09/10			14,851	5,149
Total for program			<u>475,385</u>	<u>423,805</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243	None		
PLTW Engineering			-	26,104
Total for federal grantor agency			<u>619,954</u>	<u>603,142</u>
Total federal awards expended			<u>\$ 633,334</u>	<u>\$ 603,142</u>

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

CENTRAL NINE CAREER CENTER
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Central Nine Career Center (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

CENTRAL NINE CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.048	Career and Technical Education – Basic Grants to States

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the Central Nine Career Center related to financial transactions and reporting.

Approval of Payroll Claims: The School Treasurer does not prepare payroll claims for payment of bi-weekly payroll or payroll withholdings which can be approved by the School Board.

We recommended that an appropriate system for authorizing and approving transactions for payroll disbursements be properly designed and implemented by management allowing such transactions to be approved by the fiscal officer and School Board.

CENTRAL NINE CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Payroll Schedule and Voucher (General Form 99) should be used to prepare all payrolls from attendance records of the employees listed thereon. The attendance information should be supplied to the business office by the school principal or by the department head for all employees under his jurisdiction or supervision. Upon completion of the payroll claim by the business office, the certificate must be executed by the superintendent of schools or the business manager of the school corporation (provided the business manager is not also the treasurer) and the attest or approval signed by the treasurer of the school corporation. The payroll claim should then be processed, numbered, allowed by the school board and filed in numerical sequence with other claims. The applicable amounts will be posted from the form to the proper expenditure account, program and fund, as well as to the Employee's Earnings Record (Form 99B). (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 2)

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 objections, 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)

FINDING 2011-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the Central Nine Career Center related to financial transactions and reporting.

Payroll Withholding: Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. It was discovered that for the payroll ending June 22, 2007, FICA was posted to the General Fund instead of FICA clearing account resulting in FICA account balance being overstated for at least four fiscal years ending June 30, 2011.

We recommended that payments made to the proper authority be verified in a timely manner by management or another appropriate person (such as a School Board member) for proper posting.

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)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-3 - INTERNAL CONTROLS OVER MAJOR PROGRAMS

Federal Agency: U.S. Department of Education
Federal Program (CFDA Title): Career and Technical Education – Basic Grants to States
CFDA Number: 84.048
Pass-Through Entity: Indiana Department of Education

Controls over the monitoring of activities allowed and unallowed were not in place. Federal guidelines require the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

CENTRAL NINE CAREER CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

As stated above in Finding 2011-1, payroll claims are not prepared and approved by the School Board. Controls should be in place to allow the School Board to review and approve all payroll disbursements. Lack of controls over approval of payroll could result in payroll being paid from federal grants that are not allowed.

Circular A-133 Subpart C—Auditees §__.300 Auditee responsibilities. "The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations and provisions of contracts or grant agreements that could have a material effect on each of its Federal programs." requires the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

We recommended the School Corporation establish controls to monitor compliance to ensure payroll paid from federal grants are for allowable activities.

CENTRAL NINE CAREER CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



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Laura Showalter Executive Assistant/ Communications Specialist lshowalter@centralnine.org

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Federal Finding 2011-1 Internal Controls over Financial Transactions and Reporting Approval of Payroll Claims

Corrective Action:

A payroll claim detail listing report and a deduction checks posting report for each payroll will be added to the allowance of claims signed by our Governing Board at their monthly meeting.

Expected Completion Date:

Procedural changes in regards to payroll claim approval by the school board were implemented at our January 12, 2012 Governing Board meeting.

Federal Finding 2011-2

Internal Controls over Financial Transactions and Reporting Payroll Withholding

Corrective Action:

Internal controls will be put in place to reduce the risk of error while posting financial records to the fund accounts. A double check system will be followed to correct any errors found prior to posting.

Expected Completion Date:

The FICA expenditure that was posted to the general fund in error instead of the FICA clearing account was corrected immediately on 12/12/11 when brought to our attention by the auditor.

FINDING NO. 2011-3 INTERNAL CONTROLS OVER MAJOR PROGRAMS

Federal Agency:

United States Department of Education

Federal Program (CFDA Title):

Career and Technical Education – Basic Grants to States

CFDA Number:

84.048

Pass-Through Entity:

Indiana Department of Education

Corrective Action:

Monitoring measures will be put in place to ensure compliance of allowable payroll being paid from federal grants. Also, as stated in corrective action for 2011-1, payroll claims are now being reported to and approved by the Central Nine Governing Board at their monthly meeting.

Cindy Payton (handwritten signature)

Date: February 6, 2012

Cindy Payton Business Manager/Treasurer Central Nine Career Center 1999 U.S. Highway 31 South Greenwood, IN 46143-2938 317-888-4401 ext. # 239 317-865-8225 Fax cpayton@central9.k12.in.us

CENTRAL NINE CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on January 19, 2012, with Stephen Hagen, Director, and Cindy Payton, Treasurer. The officials concurred with our audit findings.

CENTRAL NINE CAREER CENTER
QUESTIONED COST SUMMARY

	<u>Questioned Costs</u>
Textbook Rental Fee Shortage - August 2008	\$ 30.17
Textbook Rental Fee Shortage - August 2009	<u>355.60</u>
Total	<u><u>\$ 385.77</u></u>

A questioned cost is a cost that is questioned by the auditor because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.