

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

COMMUNITY SCHOOLS OF FRANKFORT
CLINTON COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/08/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Rudolph Leslie Michael	07-01-09 to 06-30-10 07-01-10 to 06-30-12
Superintendent of Schools	Tony Rose (Interim) Dr. Les Bivens	07-01-09 to 12-31-09 01-01-10 to 12-31-13
President of the School Board	Sandra Stevenson Joyce Jacobs	07-01-09 to 06-30-11 07-01-11 to 06-30-12



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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 COMMUNITY SCHOOLS OF FRANKFORT, CLINTON COUNTY, INDIANA

We have audited the accompanying financial statement of the Community Schools of Frankfort (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the 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 February 1, 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, 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, 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.

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

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

February 1, 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 COMMUNITY SCHOOLS OF FRANKFORT, CLINTON COUNTY, INDIANA

We have audited the financial statement of the Community Schools of Frankfort (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 1, 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.

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.

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

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

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and 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

February 1, 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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COMMUNITY SCHOOLS OF FRANKFORT
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	\$ 1,182,653	\$ 19,818,540	\$ 19,387,720	\$ 121,126	\$ 1,734,599	\$ 20,453,673	\$ 20,843,746	\$ 58,670	\$ 1,403,196
Debt Service	8,433	5,715,959	5,710,453	(10,924)	3,015	6,376,148	5,412,659	19,959	986,463
Retirement/Severance Bond Debt Service	95	611,730	611,366	-	459	946,961	601,540	-	345,880
Capital Projects	334,470	1,810,589	1,544,894	220	600,385	2,530,608	1,707,237	7,145	1,430,901
School Transportation	194,950	1,008,409	1,139,058	128,577	192,878	1,126,960	1,221,528	10,143	108,453
School Bus Replacement	-	234,510	131,159	-	103,351	200,634	283,119	882	21,748
Special Education Preschool	36,569	159,354	115,363	(80,560)	-	-	-	-	-
Rainy Day	237,413	1,502,123	1,106,209	(581,323)	52,004	1,239,500	627,650	(87,900)	575,954
Construction	-	-	-	-	-	-	292,601	1,000,000	707,399
Athletic Fields Construction	35,781	32	92,158	56,345	-	-	-	-	-
School Lunch	1,004,486	1,679,341	1,321,584	9,461	1,371,704	1,532,780	1,318,642	3,525	1,589,367
Textbook Rental	17,984	209,385	314,203	91,560	4,726	204,254	91,273	19,000	136,707
Levy Excess	-	-	-	-	-	30,412	-	(30,412)	-
Joint Services and Supply - Special Education Cooperative	231,496	1,036,688	860,870	205	407,519	720,909	775,386	-	353,042
Preschool Conf	688	-	-	-	688	-	-	-	688
Special Education Coop - Occup Therapy	3,377	122,959	130,379	4,100	57	-	108,403	12,000	(96,346)
Building Trades Fund	21,405	55,193	75,235	-	1,363	-	76,872	9,301	(66,208)
Auto Body Vocational	33,131	14,564	33,276	-	14,419	-	27	-	14,392
Child Care Program	-	-	-	-	-	3,777	6,975	-	(3,198)
Alternative Education	12,245	20,000	48,029	15,800	16	55,000	38,968	-	16,048
Safe Haven 2009-10	-	12,000	12,000	-	-	-	-	-	-
Safe Haven 2010-11	-	-	-	-	-	15,000	15,000	-	-
1929 Unit Defined	2,191	-	2,191	-	-	-	-	-	-
Early Intervention Grant	2,268	-	2,268	-	-	-	-	-	-
Donations	664	810	-	-	1,474	4,304	-	-	5,778
Kyger Clinic	731	100	75	-	756	-	-	-	756
Therapy Dog Grant	-	100	-	-	100	-	-	-	100
2010 IRA Teacher Research Grant	-	-	-	-	-	720	336	-	384
FALC	7,207	6,999	6,488	-	7,718	-	5,997	-	1,721
Mattix Trust Fund	1,177	3,011	2,682	-	1,506	2,415	667	-	3,254
Defibrillator Fund	585	-	585	-	-	-	-	-	-
FEF 2008-09	1,728	-	1,728	-	-	-	-	-	-
FEF 2009-10	-	6,469	6,064	-	405	-	16	-	389
FEF 2010-11	-	-	-	-	-	8,146	7,695	-	451
PLTW Eng Year 3	-	12,830	14,830	2,000	-	1,000	379	-	621
PLTW Biomed Year 2	2,120	18,178	23,978	4,000	320	-	-	-	320
Biomed Year 3	-	-	-	-	-	13,380	16,760	-	(3,380)
Epics	10,234	9,104	27,914	8,923	347	13,500	24,703	11,200	344
Book Fund	70	3,965	2,275	-	1,760	-	62	-	1,698
MS Art Fund	-	415	374	-	41	-	27	-	14
PLTW MS	856	-	856	-	-	-	-	-	-
HS Grant	-	1,500	-	-	1,500	-	-	-	1,500

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

COMMUNITY SCHOOLS OF FRANKFORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	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
Awards Fund	660,153	15,737	30,825	-	645,065	10,977	33,325	-	622,717
Insurance Refund - Agent Change	-	-	187,926	188,535	609	-	-	-	609
HS Walmart Grant	664	-	662	-	2	-	-	-	2
Inaccess Linux HS 2008	600	-	600	-	-	-	-	-	-
E-Rate Grant	20,058	31,304	3,660	(20,000)	27,702	37,603	1,200	-	64,105
High Ability 2009-10	-	38,772	41,448	8,000	5,324	-	5,324	-	-
High Ability 2010-11	-	-	-	-	-	38,191	29,658	14,400	22,933
Education Technology	-	93,194	93,194	-	-	-	-	-	-
Extra-Curricular Activities	636	5,780	6,416	-	-	7,506	7,105	-	401
Non-English 2009-10	-	127,230	131,561	20,000	15,669	-	2,916	-	12,753
Non-English 2010-11	-	-	-	-	-	100,038	78,645	-	21,393
Non-English 2008-09	9,930	-	9,930	-	-	-	-	-	-
Non-English 2006-07	9,428	-	6,360	-	3,068	-	148	-	2,920
Excess PTRC Distributions	-	30,022	-	-	30,022	-	-	(30,022)	-
Title I 2008-09	84,788	67,236	89,917	(62,107)	-	-	-	-	-
Title I 2009-10	-	623,659	632,206	62,107	53,560	82,500	121,586	-	14,474
Title I 2010-11	-	-	-	-	-	658,967	603,591	-	55,376
Title V 2007-08	1	2,266	2,247	-	20	-	-	-	20
Title I Migrant 2008-09	1,146	-	1,146	-	-	-	-	-	-
Migrant 2009-10	-	60,000	58,107	-	1,893	5,000	5,765	-	1,128
Migrant 2010-11	-	-	-	-	-	90,847	95,840	-	(4,993)
Special Education Flow Thru 2008-09	37,116	189,000	219,242	(6,874)	-	-	-	-	-
Special Education Flow Thru 2009-10	-	2,829,807	2,830,566	44,874	44,115	-	40,182	-	3,933
Special Education Flow Thru 2010-11	-	-	-	-	-	2,161,999	2,181,526	-	(19,527)
CSF Flow Thru 2008-09	28,206	60,001	72,211	(15,996)	-	-	-	-	-
Special Education Flow Thru CSF 2009-10	-	594,762	679,159	136,096	51,699	-	49,838	-	1,861
Special Education Flow Thru CSF 2010-11	-	-	-	-	-	489,446	459,389	-	30,057
Preschool Special Education 2008-09	15,871	-	15,871	-	-	-	-	-	-
Preschool 2009-10	-	97,031	116,547	36,000	16,484	-	15,994	-	490
Preschool 2010-11	-	-	-	-	-	60,015	67,865	-	(7,850)
Adult Education and Family Literacy, Title II 2008-09	531	-	531	-	-	-	-	-	-
Adult Education 2009-10	-	32,443	33,643	1,200	-	-	-	-	-
Adult Education 2010-11	-	-	-	-	-	19,815	21,776	-	(1,961)
Adult Education Title	-	-	-	-	-	2,275	-	-	2,275
Drug Free Schools 2008-09	4,270	4,000	7,892	-	378	-	191	-	187
Drug Free Schools 2009-10	-	13,498	324	-	13,174	-	5,880	-	7,294
Drug Free 2007-08	956	-	956	-	-	-	-	-	-
Perkins 2008-09	5,812	14,419	29,231	9,000	-	-	-	-	-
Perkins 2009-10	-	43,922	69,847	26,000	75	14,640	14,767	-	(52)
Perkins 2010-11	-	-	-	-	-	59,038	59,653	-	(615)
Medicaid Reimbursement - Federal	7,866	8,388	3,954	(1,518)	10,782	5,101	770	-	15,113
RTI BR/SC	-	-	-	-	-	35,824	26,216	-	9,608

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

COMMUNITY SCHOOLS OF FRANKFORT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	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
21st Century Year 3	590	151,269	173,592	27,000	5,267	5,000	1,209	-	9,058
21st Century 2010-11	-	-	3,272	3,300	28	173,778	308,538	22,000	(112,732)
Title II 2008-09	14,681	35,002	40,997	-	8,686	-	3,229	-	5,457
Title II A 2009-10	-	81,000	65,193	13,000	28,807	49,571	60,664	-	17,714
Title II A 2010-11	-	-	-	-	-	82,819	87,500	-	(4,681)
Title II D 2009-10	-	90,651	65,747	-	24,904	-	20,424	-	4,480
Title III, Language Instruction	27,350	-	27,973	623	-	-	-	-	-
Title III 2009-10	-	146,035	83,170	2,040	64,905	(35,145)	26,199	-	3,561
Title III 2010-11	-	-	-	-	-	103,758	101,729	-	2,029
Math Science Grant 2007-10	203,801	65,000	171,237	-	97,564	-	57,426	-	40,138
Science and Tech Addition	957	-	-	-	957	-	-	-	957
Fiscal Stabilization - Education	897,475	638,838	1,536,313	-	-	-	-	-	-
Title I - Grants to LEAs	310	291,021	294,253	9,000	6,078	123,719	154,814	-	(25,017)
Special Education - Part B	-	1,806,125	1,787,662	29,000	47,463	826,348	868,192	-	5,619
Special Education - Part B - Preschool	-	92,132	90,258	-	1,874	18,411	19,217	-	1,068
Totals	<u>\$ 5,418,203</u>	<u>\$ 42,454,401</u>	<u>\$ 42,442,110</u>	<u>\$ 278,790</u>	<u>\$ 5,709,284</u>	<u>\$ 40,708,122</u>	<u>\$ 39,116,559</u>	<u>\$ 1,039,891</u>	<u>\$ 8,340,738</u>

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

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation (primary government).

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.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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.

COMMUNITY SCHOOLS OF FRANKFORT
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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

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.

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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.

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

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. 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 5. 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.

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 6. 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:

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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.

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

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 prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	Athletic Fields Construction
Cash and investments - beginning	\$ 1,182,653	\$ 8,433	\$ 95	\$ 334,470	\$ 194,950	\$ -	\$ 36,569	\$ 237,413	\$ -	\$ 35,781
Receipts:										
Local sources	388,608	3,261,959	389,730	1,613,589	740,409	186,510	79,604	-	-	32
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	19,428,525	-	-	-	-	-	79,750	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	2,454,000	222,000	197,000	268,000	48,000	-	544,000	-	-
Interfund loans	-	-	-	-	-	-	-	958,123	-	-
Other	1,407	-	-	-	-	-	-	-	-	-
Total receipts	<u>19,818,540</u>	<u>5,715,959</u>	<u>611,730</u>	<u>1,810,589</u>	<u>1,008,409</u>	<u>234,510</u>	<u>159,354</u>	<u>1,502,123</u>	<u>-</u>	<u>32</u>
Disbursements:										
Current:										
Instruction	12,029,185	-	-	-	-	-	110,363	-	-	-
Support services	6,548,868	-	-	488,431	796,058	83,159	5,000	-	-	8
Noninstructional services	345,270	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	859,463	-	-	-	561,692	-	92,150
Debt services	30,022	5,510,453	591,366	197,000	18,000	48,000	-	544,517	-	-
Nonprogrammed charges	434,375	-	-	-	-	-	-	-	-	-
Interfund loans	-	200,000	20,000	-	325,000	-	-	-	-	-
Total disbursements	<u>19,387,720</u>	<u>5,710,453</u>	<u>611,366</u>	<u>1,544,894</u>	<u>1,139,058</u>	<u>131,159</u>	<u>115,363</u>	<u>1,106,209</u>	<u>-</u>	<u>92,158</u>
Excess (deficiency) of receipts over disbursements	<u>430,820</u>	<u>5,506</u>	<u>364</u>	<u>265,695</u>	<u>(130,649)</u>	<u>103,351</u>	<u>43,991</u>	<u>395,914</u>	<u>-</u>	<u>(92,126)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	19,048	-	-	220	3,577	-	-	-	-	56,345
Transfers in	102,078	-	-	-	125,000	-	-	-	-	-
Transfers out	-	(10,924)	-	-	-	-	(80,560)	(581,323)	-	-
Total other financing sources (uses)	<u>121,126</u>	<u>(10,924)</u>	<u>-</u>	<u>220</u>	<u>128,577</u>	<u>-</u>	<u>(80,560)</u>	<u>(581,323)</u>	<u>-</u>	<u>56,345</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>551,946</u>	<u>(5,418)</u>	<u>364</u>	<u>265,915</u>	<u>(2,072)</u>	<u>103,351</u>	<u>(36,569)</u>	<u>(185,409)</u>	<u>-</u>	<u>(35,781)</u>
Cash and investments - ending	<u>\$ 1,734,599</u>	<u>\$ 3,015</u>	<u>\$ 459</u>	<u>\$ 600,385</u>	<u>\$ 192,878</u>	<u>\$ 103,351</u>	<u>\$ -</u>	<u>\$ 52,004</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	Preschool Conf	Special Education Coop - Occup Therapy	Building Trades Fund	Auto Body Vocational	Child Care Program	Alternative Education
Cash and investments - beginning	\$ 1,004,486	\$ 17,984	\$ -	\$ 231,496	\$ 688	\$ 3,377	\$ 21,405	\$ 33,131	\$ -	\$ 12,245
Receipts:										
Local sources	400,831	84,192	-	1,036,688	-	122,959	55,193	14,564	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	9,497	125,193	-	-	-	-	-	-	-	20,000
Federal sources	1,269,013	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>1,679,341</u>	<u>209,385</u>	<u>-</u>	<u>1,036,688</u>	<u>-</u>	<u>122,959</u>	<u>55,193</u>	<u>14,564</u>	<u>-</u>	<u>20,000</u>
Disbursements:										
Current:										
Instruction	-	-	-	21,098	-	-	75,235	30,132	-	48,029
Support services	-	244,203	-	838,022	-	130,379	-	-	-	-
Noninstructional services	1,271,584	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,750	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	50,000	-	-	-	-	-	-	3,144	-	-
Interfund loans	-	70,000	-	-	-	-	-	-	-	-
Total disbursements	<u>1,321,584</u>	<u>314,203</u>	<u>-</u>	<u>860,870</u>	<u>-</u>	<u>130,379</u>	<u>75,235</u>	<u>33,276</u>	<u>-</u>	<u>48,029</u>
Excess (deficiency) of receipts over disbursements	<u>357,757</u>	<u>(104,818)</u>	<u>-</u>	<u>175,818</u>	<u>-</u>	<u>(7,420)</u>	<u>(20,042)</u>	<u>(18,712)</u>	<u>-</u>	<u>(28,029)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	9,461	636	-	205	-	-	-	-	-	-
Transfers in	-	90,924	-	-	-	4,100	-	-	-	15,800
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>9,461</u>	<u>91,560</u>	<u>-</u>	<u>205</u>	<u>-</u>	<u>4,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,800</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>367,218</u>	<u>(13,258)</u>	<u>-</u>	<u>176,023</u>	<u>-</u>	<u>(3,320)</u>	<u>(20,042)</u>	<u>(18,712)</u>	<u>-</u>	<u>(12,229)</u>
Cash and investments - ending	<u>\$ 1,371,704</u>	<u>\$ 4,726</u>	<u>\$ -</u>	<u>\$ 407,519</u>	<u>\$ 688</u>	<u>\$ 57</u>	<u>\$ 1,363</u>	<u>\$ 14,419</u>	<u>\$ -</u>	<u>\$ 16</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Safe Haven 2009-10	Safe Haven 2010-11	1929 Unit Defined	Early Intervention Grant	Donations	Kyger Clinic	Therapy Dog Grant	2010 IRA Teacher Research Grant	FALC	Mattix Trust Fund
Cash and investments - beginning	\$ -	\$ -	\$ 2,191	\$ 2,268	\$ 664	\$ 731	\$ -	\$ -	\$ 7,207	\$ 1,177
Receipts:										
Local sources	-	-	-	-	810	100	100	-	6,999	3,011
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	12,000	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	12,000	-	-	-	810	100	100	-	6,999	3,011
Disbursements:										
Current:										
Instruction	12,000	-	2,191	-	-	-	-	-	6,488	1,196
Support services	-	-	-	2,268	-	75	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	1,486
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	12,000	-	2,191	2,268	-	75	-	-	6,488	2,682
Excess (deficiency) of receipts over disbursements	-	-	(2,191)	(2,268)	810	25	100	-	511	329
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,191)	(2,268)	810	25	100	-	511	329
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,474	\$ 756	\$ 100	\$ -	\$ 7,718	\$ 1,506

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Defibrillator Fund	FEF 2008-09	FEF 2009-10	FEF 2010-11	PLTW Eng Year 3	PLTW Biomed Year 2	Biomed Year 3	Epics	Book Fund	MS Art Fund
Cash and investments - beginning	\$ 585	\$ 1,728	\$ -	\$ -	\$ -	\$ 2,120	\$ -	\$ 10,234	\$ 70	\$ -
Receipts:										
Local sources	-	-	6,469	-	12,830	18,178	-	9,104	3,965	415
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	6,469	-	12,830	18,178	-	9,104	3,965	415
Disbursements:										
Current:										
Instruction	-	-	6,064	-	11,630	15,600	-	14,491	2,275	374
Support services	585	1,728	-	-	2,200	3,378	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	1,000	5,000	-	13,423	-	-
Total disbursements	585	1,728	6,064	-	14,830	23,978	-	27,914	2,275	374
Excess (deficiency) of receipts over disbursements	(585)	(1,728)	405	-	(2,000)	(5,800)	-	(18,810)	1,690	41
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	2,000	4,000	-	8,923	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,000	4,000	-	8,923	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(585)	(1,728)	405	-	-	(1,800)	-	(9,887)	1,690	41
Cash and investments - ending	\$ -	\$ -	\$ 405	\$ -	\$ -	\$ 320	\$ -	\$ 347	\$ 1,760	\$ 41

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	PLTW MS	HS Grant	Awards Fund	Insurance Refund - Agent Change	HS Walmart Grant	Inaccess Linux HS 2,008	E-Rate Grant	High Ability 2009-10	High Ability 2010-11	Education Technology
Cash and investments - beginning	\$ 856	\$ -	\$ 660,153	\$ -	\$ 664	\$ 600	\$ 20,058	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	1,500	15,737	-	-	-	31,304	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	38,772	-	93,194
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	1,500	15,737	-	-	-	31,304	38,772	-	93,194
Disbursements:										
Current:										
Instruction	856	-	-	-	662	600	-	33,402	-	-
Support services	-	-	-	187,926	-	-	-	46	-	93,194
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	3,660	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	30,825	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	8,000	-	-
Total disbursements	856	-	30,825	187,926	662	600	3,660	41,448	-	93,194
Excess (deficiency) of receipts over disbursements	(856)	1,500	(15,088)	(187,926)	(662)	(600)	27,644	(2,676)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	188,535	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	8,000	-	-
Transfers out	-	-	-	-	-	-	(20,000)	-	-	-
Total other financing sources (uses)	-	-	-	188,535	-	-	(20,000)	8,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(856)	1,500	(15,088)	609	(662)	(600)	7,644	5,324	-	-
Cash and investments - ending	\$ -	\$ 1,500	\$ 645,065	\$ 609	\$ 2	\$ -	\$ 27,702	\$ 5,324	\$ -	\$ -

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Extra- Curricular Activities	Non-English 2009-10	Non-English 2010-11	Non-English 2008-09	Non-English 2006-07	Excess PTRC Distributions	Title I 2008-09	Title I 2009-10	Title I 2010-11	Title V 2007-08
Cash and investments - beginning	\$ 636	\$ -	\$ -	\$ 9,930	\$ 9,428	\$ -	\$ 84,788	\$ -	\$ -	\$ 1
Receipts:										
Local sources	5,780	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	127,230	-	-	-	30,022	-	-	-	-
Federal sources	-	-	-	-	-	-	67,236	623,659	-	2,266
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,780</u>	<u>127,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,022</u>	<u>67,236</u>	<u>623,659</u>	<u>-</u>	<u>2,266</u>
Disbursements:										
Current:										
Instruction	6,416	95,393	-	9,930	792	-	59,349	402,737	-	2,247
Support services	-	16,168	-	-	5,568	-	30,282	176,610	-	-
Noninstructional services	-	-	-	-	-	-	286	7,859	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	20,000	-	-	-	-	-	45,000	-	-
Total disbursements	<u>6,416</u>	<u>131,561</u>	<u>-</u>	<u>9,930</u>	<u>6,360</u>	<u>-</u>	<u>89,917</u>	<u>632,206</u>	<u>-</u>	<u>2,247</u>
Excess (deficiency) of receipts over disbursements	<u>(636)</u>	<u>(4,331)</u>	<u>-</u>	<u>(9,930)</u>	<u>(6,360)</u>	<u>30,022</u>	<u>(22,681)</u>	<u>(8,547)</u>	<u>-</u>	<u>19</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	20,000	-	-	-	-	-	62,107	-	-
Transfers out	-	-	-	-	-	-	(62,107)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,107)</u>	<u>62,107</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(636)</u>	<u>15,669</u>	<u>-</u>	<u>(9,930)</u>	<u>(6,360)</u>	<u>30,022</u>	<u>(84,788)</u>	<u>53,560</u>	<u>-</u>	<u>19</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 15,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,068</u>	<u>\$ 30,022</u>	<u>\$ -</u>	<u>\$ 53,560</u>	<u>\$ -</u>	<u>\$ 20</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I Migrant 2008-09	Migrant 2009-10	Migrant 2010-11	Special Education Flow Thru 2008-09	Special Education Flow Thru 2009-10	Special Education Flow Thru 2010-11	CSF Flow Thru 2008-09	Special Education Flow Thru CSF 2009-10	Special Education Flow Thru CSF 2010-11	Preschool Special Education 2008-09
Cash and investments - beginning	\$ 1,146	\$ -	\$ -	\$ 37,116	\$ -	\$ -	\$ 28,206	\$ -	\$ -	\$ 15,871
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	60,000	-	189,000	2,805,807	-	60,001	594,762	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	24,000	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	60,000	-	189,000	2,829,807	-	60,001	594,762	-	-
Disbursements:										
Current:										
Instruction	-	57,743	-	-	-	-	72,211	519,393	-	15,871
Support services	1,146	59	-	219,242	2,770,566	-	-	39,766	-	-
Noninstructional services	-	305	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	60,000	-	-	120,000	-	-
Total disbursements	1,146	58,107	-	219,242	2,830,566	-	72,211	679,159	-	15,871
Excess (deficiency) of receipts over disbursements	(1,146)	1,893	-	(30,242)	(759)	-	(12,210)	(84,397)	-	(15,871)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	100	-	-
Transfers in	-	-	-	-	44,874	-	4,004	177,000	-	-
Transfers out	-	-	-	(6,874)	-	-	(20,000)	(41,004)	-	-
Total other financing sources (uses)	-	-	-	(6,874)	44,874	-	(15,996)	136,096	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,146)	1,893	-	(37,116)	44,115	-	(28,206)	51,699	-	(15,871)
Cash and investments - ending	\$ -	\$ 1,893	\$ -	\$ -	\$ 44,115	\$ -	\$ -	\$ 51,699	\$ -	\$ -

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Preschool 2009-10	Preschool 2010-11	Adult Education and Family Literacy, Title II 2008-09	Adult Education 2009-10	Adult Education 2010-11	Adult Education Title	Drug Free Schools 2008-09	Drug Free Schools 2009-10	Drug Free 2007-08	Perkins 2008-09
Cash and investments - beginning	\$ -	\$ -	\$ 531	\$ -	\$ -	\$ -	\$ 4,270	\$ -	\$ 956	\$ 5,812
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	97,031	-	-	32,443	-	-	4,000	13,498	-	14,419
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>97,031</u>	<u>-</u>	<u>-</u>	<u>32,443</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>13,498</u>	<u>-</u>	<u>14,419</u>
Disbursements:										
Current:										
Instruction	80,547	-	531	32,443	-	-	-	-	-	20,231
Support services	-	-	-	-	-	-	7,892	324	956	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	36,000	-	-	1,200	-	-	-	-	-	9,000
Total disbursements	<u>116,547</u>	<u>-</u>	<u>531</u>	<u>33,643</u>	<u>-</u>	<u>-</u>	<u>7,892</u>	<u>324</u>	<u>956</u>	<u>29,231</u>
Excess (deficiency) of receipts over disbursements	<u>(19,516)</u>	<u>-</u>	<u>(531)</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>(3,892)</u>	<u>13,174</u>	<u>(956)</u>	<u>(14,812)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	36,000	-	-	1,200	-	-	-	-	-	9,000
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>16,484</u>	<u>-</u>	<u>(531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,892)</u>	<u>13,174</u>	<u>(956)</u>	<u>(5,812)</u>
Cash and investments - ending	<u>\$ 16,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ 13,174</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Perkins 2009-10	Perkins 2010-11	Medicaid Reimbursement - Federal	RTI BR/SC	21st Century Year 3	21st Century 2010-11	Title II 2008-09	Title II A 2009-10	Title II A 2010-11	Title II D 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ 7,866	\$ -	\$ 590	\$ -	\$ 14,681	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	43,922	-	8,388	-	151,269	-	35,002	81,000	-	90,651
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	43,922	-	8,388	-	151,269	-	35,002	81,000	-	90,651
Disbursements:										
Current:										
Instruction	54,847	-	3,434	-	144,592	79	20,764	12,675	-	61,752
Support services	-	-	-	-	2,000	3,193	20,233	42,518	-	3,995
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	520	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	15,000	-	-	-	27,000	-	-	10,000	-	-
Total disbursements	69,847	-	3,954	-	173,592	3,272	40,997	65,193	-	65,747
Excess (deficiency) of receipts over disbursements	(25,925)	-	4,434	-	(22,323)	(3,272)	(5,995)	15,807	-	24,904
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	26,000	-	-	-	27,000	3,300	-	13,000	-	-
Transfers out	-	-	(1,518)	-	-	-	-	-	-	-
Total other financing sources (uses)	26,000	-	(1,518)	-	27,000	3,300	-	13,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	75	-	2,916	-	4,677	28	(5,995)	28,807	-	24,904
Cash and investments - ending	\$ 75	\$ -	\$ 10,782	\$ -	\$ 5,267	\$ 28	\$ 8,686	\$ 28,807	\$ -	\$ 24,904

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title III, Language Instruction	Title III 2009-10	Title III 2010-11	Math Science Grant 2007-10	Science and Tech Addition	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Totals
Cash and investments - beginning	\$ 27,350	\$ -	\$ -	\$ 203,801	\$ 957	\$ 897,475	\$ 310	\$ -	\$ -	\$ 5,418,203
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	8,491,170
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	19,964,183
Federal sources	-	146,035	-	65,000	-	638,838	246,021	1,799,125	85,132	9,223,518
Temporary loans	-	-	-	-	-	-	-	-	-	3,733,000
Interfund loans	-	-	-	-	-	-	45,000	7,000	7,000	1,041,123
Other	-	-	-	-	-	-	-	-	-	1,407
Total receipts	-	146,035	-	65,000	-	638,838	291,021	1,806,125	92,132	42,454,401
Disbursements:										
Current:										
Instruction	18,279	42,914	-	-	-	1,190,662	94,358	279,769	83,258	15,805,088
Support services	9,694	38,256	-	169,159	-	208,063	189,395	19,686	-	13,400,299
Noninstructional services	-	-	-	-	-	-	-	-	-	1,625,304
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,519,235
Debt services	-	-	-	-	-	-	-	-	-	6,939,358
Nonprogrammed charges	-	-	-	2,078	-	137,588	-	1,452,207	-	2,111,703
Interfund loans	-	2,000	-	-	-	-	10,500	36,000	7,000	1,041,123
Total disbursements	27,973	83,170	-	171,237	-	1,536,313	294,253	1,787,662	90,258	42,442,110
Excess (deficiency) of receipts over disbursements	(27,973)	62,865	-	(106,237)	-	(897,475)	(3,232)	18,463	1,874	12,291
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	623	40	-	-	-	-	-	-	-	278,790
Transfers in	-	2,000	-	-	-	-	9,000	42,000	-	837,310
Transfers out	-	-	-	-	-	-	-	(13,000)	-	(837,310)
Total other financing sources (uses)	623	2,040	-	-	-	-	9,000	29,000	-	278,790
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,350)	64,905	-	(106,237)	-	(897,475)	5,768	47,463	1,874	291,081
Cash and investments - ending	\$ -	\$ 64,905	\$ -	\$ 97,564	\$ 957	\$ -	\$ 6,078	\$ 47,463	\$ 1,874	\$ 5,709,284

COMMUNITY SCHOOLS OF FRANKFORT
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	Athletic Fields Construction
Cash and investments - beginning	\$ 1,734,599	\$ 3,015	\$ 459	\$ 600,385	\$ 192,878	\$ 103,351	\$ -	\$ 52,004	\$ -	\$ -
Receipts:										
Local sources	379,488	6,376,148	946,961	2,530,608	1,126,960	200,634	-	-	-	-
Intermediate sources	228	-	-	-	-	-	-	-	-	-
State sources	20,047,782	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	1,239,500	-	-
Other	26,175	-	-	-	-	-	-	-	-	-
Total receipts	<u>20,453,673</u>	<u>6,376,148</u>	<u>946,961</u>	<u>2,530,608</u>	<u>1,126,960</u>	<u>200,634</u>	<u>-</u>	<u>1,239,500</u>	<u>-</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	13,686,012	-	-	-	-	-	-	-	-	-
Support services	6,357,653	-	-	666,707	771,528	283,119	-	-	-	-
Noninstructional services	347,438	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,040,530	-	-	-	627,650	292,601	-
Debt services	-	4,612,659	423,540	-	250,000	-	-	-	-	-
Nonprogrammed charges	452,643	-	-	-	-	-	-	-	-	-
Interfund loans	-	800,000	178,000	-	200,000	-	-	-	-	-
Total disbursements	<u>20,843,746</u>	<u>5,412,659</u>	<u>601,540</u>	<u>1,707,237</u>	<u>1,221,528</u>	<u>283,119</u>	<u>-</u>	<u>627,650</u>	<u>292,601</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(390,073)</u>	<u>963,489</u>	<u>345,421</u>	<u>823,371</u>	<u>(94,568)</u>	<u>(82,485)</u>	<u>-</u>	<u>611,850</u>	<u>(292,601)</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,000,000	-
Sale of capital assets	22,170	-	-	-	14,195	-	-	-	-	-
Transfers in	36,500	19,959	-	7,145	32,448	882	-	-	-	-
Transfers out	-	-	-	-	(36,500)	-	-	(87,900)	-	-
Total other financing sources (uses)	<u>58,670</u>	<u>19,959</u>	<u>-</u>	<u>7,145</u>	<u>10,143</u>	<u>882</u>	<u>-</u>	<u>(87,900)</u>	<u>1,000,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(331,403)</u>	<u>983,448</u>	<u>345,421</u>	<u>830,516</u>	<u>(84,425)</u>	<u>(81,603)</u>	<u>-</u>	<u>523,950</u>	<u>707,399</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,403,196</u>	<u>\$ 986,463</u>	<u>\$ 345,880</u>	<u>\$ 1,430,901</u>	<u>\$ 108,453</u>	<u>\$ 21,748</u>	<u>\$ -</u>	<u>\$ 575,954</u>	<u>\$ 707,399</u>	<u>\$ -</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Special Education Cooperative	Preschool Conf	Special Education Coop - Occup Therapy	Building Trades Fund	Auto Body Vocational	Child Care Program	Alternative Education
Cash and investments - beginning	\$ 1,371,704	\$ 4,726	\$ -	\$ 407,519	\$ 688	\$ 57	\$ 1,363	\$ 14,419	\$ -	\$ 16
Receipts:										
Local sources	375,675	77,716	30,412	720,909	-	-	-	-	1,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	8,480	126,538	-	-	-	-	-	-	-	55,000
Federal sources	1,148,625	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	2,777	-
Total receipts	<u>1,532,780</u>	<u>204,254</u>	<u>30,412</u>	<u>720,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,777</u>	<u>55,000</u>
Disbursements:										
Current:										
Instruction	-	-	-	3,900	-	-	76,872	27	6,975	38,968
Support services	-	81,273	-	771,486	-	108,403	-	-	-	-
Noninstructional services	1,268,642	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	50,000	-	-	-	-	-	-	-	-	-
Interfund loans	-	10,000	-	-	-	-	-	-	-	-
Total disbursements	<u>1,318,642</u>	<u>91,273</u>	<u>-</u>	<u>775,386</u>	<u>-</u>	<u>108,403</u>	<u>76,872</u>	<u>27</u>	<u>6,975</u>	<u>38,968</u>
Excess (deficiency) of receipts over disbursements	<u>214,138</u>	<u>112,981</u>	<u>30,412</u>	<u>(54,477)</u>	<u>-</u>	<u>(108,403)</u>	<u>(76,872)</u>	<u>(27)</u>	<u>(3,198)</u>	<u>16,032</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	3,525	-	-	-	-	-	-	-	-	-
Transfers in	-	19,000	-	-	-	12,000	9,301	-	-	-
Transfers out	-	-	(30,412)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,525</u>	<u>19,000</u>	<u>(30,412)</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>9,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>217,663</u>	<u>131,981</u>	<u>-</u>	<u>(54,477)</u>	<u>-</u>	<u>(96,403)</u>	<u>(67,571)</u>	<u>(27)</u>	<u>(3,198)</u>	<u>16,032</u>
Cash and investments - ending	<u>\$ 1,589,367</u>	<u>\$ 136,707</u>	<u>\$ -</u>	<u>\$ 353,042</u>	<u>\$ 688</u>	<u>\$ (96,346)</u>	<u>\$ (66,208)</u>	<u>\$ 14,392</u>	<u>\$ (3,198)</u>	<u>\$ 16,048</u>

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 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Safe Haven 2009-10	Safe Haven 2010-11	1929 Unit Defined	Early Intervention Grant	Donations	Kyger Clinic	Therapy Dog Grant	2010 IRA Teacher Research Grant	FALC	Mattix Trust Fund
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,474	\$ 756	\$ 100	\$ -	\$ 7,718	\$ 1,506
Receipts:										
Local sources	-	-	-	-	4,304	-	-	720	-	2,415
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	15,000	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	15,000	-	-	4,304	-	-	720	-	2,415
Disbursements:										
Current:										
Instruction	-	15,000	-	-	-	-	-	336	5,997	667
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	15,000	-	-	-	-	-	336	5,997	667
Excess (deficiency) of receipts over disbursements	-	-	-	-	4,304	-	-	384	(5,997)	1,748
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	4,304	-	-	384	(5,997)	1,748
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 5,778	\$ 756	\$ 100	\$ 384	\$ 1,721	\$ 3,254

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Defibrillator Fund	FEF 2008-09	FEF 2009-10	FEF 2010-11	PLTW Eng Year 3	PLTW Biomed Year 2	Biomed Year 3	Epics	Book Fund	MS Art Fund
Cash and investments - beginning	\$ -	\$ -	\$ 405	\$ -	\$ -	\$ 320	\$ -	\$ 347	\$ 1,760	\$ 41
Receipts:										
Local sources	-	-	-	8,146	1,000	-	13,380	13,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	8,146	1,000	-	13,380	13,500	-	-
Disbursements:										
Current:										
Instruction	-	-	16	7,695	379	-	12,378	11,003	62	27
Support services	-	-	-	-	-	-	4,382	500	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	13,200	-	-
Total disbursements	-	-	16	7,695	379	-	16,760	24,703	62	27
Excess (deficiency) of receipts over disbursements	-	-	(16)	451	621	-	(3,380)	(11,203)	(62)	(27)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	11,200	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	11,200	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(16)	451	621	-	(3,380)	(3)	(62)	(27)
Cash and investments - ending	\$ -	\$ -	\$ 389	\$ 451	\$ 621	\$ 320	\$ (3,380)	\$ 344	\$ 1,698	\$ 14

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	PLTW MS	HS Grant	Awards Fund	Insurance Refund - Agent Change	HS Walmart Grant	Inaccess Linux HS 2,008	E-Rate Grant	High Ability 2009-10	High Ability 2010-11	Education Technology
Cash and investments - beginning	\$ -	\$ 1,500	\$ 645,065	\$ 609	\$ 2	\$ -	\$ 27,702	\$ 5,324	\$ -	\$ -
Receipts:										
Local sources	-	-	10,977	-	-	-	37,603	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	38,191	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	10,977	-	-	-	37,603	-	38,191	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	5,324	27,436	-
Support services	-	-	-	-	-	-	-	-	2,222	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,200	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	33,325	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	33,325	-	-	-	1,200	5,324	29,658	-
Excess (deficiency) of receipts over disbursements	-	-	(22,348)	-	-	-	36,403	(5,324)	8,533	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	14,400	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	14,400	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(22,348)	-	-	-	36,403	(5,324)	22,933	-
Cash and investments - ending	\$ -	\$ 1,500	\$ 622,717	\$ 609	\$ 2	\$ -	\$ 64,105	\$ -	\$ 22,933	\$ -

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Extra-Curricular Activities	Non-English 2009-10	Non-English 2010-11	Non-English 2008-09	Non-English 2006-07	Excess PTRC Distributions	Title I 2008-09	Title I 2009-10	Title I 2010-11	Title V 2007-08
Cash and investments - beginning	\$ -	\$ 15,669	\$ -	\$ -	\$ 3,068	\$ 30,022	\$ -	\$ 53,560	\$ -	\$ 20
Receipts:										
Local sources	7,506	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	100,038	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	37,500	658,967	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	45,000	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>7,506</u>	<u>-</u>	<u>100,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,500</u>	<u>658,967</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	7,105	2,851	78,645	-	-	-	-	101,319	401,078	-
Support services	-	65	-	-	148	-	-	15,565	197,498	-
Noninstructional services	-	-	-	-	-	-	-	3,702	5,015	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	1,000	-	-
Total disbursements	<u>7,105</u>	<u>2,916</u>	<u>78,645</u>	<u>-</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>121,586</u>	<u>603,591</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>401</u>	<u>(2,916)</u>	<u>21,393</u>	<u>-</u>	<u>(148)</u>	<u>-</u>	<u>-</u>	<u>(39,086)</u>	<u>55,376</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(30,022)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>401</u>	<u>(2,916)</u>	<u>21,393</u>	<u>-</u>	<u>(148)</u>	<u>(30,022)</u>	<u>-</u>	<u>(39,086)</u>	<u>55,376</u>	<u>-</u>
Cash and investments - ending	<u>\$ 401</u>	<u>\$ 12,753</u>	<u>\$ 21,393</u>	<u>\$ -</u>	<u>\$ 2,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,474</u>	<u>\$ 55,376</u>	<u>\$ 20</u>

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I Migrant 2008-09	Migrant 2009-10	Migrant 2010-11	Special Education Flow Thru 2008-09	Special Education Flow Thru 2009-10	Special Education Flow Thru 2010-11	CSF Flow Thru 2008-09	Special Education Flow Thru CSF 2009-10	Special Education Flow Thru CSF 2010-11	Preschool Special Education 2008-09
Cash and investments - beginning	\$ -	\$ 1,893	\$ -	\$ -	\$ 44,115	\$ -	\$ -	\$ 51,699	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	5,000	90,847	-	-	2,161,999	-	-	489,446	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5,000	90,847	-	-	2,161,999	-	-	489,446	-
Disbursements:										
Current:										
Instruction	-	5,765	93,807	-	-	-	-	48,576	429,157	-
Support services	-	-	957	-	38,182	2,181,526	-	1,262	30,232	-
Noninstructional services	-	-	1,076	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	2,000	-	-	-	-	-
Total disbursements	-	5,765	95,840	-	40,182	2,181,526	-	49,838	459,389	-
Excess (deficiency) of receipts over disbursements	-	(765)	(4,993)	-	(40,182)	(19,527)	-	(49,838)	30,057	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(765)	(4,993)	-	(40,182)	(19,527)	-	(49,838)	30,057	-
Cash and investments - ending	\$ -	\$ 1,128	\$ (4,993)	\$ -	\$ 3,933	\$ (19,527)	\$ -	\$ 1,861	\$ 30,057	\$ -

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Preschool 2009-10	Preschool 2010-11	Adult Education and Family Literacy, Title II 2008-09	Adult Education 2009-10	Adult Education 2010-11	Adult Education Title	Drug Free Schools 2008-09	Drug Free Schools 2009-10	Drug Free 2007-08	Perkins 2008-09
Cash and investments - beginning	\$ 16,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378	\$ 13,174	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	60,015	-	-	19,815	2,275	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	60,015	-	-	19,815	2,275	-	-	-	-
Disbursements:										
Current:										
Instruction	15,994	67,865	-	-	21,776	-	-	-	-	-
Support services	-	-	-	-	-	-	191	5,880	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	15,994	67,865	-	-	21,776	-	191	5,880	-	-
Excess (deficiency) of receipts over disbursements	(15,994)	(7,850)	-	-	(1,961)	2,275	(191)	(5,880)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,994)	(7,850)	-	-	(1,961)	2,275	(191)	(5,880)	-	-
Cash and investments - ending	\$ 490	\$ (7,850)	\$ -	\$ -	\$ (1,961)	\$ 2,275	\$ 187	\$ 7,294	\$ -	\$ -

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Perkins 2009-10	Perkins 2010-11	Medicaid Reimbursement - Federal	RTI BR/SC	21st Century Year 3	21st Century 2010-11	Title II 2008-09	Title II A 2009-10	Title II A 2010-11	Title II D 2009-10
Cash and investments - beginning	\$ 75	\$ -	\$ 10,782	\$ -	\$ 5,267	\$ 28	\$ 8,686	\$ 28,807	\$ -	\$ 24,904
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	14,640	59,038	5,101	35,824	5,000	173,778	-	49,571	82,819	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	14,640	59,038	5,101	35,824	5,000	173,778	-	49,571	82,819	-
Disbursements:										
Current:										
Instruction	3,767	59,653	375	8,676	1,209	200,785	3,229	6,457	-	-
Support services	-	-	-	17,540	-	85,172	-	51,207	87,500	20,424
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	395	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,281	-	-	-	-
Interfund loans	11,000	-	-	-	-	21,300	-	3,000	-	-
Total disbursements	14,767	59,653	770	26,216	1,209	308,538	3,229	60,664	87,500	20,424
Excess (deficiency) of receipts over disbursements	(127)	(615)	4,331	9,608	3,791	(134,760)	(3,229)	(11,093)	(4,681)	(20,424)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	22,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	22,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(127)	(615)	4,331	9,608	3,791	(112,760)	(3,229)	(11,093)	(4,681)	(20,424)
Cash and investments - ending	\$ (52)	\$ (615)	\$ 15,113	\$ 9,608	\$ 9,058	\$ (112,732)	\$ 5,457	\$ 17,714	\$ (4,681)	\$ 4,480

COMMUNITY SCHOOLS OF FRANKFORT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title III, Language Instruction	Title III 2009-10	Title III 2010-11	Math Science Grant 2007-10	Science and Tech Addition	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Totals
Cash and investments - beginning	\$ -	\$ 64,905	\$ -	\$ 97,564	\$ 957	\$ -	\$ 6,078	\$ 47,463	\$ 1,874	\$ 5,709,284
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	12,866,062
Intermediate sources	-	-	-	-	-	-	-	-	-	228
State sources	-	-	-	-	-	-	-	-	-	20,391,029
Federal sources	-	(35,145)	103,758	-	-	-	123,719	826,348	18,411	6,137,351
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	1,284,500
Other	-	-	-	-	-	-	-	-	-	28,952
Total receipts	-	(35,145)	103,758	-	-	-	123,719	826,348	18,411	40,708,122
Disbursements:										
Current:										
Instruction	-	11,680	55,865	-	-	-	12,777	278,740	19,217	15,835,442
Support services	-	14,519	45,864	57,426	-	-	97,037	-	-	11,995,468
Noninstructional services	-	-	-	-	-	-	-	-	-	1,625,873
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,962,376
Debt services	-	-	-	-	-	-	-	-	-	5,286,199
Nonprogrammed charges	-	-	-	-	-	-	-	589,452	-	1,126,701
Interfund loans	-	-	-	-	-	-	45,000	-	-	1,284,500
Total disbursements	-	26,199	101,729	57,426	-	-	154,814	868,192	19,217	39,116,559
Excess (deficiency) of receipts over disbursements	-	(61,344)	2,029	(57,426)	-	-	(31,095)	(41,844)	(806)	1,591,563
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	1,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	39,890
Transfers in	-	-	-	-	-	-	-	-	-	184,835
Transfers out	-	-	-	-	-	-	-	-	-	(184,834)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	1,039,891
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(61,344)	2,029	(57,426)	-	-	(31,095)	(41,844)	(806)	2,631,454
Cash and investments - ending	\$ -	\$ 3,561	\$ 2,029	\$ 40,138	\$ 957	\$ -	\$ (25,017)	\$ 5,619	\$ 1,068	\$ 8,340,738

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COMMUNITY SCHOOLS OF FRANKFORT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
HS Elementary Holding	\$ 35,060,000	\$ 2,864,500	Debt Service
MS Holding	385,000	395,588	Debt Service
Notes and loans payable:			
Common School Loan	3,960,000	524,475	Debt Service
Tech Common School Loan	206,780	61,000	Debt Service
Energy Loan	118,026	122,389	Capital Projects
Bonds payable:			
General obligation bonds:			
Retirement VEBA	<u>3,765,000</u>	<u>393,947</u>	Retirement/Severance Bond Debt Service
Total debt	<u><u>\$ 43,494,806</u></u>	<u><u>\$ 4,361,899</u></u>	

COMMUNITY SCHOOLS OF FRANKFORT
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Special Education Coop - Occupational Therapy Fund, Building Trades Fund, Child Care Program Fund, Perkins 2009-10 Fund, and Title I - Grants to LEAs Fund were overdrawn \$96,346, \$66,208, \$3,198, \$52, and \$25,017, respectively at June 30, 2011.

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)

AUDIT REPORT NOT CERTIFIED BY DUE DATE

The School Corporation did not certify their report to the Federal Audit Clearinghouse by the required deadline for the 2008-2009 audit period. One of the consequences for not meeting this deadline is that the School Corporation does not qualify as a low-risk auditee. Qualifying for a low-risk auditee could reduce the time required to complete the A-133 portion of the audit.

Criteria: OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, §__.320, requires the audit to be completed and the data collection form and reporting package be submitted within the earlier of 30 days after the receipt of the auditor's reports, or 9 months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. The submission process includes the certification of the report to the Federal Audit Clearinghouse.

TEMPORARY LOAN

Temporary loans, in the amount of \$1,822,000, were made in 2008 and 2009 from the Rainy Day Fund to various funds and not repaid by the end of the budget year 2008 or 2009. A temporary loan from Special Education Flow Thru to Special Education - Part B for \$24,000 was also made in 2009 but not repaid until April 2010. There was no Board approval noting an emergency to allow an extension of six months for repayment. All outstanding loan amounts were repaid by December 31, 2010.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

COMMUNITY SCHOOLS OF FRANKFORT
 AUDIT RESULTS AND COMMENTS
 (Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	2010
Retirement/Severance Bond Debt Service	\$ 10,000

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PUBLIC PURCHASES LAW – QUESTIONED COSTS

In December 2009, the School Corporation purchased five acres, which included two buildings, at a Sheriff's sale for \$545,001. No audit evidence was presented to indicate that any appraisals were obtained for the property that was purchased. The School Corporation did obtain two appraisals for property, which included the five acres and the buildings purchased at the Sheriff's sale, but also included additional acreage. One appraisal was for 14.976 acres which was appraised at \$640,000 and the other was for 14.987 acres which was appraised at \$450,000. (See Summary of Questioned Costs, page 57)

Indiana Code 36-1-10.5-6 states: "A purchasing agent may not purchase any land or structure for a price greater than the average of two (2) appraisals received under section 5 of this chapter."

Because the amount that was spent on the five acres, that included two buildings, was paid without two appraisals being obtained, we are designating them as questioned costs. 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.

CONDITION OF RECORDS - (Applies to Suncrest Elementary School)

The record balance of the SA-5 did not agree to the bank reconciliation at May 31, 2011. The Book Store Fund record balance was higher than the bank reconciliation by \$98.50. This was due to a deposit error made to the wrong account and not properly posting the correction.

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)

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

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 COMMUNITY SCHOOLS OF FRANKFORT, CLINTON COUNTY, INDIANA

Compliance

We have audited the compliance of the Community Schools of Frankfort (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, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01 to be a material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and 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

February 1, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553	1170	\$ 293,792	\$ 252,170
National School Lunch Program	10.555	1170	1,054,235	975,638
Summer Food Service Program for Children	10.559	1170	-	7,606
Total for federal grantor agency			1,348,027	1,235,414
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	08-1170 09-1170 10-1170	152,024 587,206 -	- 120,586 603,591
Total for program			739,230	724,177
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	1170	283,753	109,814
Total for cluster			1,022,983	833,991
Special Education Cluster (IDEA) Special Education - Grants to States	84.027	JS 08-09 JS 09-10 JS 10-11 A58-1-11DL-012	226,116 2,770,566 - -	- 38,182 2,181,526 17,540
Total for program			2,996,682	2,237,248
Special Education - Preschool Grants	84.173	PS 08-09 PS 09-10 PS 10-11	15,871 80,547 -	- 15,994 67,865
Total for program			96,418	83,859
ARRA - Special Education - Grants to States, Recovery Act	84.391	1170	1,764,662	868,192
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	1170	83,258	19,217
Total for cluster			4,941,020	3,208,516
State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2009-10	1,536,313	-
Pass-Through Lafayette School Corporation Adult Education - Basic Grants to States	84.002	2008-8019 2009-8019 2010-8019	531 32,443 -	- - 21,776
Total for program			32,974	21,776
Pass-Through Indiana Department of Education Migrant Education - State Grant Program	84.011	FY 08-09 FY 09-10 FY 10-11	1,146 58,107 -	- 5,765 95,840
Total for program			59,253	101,605

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

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Tippecanoe School Corporation				
Career and Technical Education - Basic Grants to States	84.048			
Perkins		2008-09	20,231	-
Perkins		2009-10	54,847	3,767
Perkins		2010-11	-	59,653
Pass-Through Indiana Department of Education		09-1170	13,830	379
		10-1170	<u>18,978</u>	<u>-</u>
Total for program			<u>107,886</u>	<u>63,799</u>
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186	2008-09	7,892	191
		2009-10	<u>324</u>	<u>5,880</u>
Total for program			<u>8,216</u>	<u>6,071</u>
Projects with Industry	84.234	1170	-	<u>16,760</u>
Twenty-First Century Community Learning Centers	84.287	Year 3	146,592	1,209
		2010-11	<u>3,272</u>	<u>287,238</u>
Total for program			<u>149,864</u>	<u>288,447</u>
Educational Technology State Grants Cluster	84.318			
Educational Technology State Grants				
Title II D		2009-10	<u>65,747</u>	<u>20,424</u>
English Language Acquisition Grants	84.365	A58-1-11DL-008	-	8,676
		2008-09	27,973	-
		2009-10	81,170	26,199
		2010-11	<u>-</u>	<u>101,729</u>
Total for program			<u>109,143</u>	<u>136,604</u>
Mathematics and Science Partnerships	84.366	2007-2010	<u>171,237</u>	<u>57,426</u>
Improving Teacher Quality State Grants	84.367			
Title II 2008-09		08-1170	40,997	3,229
Title II 2009-10		09-1170	55,193	57,664
Title II 2010-11		10-1170	<u>-</u>	<u>87,500</u>
Total for program			<u>96,190</u>	<u>148,393</u>
Total for federal grantor agency			<u>8,300,826</u>	<u>4,903,812</u>
<u>SOCIAL SECURITY ADMINISTRATION</u>				
Pass-Through Family and Social Services Administration				
Disability Insurance/SSI Cluster				
Social Security-Disability Insurance	96.001	2009-10	<u>5,472</u>	<u>770</u>
Total federal awards expended			<u>\$ 9,654,325</u>	<u>\$ 6,139,996</u>

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

COMMUNITY SCHOOLS OF FRANKFORT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Community Schools of Frankfort (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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2010 and 2011:

Program Title	Federal CFDA Number	2010	2011
Special Education - Grants to States	84.027	\$ 2,659,006	\$ 1,860,058
ARRA - Special Education - Grants to States, Recovery Act	84.391	1,452,207	589,452
ARRA - Special Education - Preschool, Recovery Act	84.392	67,078	12,651

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 17,292.83	\$ 18,456.99
National School Lunch Program	10.555	61,720.59	68,333.11

COMMUNITY SCHOOLS OF FRANKFORT
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 weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)
State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$473,830

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

COMMUNITY SCHOOLS OF FRANKFORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Finding and Questioned Cost

FINDING 2011-01 - CASH MANAGEMENT

Federal Agency: U.S. DEPARTMENT OF EDUCATION
Federal Program: Title I Grants to Local Educational Agencies, and ARRA -
Title I Grants to Local Educational Agencies, Recovery Act
CFDA Number: 84.010 and 84.389
Federal Award Number and Year (or Other Identifying Number): 08-1170; 09-1170; 1170
Pass-Through Entity: Indiana Department of Education

Amounts received by the School Corporation for the Title I Grants to Local Educational Agencies and ARRA - Title I Grants to Local Educational Agencies, Recovery Act were drawn down in advance. We noted, during our audit period, that 4 out of the 5 months (80%) of the 08-1170 grant award, 13 out of 23 months (57%) of the 09-1170 grant award, and 9 out of the 24 months (38%) of the 1170 grant award had excess cash balances greater than the \$10,000 allowed. The Cash-on-Hand balances ranged in surplus of \$21,435.32 to \$57,898.96 for the 08-1170 grant in the months of July to November, \$4,474.16 to \$18,013.86 for the grant 09-1170 in the months of September 2009 through June 2011 and \$661.81 to \$94,665.27 for the 1170 grant. School Corporation officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds.

34 CFR 80.20 (b)(7) states:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees' must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

COMMUNITY SCHOOLS OF FRANKFORT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

January 30, 2012

FEDERAL FINDING 2011-01 CASH MANAGEMENT

Federal Agency: U.S. DEPARTMENT OF EDUCATION

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010 and 84.389

Federal Award Number and Year (or Other Identifying Number): 08-1170; 09-1170: 1170

Pass-through Entity: Indiana Department of Education

Corrective Action Planned:

We will monitor more closely the balances on hand each month, in order to reduce cash requests if the need arises. The Business Manager will work more closely with the Title I director in order to more closely match the cash requests with the timing of the expenditures.



Leslie Michael

Business Manager/Treasurer

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COMMUNITY SCHOOLS OF FRANKFORT
EXIT CONFERENCE

The contents of this report were discussed via telephone on February 1, 2012, with Karen Rudolph, former Treasurer.

The contents of this report were discussed on February 9, 2012, with Dr. Les Bivens, Superintendent of Schools; Leslie Michael, Treasurer; Joyce Jacobs, President of the School Board ;and Dennis Cleaver, Vice President of the School Board. The Official Response has been made a part of this report and may be found on page 56.

Feb. 10, 2012

Response to the audit of Community Schools of Frankfort

Regarding the question of cost on land purchase, be it noted that the Business Office was not involved in the process. The School Board directed the purchase process. A Board member contracted for the two appraisals, had those appraisals sent to his home, bid on the property at the sheriff's sale and did not provide copies of the appraisals until well after the close of the process. The Business office provided the check via a signed voucher request by the Board member directly to the Board member who then delivered the check to the sheriff's office.

COMMUNITY SCHOOLS OF FRANKFORT
SUMMARY OF QUESTIONED COSTS

	<u>Questioned Costs</u>
Public Purchases Law - Questioned Costs, page 41	\$ 545,001