

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FRANKLIN COMMUNITY SCHOOL CORPORATION
JOHNSON COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/18/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance	Jeffrey Mercer	07-01-10 to 06-30-13
Superintendent of Schools	Dr. David E. Clendening	07-01-10 to 06-30-13
President of the School Board	Danny D. Vaught Darren G. Thompson William Maschmeyer Danny D. Vaught	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Franklin Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

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 period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 19, 2013, 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.

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.

STATE BOARD OF ACCOUNTS

February 19, 2013



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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 FRANKLIN COMMUNITY SCHOOL
CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the financial statement of the Franklin Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 19, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 misstatement 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. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

The School Corporation's response to the findings identified in our audit is described in the accompanying 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 19, 2013

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.

FRANKLIN COMMUNITY SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 652,438	\$ 29,763,253	\$ 29,066,723	\$ 124,643	\$ 1,473,611	\$ 30,452,843	\$ 29,532,135	\$ 11,476	\$ 2,405,795
Debt Service	5,736,384	13,091,599	12,578,693	76,994	6,326,284	11,908,845	13,049,587	36,595	5,222,137
Capital Projects	1,791,759	3,750,056	3,137,615	(822,833)	1,581,367	3,465,317	3,198,597	(609,094)	1,238,993
School Transportation	403,992	1,715,793	2,017,308	87,416	189,893	1,672,474	1,853,131	-	9,236
School Bus Replacement	402,835	520,499	202,592	3,842	724,584	255,353	400,000	(552,658)	27,279
Special Education Preschool	1	-	1	-	-	-	-	-	-
Rainy Day	1,832,311	174,584	859,868	973,864	2,120,891	538,988	150,000	1,161,752	3,671,591
Construction	-	-	18,130	1,990,000	1,971,870	49,179	1,443,354	(30,808)	546,887
School Lunch	662,327	2,356,996	2,238,309	-	781,014	2,473,824	2,449,608	-	805,230
Textbook Rental	398,271	420,317	222,574	31,415	627,429	544,502	447,212	-	724,719
Levy Excess	-	71,913	-	(71,913)	-	-	-	-	-
Performing Arts	-	-	-	-	-	2,867	310	-	2,557
Educational License Plates	1,951	730	1,950	-	731	563	769	-	525
Alternative Education	9,193	8,736	9,194	-	8,735	16,043	15,654	-	9,124
SAFE School Haven	9,036	-	-	-	9,036	-	-	-	9,036
09-10 School Safe Haven Grant	-	3,673	3,673	-	-	-	-	-	-
Education Foundation Grants	1,700	-	-	-	1,700	15,468	9,719	-	7,449
Drug Awareness/Prev. Donation	200	-	120	-	80	250	127	-	203
Small Victories Writing Team	110	-	110	-	-	-	-	-	-
Miscellaneous Programs	-	-	-	-	-	5,856	-	-	5,856
Fast Track - School Supplies	1,802	4,782	3,663	-	2,921	3,594	5,012	-	1,503
CBIS Family /Consumer Science	8	151	155	-	4	-	-	-	4
CS Elem 1st Franklin Lion Club	48	-	-	-	48	-	48	-	-
Community Outreach Program	706	499	658	-	547	236	762	-	21
Union Elementary Donation	3,243	-	1,091	-	2,152	-	2,010	-	142
Target Field Trips- Scholar AM.	-	500	500	-	-	-	-	-	-
IU-Grant for NCTA ASIA Resource	-	300	237	-	63	-	63	-	-
Essential Skills HS Donation	-	140	-	-	140	310	-	-	450
One Room School House	4,597	25,100	932	-	28,765	5,599	31,254	-	3,110
Northwood Outdoor Ed. Program	11,470	63	18,516	18,920	11,937	8,000	1,279	-	18,658
Franklin Coaching Donations	-	15,310	14,810	-	500	16,889	16,649	-	740
Coke Fund Money	36,974	24,754	7,351	-	54,377	24,059	54,005	-	24,431
Cape Grant - 2007-2008	385	-	-	(385)	-	-	-	-	-
Cape Grant - 2008-2009	11,854	-	-	(11,854)	-	-	-	-	-
Cape Grant - Franklin College	6,679	-	-	(6,679)	-	-	-	-	-
Drug Free Communities	-	5,600	5,600	-	-	7,530	6,563	-	967
Medicaid Reimbursement	31,068	13,187	34,079	-	10,176	30,361	-	-	40,537
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	10,068	6,752	-	3,316
2009-2010 Non- English Speaking Program	3,475	-	3,475	-	-	-	-	-	-
Non-English Speaking Grant	-	10,176	6,985	-	3,191	-	3,191	-	-
School Technology	101,984	46,080	83,555	-	64,509	104,442	34,646	-	134,305
Technology Grants [IC 20-40-15]	27,464	-	27,464	-	-	-	-	-	-
Arts in Education Grant NW	1,521	507	2,028	-	-	-	-	-	-
Gifted/Talented State Grant	-	-	-	-	-	14,983	14,983	-	-

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

FRANKLIN COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
National Governor's Honor Grant	9,906	-	9,906	-	-	-	-	-	-
College Success Coalition	-	249	249	-	-	-	-	-	-
Excess PTRC Distributions	159,767	-	-	(159,767)	-	120,768	-	-	120,768
Title I 09-10 Project #10-4225	122,754	20,000	76,335	(66,419)	-	-	-	-	-
Title I Part D FY 09-10	16,030	-	-	(16,030)	-	-	-	-	-
Title I 10-11	-	536,344	597,645	66,419	5,118	100,789	105,907	-	-
Title I Part D 10-11	-	43,679	57,785	16,031	1,925	-	1,214	-	711
Title I - Part A 2011-2012	-	-	-	-	-	446,624	500,963	-	(54,339)
Title I Part D 2007-2008	1	-	1	-	-	-	-	-	-
Title I Delinq FY 04-05	8,767	-	-	-	8,767	-	-	-	8,767
Title I Part D - FY 2006	573	-	-	-	573	-	-	-	573
McKinney - Vento Ed for Homeless	-	-	-	-	-	23,361	28,489	-	(5,128)
McKinney - Vento 09-10 Grant	31,289	-	31,289	-	-	-	-	-	-
McKinney - Vento 10-11 Homeless	-	25,931	25,931	-	-	37,848	37,848	-	-
Learn & Serve 09-10	1,964	-	1,964	-	-	-	-	-	-
Learn and Serve 10-11	-	19,344	19,046	-	298	2,633	2,931	-	-
Title IV, Part A Safe & Drug Free 08-09	7,290	-	7,290	-	-	-	-	-	-
Title IV Safe/Drug Free 09-10	15,036	-	7,298	-	7,738	-	7,738	-	-
Team Nutrition Training Grants	-	6,075	6,075	-	-	-	-	-	-
Game on! Team Nutrition - CBIS	-	6,075	6,075	-	-	-	-	-	-
Team Nutrition Grant	-	-	-	-	-	500	350	-	150
Medicaid Reimbursement - Federal	75,762	33,730	84,173	-	25,319	56,471	9,000	-	72,790
National Science Foundation	45,035	153,233	198,268	-	-	13,100	13,100	-	-
21st Century Learning 11-12	-	-	-	-	-	311,820	330,854	-	(19,034)
Title II Part A 2008-2009	62,583	-	62,583	-	-	-	-	-	-
Title II Part A 09-10	-	106,187	106,187	-	-	86,879	86,879	-	-
Title II A 2010-2011	-	-	-	-	-	82,098	100,510	-	(18,412)
Title IID Cadre I Technology 09-10	10,188	-	10,188	-	-	-	-	-	-
Maintenance of Effort - Stimulus	-	91,642	91,642	-	-	14,444	14,444	-	-
Title I - Grants to LEAs	56,196	68,157	124,353	-	-	140,846	140,846	-	-
Special Education - Part B	3,654	151,475	155,129	-	-	49,236	49,236	-	-
Title I - Part D, Subpart 2	6,372	5,000	10,691	-	681	-	681	-	-
Education Jobs	-	-	-	-	-	693,597	794,036	-	(100,439)
Totals	\$ 12,778,953	\$ 53,292,419	\$ 52,258,062	\$ 2,233,664	\$ 16,046,974	\$ 53,809,417	\$ 54,952,446	\$ 17,263	\$ 14,921,208

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

FRANKLIN COMMUNITY SCHOOL CORPORATION
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.

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. Receipts are recorded when received and disbursements are recorded when paid.

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 may 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 include distributions from the State of Indiana and are 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.

FRANKLIN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may 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, funds held temporarily for an authorized recipient, and self-insurance payments.

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

F. Other Financing Sources and Uses

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

FRANKLIN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 or highway use taxes are received 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.

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.

FRANKLIN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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:

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.

FRANKLIN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 652,438	\$ 5,736,384	\$ 1,791,759	\$ 403,992	\$ 402,835	\$ 1	\$ 1,832,311	\$ -	\$ 662,327	\$ 398,271
Receipts:										
Local sources	475,481	12,288,443	3,745,239	1,699,068	520,500	-	-	-	1,109,617	218,644
Intermediate sources	44	-	-	-	-	-	-	-	-	-
State sources	29,282,978	803,156	-	7,063	-	-	-	-	27,984	200,615
Federal sources	-	-	-	-	-	-	-	-	1,205,918	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	174,585	-	-	-
Other	4,750	-	4,817	9,662	(1)	-	(1)	-	13,477	1,058
Total receipts	29,763,253	13,091,599	3,750,056	1,715,793	520,499	-	174,584	-	2,356,996	420,317
Disbursements:										
Current:										
Instruction	19,965,485	-	-	-	-	-	-	-	-	-
Support services	8,719,076	-	1,892,972	1,609,912	202,592	-	615,000	-	547	222,574
Noninstructional services	382,162	-	-	-	-	-	-	-	2,202,830	-
Facilities acquisition and construction	-	-	1,244,643	-	-	-	-	18,130	-	-
Debt services	-	12,578,693	-	407,396	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1	-	-	34,932	-
Interfund loans	-	-	-	-	-	-	244,868	-	-	-
Total disbursements	29,066,723	12,578,693	3,137,615	2,017,308	202,592	1	859,868	18,130	2,238,309	222,574
Excess (deficiency) of receipts over disbursements	696,530	512,906	612,441	(301,515)	317,907	(1)	(685,284)	(18,130)	118,687	197,743
Other financing sources (uses):										
Proceeds of long-term debt	-	18	-	-	-	-	-	1,990,000	-	-
Sale of capital assets	124,643	-	119,000	-	-	-	-	-	-	-
Transfers in	229,531	108,391	32,031	87,416	3,842	-	973,864	-	-	31,415
Transfers out	(229,531)	(31,415)	(973,864)	-	-	-	-	-	-	-
Total other financing sources (uses)	124,643	76,994	(822,833)	87,416	3,842	-	973,864	1,990,000	-	31,415
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	821,173	589,900	(210,392)	(214,099)	321,749	(1)	288,580	1,971,870	118,687	229,158
Cash and investments - ending	\$ 1,473,611	\$ 6,326,284	\$ 1,581,367	\$ 189,893	\$ 724,584	\$ -	\$ 2,120,891	\$ 1,971,870	\$ 781,014	\$ 627,429

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

	Levy Excess	Performing Arts	Educational License Plates	Alternative Education	SAFE School Haven	09-10 School Safe Haven Grants	Education Foundation Grants	Drug Awareness/Prev. Donation	Small Victories Writing Team	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ -	\$ 1,951	\$ 9,193	\$ 9,036	\$ -	\$ 1,700	\$ 200	\$ 110	\$ -
Receipts:										
Local sources	71,913	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	730	-	-	-	-	-	-	-
State sources	-	-	-	8,736	-	3,673	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	71,913	-	730	8,736	-	3,673	-	-	-	-
Disbursements:										
Current:										
Instruction	-	-	1,950	6,565	-	-	-	-	-	-
Support services	-	-	-	2,629	-	9	-	120	110	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	3,664	-	-	-	-
Total disbursements	-	-	1,950	9,194	-	3,673	-	120	110	-
Excess (deficiency) of receipts over disbursements	71,913	-	(1,220)	(458)	-	-	-	(120)	(110)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(71,913)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(71,913)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,220)	(458)	-	-	-	(120)	(110)	-
Cash and investments - ending	\$ -	\$ -	\$ 731	\$ 8,735	\$ 9,036	\$ -	\$ 1,700	\$ 80	\$ -	\$ -

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

	Fast Track School Supplies	CBIS Family Consumer Science	CS Elem 1st Franklin Lion Club	Community Outreach Programs	Union Elementary Donation	Target Field Trips Scholar AM	IU-Grant for NCTA ASIA Resource	Essential Skills HS Donation	One Room School House	Northwood Outdoor Ed. Program
Cash and investments - beginning	\$ 1,802	\$ 8	\$ 48	\$ 706	\$ 3,243	\$ -	\$ -	\$ -	\$ 4,597	\$ 11,470
Receipts:										
Local sources	4,782	151	-	499	-	-	-	140	25,100	63
Intermediate sources	-	-	-	-	-	500	300	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	4,782	151	-	499	-	500	300	140	25,100	63
Disbursements:										
Current:										
Instruction	-	155	-	-	1,028	257	237	-	-	12,802
Support services	-	-	-	658	63	243	-	-	932	5,714
Noninstructional services	3,663	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,663	155	-	658	1,091	500	237	-	932	18,516
Excess (deficiency) of receipts over disbursements	1,119	(4)	-	(159)	(1,091)	-	63	140	24,168	(18,453)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	18,920
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	18,920
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,119	(4)	-	(159)	(1,091)	-	63	140	24,168	467
Cash and investments - ending	\$ 2,921	\$ 4	\$ 48	\$ 547	\$ 2,152	\$ -	\$ 63	\$ 140	\$ 28,765	\$ 11,937

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

	Franklin Coaching Donations	Coke Fund Money	Cape Grant 2007-2008	Cape Grant 2008-2009	Cape Grant Franklin College	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	2009-2010 Non-English Speaking Program	Non-English Speaking Grant
Cash and investments - beginning	\$ -	\$ 36,974	\$ 385	\$ 11,854	\$ 6,679	\$ -	\$ 31,068	\$ -	\$ 3,475	\$ -
Receipts:										
Local sources	15,310	24,754	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	5,600	-	-	-	-
State sources	-	-	-	-	-	-	13,187	-	-	10,176
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	15,310	24,754	-	-	-	5,600	13,187	-	-	10,176
Disbursements:										
Current:										
Instruction	-	-	-	-	-	5,600	34,079	-	3,475	6,785
Support services	-	7,351	-	-	-	-	-	-	-	200
Noninstructional services	14,810	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	14,810	7,351	-	-	-	5,600	34,079	-	3,475	6,985
Excess (deficiency) of receipts over disbursements	500	17,403	-	-	-	-	(20,892)	-	(3,475)	3,191
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(385)	(11,854)	(6,679)	-	-	-	-	-
Total other financing sources (uses)	-	-	(385)	(11,854)	(6,679)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	17,403	(385)	(11,854)	(6,679)	-	(20,892)	-	(3,475)	3,191
Cash and investments - ending	\$ 500	\$ 54,377	\$ -	\$ -	\$ -	\$ -	\$ 10,176	\$ -	\$ -	\$ 3,191

FRANKLIN COMMUNITY SCHOOL CORPORATION
 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 Technology	Technology Grants [IC 20-40-15]	Arts In Education Grant NW	Gifted/Talented State Grant	National Governor's Honor Grant	College Success Coalition	Excess PTRC Distributions	Title I 09-10 Project #10-4225	Title I Part D FY 09-10	Title I 10-11
Cash and investments - beginning	\$ 101,984	\$ 27,464	\$ 1,521	\$ -	\$ 9,906	\$ -	\$ 159,767	\$ 122,754	\$ 16,030	\$ -
Receipts:										
Local sources	39,504	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,576	-	507	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	20,000	-	405,724
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	249	-	-	-	130,620
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	46,080	-	507	-	-	249	-	20,000	-	536,344
Disbursements:										
Current:										
Instruction	-	-	2,028	-	-	-	-	61,641	-	441,806
Support services	83,555	27,464	-	-	9,906	-	-	11,694	-	21,490
Noninstructional services	-	-	-	-	-	-	-	3,000	-	3,729
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	249	-	-	-	130,620
Total disbursements	83,555	27,464	2,028	-	9,906	249	-	76,335	-	597,645
Excess (deficiency) of receipts over disbursements	(37,475)	(27,464)	(1,521)	-	(9,906)	-	-	(56,335)	-	(61,301)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	66,419
Transfers out	-	-	-	-	-	-	(159,767)	(66,419)	(16,030)	-
Total other financing sources (uses)	-	-	-	-	-	-	(159,767)	(66,419)	(16,030)	66,419
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,475)	(27,464)	(1,521)	-	(9,906)	-	(159,767)	(122,754)	(16,030)	5,118
Cash and investments - ending	\$ 64,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,118

FRANKLIN COMMUNITY SCHOOL CORPORATION
 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 Part D 10-11	Title I Part A 2011-2012	Title I Part D 2007-2008	Title I Delinq FY 04-05	Title I Part D FY 2006	McKinney - Vento Ed for Homeless	McKinney - Vento 09-10 Grant	McKinney - Vento 10-11 Homeless	Learn & Serve 09-10	Learn & Serve 10-11
Cash and investments - beginning	\$ -	\$ -	\$ 1	\$ 8,767	\$ 573	\$ -	\$ 31,289	\$ -	\$ 1,964	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	43,679	-	-	-	-	-	-	23,194	-	18,716
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	2,737	-	628
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	43,679	-	-	-	-	-	-	25,931	-	19,344
Disbursements:										
Current:										
Instruction	57,785	-	-	-	-	-	-	83	1,433	13,188
Support services	-	-	-	-	-	-	31,289	25,848	531	5,230
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	628
Total disbursements	57,785	-	1	-	-	-	31,289	25,931	1,964	19,046
Excess (deficiency) of receipts over disbursements	(14,106)	-	(1)	-	-	-	(31,289)	-	(1,964)	298
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	16,031	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	16,031	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,925	-	(1)	-	-	-	(31,289)	-	(1,964)	298
Cash and investments - ending	\$ 1,925	\$ -	\$ -	\$ 8,767	\$ 573	\$ -	\$ -	\$ -	\$ -	\$ 298

FRANKLIN COMMUNITY SCHOOL CORPORATION
 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 IV Part A Safe/Drug Free 08-09	Title IV Part A Safe/Drug Free 09-10	Team Nutrition Training Grants	Game On! Team Nutrition CBIS	Team Nutrition Grant	Medicaid Reimbursement Federal	National Science Foundation	21st Century Learning 11-12	Title II Part A 2008-2009
Cash and investments - beginning	\$ 7,290	\$ 15,036	\$ -	\$ -	\$ -	\$ 75,762	\$ 45,035	\$ -	\$ 62,583
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	6,075	6,075	-	33,730	138,943	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	14,290	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	6,075	6,075	-	33,730	153,233	-	-
Disbursements:									
Current:									
Instruction	-	-	5,735	5,772	-	83,419	60,067	-	-
Support services	7,272	7,298	340	303	-	754	119,968	-	58,097
Noninstructional services	18	-	-	-	-	-	-	-	4,486
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	5,000	-	-
Interfund loans	-	-	-	-	-	-	13,233	-	-
Total disbursements	7,290	7,298	6,075	6,075	-	84,173	198,268	-	62,583
Excess (deficiency) of receipts over disbursements	(7,290)	(7,298)	-	-	-	(50,443)	(45,035)	-	(62,583)
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	(7,290)	(7,298)	-	-	-	(50,443)	(45,035)	-	(62,583)
Cash and investments - ending	\$ -	\$ 7,738	\$ -	\$ -	\$ -	\$ 25,319	\$ -	\$ -	\$ -

FRANKLIN COMMUNITY SCHOOL CORPORATION
 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 II Part A 09-10	Title II A 2010-2011	Title IID Cadre I Technology 09-10	Maintenances of Effort Stimulus	Title I Grants to LEAs	Special Education Part B	Title I Part D Subpart 2	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 10,188	\$ -	\$ 56,196	\$ 3,654	\$ 6,372	\$ -	\$ 12,778,953
Receipts:									
Local sources	-	-	-	-	-	-	-	-	20,239,208
Intermediate sources	-	-	-	-	-	-	-	-	7,174
State sources	-	-	-	-	-	-	-	-	30,364,651
Federal sources	81,270	-	-	91,642	-	148,206	5,000	-	2,228,172
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	24,917	-	-	-	68,157	3,269	-	-	419,452
Other	-	-	-	-	-	-	-	-	33,762
Total receipts	106,187	-	-	91,642	68,157	151,475	5,000	-	53,292,419
Disbursements:									
Current:									
Instruction	-	-	-	34,892	124,128	134,589	10,691	-	21,075,675
Support services	80,229	-	10,188	56,750	225	18,271	-	-	13,857,404
Noninstructional services	2,037	-	-	-	-	-	-	-	2,616,735
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,262,773
Debt services	-	-	-	-	-	-	-	-	12,986,089
Nonprogrammed charges	-	-	-	-	-	-	-	-	39,934
Interfund loans	23,921	-	-	-	-	2,269	-	-	419,452
Total disbursements	106,187	-	10,188	91,642	124,353	155,129	10,691	-	52,258,062
Excess (deficiency) of receipts over disbursements	-	-	(10,188)	-	(56,196)	(3,654)	(5,691)	-	1,034,357
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,990,018
Sale of capital assets	-	-	-	-	-	-	-	-	243,643
Transfers in	-	-	-	-	-	-	681	-	1,568,541
Transfers out	-	-	-	-	-	-	(681)	-	(1,568,538)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,233,664
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(10,188)	-	(56,196)	(3,654)	(5,691)	-	3,268,021
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681	\$ -	\$ 16,046,974

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,473,611	\$ 6,326,284	\$ 1,581,367	\$ 189,893	\$ 724,584	\$ -	\$ 2,120,891	\$ 1,971,870	\$ 781,014	\$ 627,429
Receipts:										
Local sources	494,555	11,908,845	3,456,167	1,664,112	226,254	-	-	49,179	1,126,977	371,983
Intermediate sources	23	-	-	-	-	-	-	-	-	-
State sources	29,958,265	-	-	-	-	-	-	-	27,652	168,832
Federal sources	-	-	-	-	-	-	-	-	1,302,641	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	73,948	-	-	-
Other	-	-	9,150	8,362	29,099	-	465,000	-	16,554	3,687
Total receipts	<u>30,452,843</u>	<u>11,908,845</u>	<u>3,465,317</u>	<u>1,672,474</u>	<u>255,353</u>	<u>-</u>	<u>538,948</u>	<u>49,179</u>	<u>2,473,824</u>	<u>544,502</u>
Disbursements:										
Current:										
Instruction	20,001,497	-	-	-	-	-	-	-	-	-
Support services	9,107,818	-	1,952,016	1,853,131	400,000	-	-	-	880	447,212
Noninstructional services	422,820	-	-	-	-	-	-	-	2,287,114	-
Facilities acquisition and construction	-	-	1,246,581	-	-	-	150,000	1,443,354	-	-
Debt services	-	13,049,587	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	161,614	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>29,532,135</u>	<u>13,049,587</u>	<u>3,198,597</u>	<u>1,853,131</u>	<u>400,000</u>	<u>-</u>	<u>150,000</u>	<u>1,443,354</u>	<u>2,449,608</u>	<u>447,212</u>
Excess (deficiency) of receipts over disbursements	<u>920,708</u>	<u>(1,140,742)</u>	<u>266,720</u>	<u>(180,657)</u>	<u>(144,647)</u>	<u>-</u>	<u>388,948</u>	<u>(1,394,175)</u>	<u>24,216</u>	<u>97,290</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	5,787	-	-	-	-	-	-	-	-
Sale of capital assets	11,476	-	-	-	-	-	-	-	-	-
Transfers in	34,432	30,808	-	-	-	-	1,161,752	-	-	-
Transfers out	(34,432)	-	(609,094)	-	(552,658)	-	-	(30,808)	-	-
Total other financing sources (uses)	<u>11,476</u>	<u>36,595</u>	<u>(609,094)</u>	<u>-</u>	<u>(552,658)</u>	<u>-</u>	<u>1,161,752</u>	<u>(30,808)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>932,184</u>	<u>(1,104,147)</u>	<u>(342,374)</u>	<u>(180,657)</u>	<u>(697,305)</u>	<u>-</u>	<u>1,550,700</u>	<u>(1,424,983)</u>	<u>24,216</u>	<u>97,290</u>
Cash and investments - ending	<u>\$ 2,405,795</u>	<u>\$ 5,222,137</u>	<u>\$ 1,238,993</u>	<u>\$ 9,236</u>	<u>\$ 27,279</u>	<u>\$ -</u>	<u>\$ 3,671,591</u>	<u>\$ 546,887</u>	<u>\$ 805,230</u>	<u>\$ 724,719</u>

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Levy Excess	Performing Arts	Educational License Plates	Alternative Education	SAFE School Haven	09-10 School Safe Haven Grants	Education Foundation Grants	Drug Awareness/Prev. Donation	Small Victories Writing Team	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ -	\$ 731	\$ 8,735	\$ 9,036	\$ -	\$ 1,700	\$ 80	\$ -	\$ -
Receipts:										
Local sources	-	2,867	-	-	-	-	15,468	250	-	5,856
Intermediate sources	-	-	563	-	-	-	-	-	-	-
State sources	-	-	-	16,043	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	2,867	563	16,043	-	-	15,468	250	-	5,856
Disbursements:										
Current:										
Instruction	-	-	769	12,508	-	-	7,409	-	-	-
Support services	-	310	-	3,146	-	-	2,310	127	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	310	769	15,654	-	-	9,719	127	-	-
Excess (deficiency) of receipts over disbursements	-	2,557	(206)	389	-	-	5,749	123	-	5,856
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	-	2,557	(206)	389	-	-	5,749	123	-	5,856
Cash and investments - ending	\$ -	\$ 2,557	\$ 525	\$ 9,124	\$ 9,036	\$ -	\$ 7,449	\$ 203	\$ -	\$ 5,856

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Fast Track School Supplies	CBIS Family Consumer Science	CS Elem 1st Franklin Lion Club	Community Outreach Programs	Union Elementary Donation	Target Field Trips Scholar AM	IU-Grant for NCTA ASIA Resource	Essential Skills HS Donation	One Room School House	Northwood Outdoor Ed. Program
Cash and investments - beginning	\$ 2,921	\$ 4	\$ 48	\$ 547	\$ 2,152	\$ -	\$ 63	\$ 140	\$ 28,765	\$ 11,937
Receipts:										
Local sources	3,594	-	-	236	-	-	-	310	5,599	8,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	3,594	-	-	236	-	-	-	310	5,599	8,000
Disbursements:										
Current:										
Instruction	-	-	48	-	2,010	-	63	-	-	404
Support services	-	-	-	762	-	-	-	-	31,254	-
Noninstructional services	5,012	-	-	-	-	-	-	-	-	875
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,012	-	48	762	2,010	-	63	-	31,254	1,279
Excess (deficiency) of receipts over disbursements	(1,418)	-	(48)	(526)	(2,010)	-	(63)	310	(25,655)	6,721
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	(1,418)	-	(48)	(526)	(2,010)	-	(63)	310	(25,655)	6,721
Cash and investments - ending	\$ 1,503	\$ 4	\$ -	\$ 21	\$ 142	\$ -	\$ -	\$ 450	\$ 3,110	\$ 18,658

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Franklin Coaching Donations	Coke Fund Money	Cape Grant 2007-2008	Cape Grant 2008-2009	Cape Grant Franklin College	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	2009-2010 Non-English Speaking Program	Non-English Speaking Grant
Cash and investments - beginning	\$ 500	\$ 54,377	\$ -	\$ -	\$ -	\$ -	\$ 10,176	\$ -	\$ -	\$ 3,191
Receipts:										
Local sources	16,889	24,059	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	7,530	-	-	-	-
State sources	-	-	-	-	-	-	30,361	10,068	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	16,889	24,059	-	-	-	7,530	30,361	10,068	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	6,563	-	6,752	-	3,191
Support services	-	54,005	-	-	-	-	-	-	-	-
Noninstructional services	16,649	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	16,649	54,005	-	-	-	6,563	-	6,752	-	3,191
Excess (deficiency) of receipts over disbursements	240	(29,946)	-	-	-	967	30,361	3,316	-	(3,191)
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	240	(29,946)	-	-	-	967	30,361	3,316	-	(3,191)
Cash and investments - ending	\$ 740	\$ 24,431	\$ -	\$ -	\$ -	\$ 967	\$ 40,537	\$ 3,316	\$ -	\$ -

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Technology	Technology Grants [IC 20-40-15]	Arts In Education Grant NW	Gifted/Talented State Grant	National Governor's Honor Grant	College Success Coalition	Excess PTRC Distributions	Title I 09-10 Project #10-4225	Title I Part D FY 09-10	Title I 10-11
Cash and investments - beginning	\$ 64,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,118
Receipts:										
Local sources	97,866	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,576	-	-	14,983	-	-	120,768	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	100,789
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	104,442	-	-	14,983	-	-	120,768	-	-	100,789
Disbursements:										
Current:										
Instruction	-	-	-	14,983	-	-	-	-	-	72,695
Support services	34,646	-	-	-	-	-	-	-	-	31,329
Noninstructional services	-	-	-	-	-	-	-	-	-	1,883
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	34,646	-	-	14,983	-	-	-	-	-	105,907
Excess (deficiency) of receipts over disbursements	69,796	-	-	-	-	-	120,768	-	-	(5,118)
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	69,796	-	-	-	-	-	120,768	-	-	(5,118)
Cash and investments - ending	\$ 134,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,768	\$ -	\$ -	\$ -

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I Part D 10-11	Title I Part A 2011-2012	Title I Part D 2007-2008	Title I Delinq FY 04-05	Title I Part D FY 2006	McKinney - Vento Ed for Homeless	McKinney - Vento 09-10 Grant	McKinney - Vento 10-11 Homeless	Learn & Serve 09-10	Learn & Serve 10-11
Cash and investments - beginning	\$ 1,925	\$ -	\$ -	\$ 8,767	\$ 573	\$ -	\$ -	\$ -	\$ -	\$ 298
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	446,624	-	-	-	23,361	-	37,848	-	2,633
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	446,624	-	-	-	23,361	-	37,848	-	2,633
Disbursements:										
Current:										
Instruction	1,214	481,128	-	-	-	28,454	-	3,306	-	2,381
Support services	-	17,419	-	-	-	35	-	31,805	-	550
Noninstructional services	-	2,416	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	2,737	-	-
Total disbursements	1,214	500,963	-	-	-	28,489	-	37,848	-	2,931
Excess (deficiency) of receipts over disbursements	(1,214)	(54,339)	-	-	-	(5,128)	-	-	-	(298)
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	(1,214)	(54,339)	-	-	-	(5,128)	-	-	-	(298)
Cash and investments - ending	\$ 711	\$ (54,339)	\$ -	\$ 8,767	\$ 573	\$ (5,128)	\$ -	\$ -	\$ -	\$ -

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title IV Part A Safe/Drug Free 08-09	Title IV Part A Safe/Drug Free 09-10	Team Nutrition Training Grants	Game On! Team Nutrition CBIS	Team Nutrition Grant	Medicaid Reimbursement Federal	National Science Foundation	21st Century Learning 11-12	Title II Part A 2008-2009
Cash and investments - beginning	\$ -	\$ 7,738	\$ -	\$ -	\$ -	\$ 25,319	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	500	56,471	13,100	311,820	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	500	56,471	13,100	311,820	-
Disbursements:									
Current:									
Instruction	-	-	-	-	350	-	-	118,991	-
Support services	-	7,197	-	-	-	9,000	12,043	207,325	-
Noninstructional services	-	541	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	4,538	-
Interfund loans	-	-	-	-	-	-	1,057	-	-
Total disbursements	-	7,738	-	-	350	9,000	13,100	330,854	-
Excess (deficiency) of receipts over disbursements	-	(7,738)	-	-	150	47,471	-	(19,034)	-
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	-	(7,738)	-	-	150	47,471	-	(19,034)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 72,790	\$ -	\$ (19,034)	\$ -

FRANKLIN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title II Part A 09-10	Title II A 2010-2011	Title IID Cadre I Technology 09-10	Maintenances of Effort Stimulus	Title I Grants to LEAs	Special Education Part B	Title I Part D Subpart 2	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681	\$ -	\$ 16,046,974
Receipts:									
Local sources	-	-	-	-	-	-	-	-	19,479,066
Intermediate sources	-	-	-	-	-	-	-	-	8,116
State sources	-	-	-	-	-	-	-	-	30,353,548
Federal sources	86,879	82,098	-	14,444	140,846	49,236	-	693,597	3,362,887
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	73,948
Other	-	-	-	-	-	-	-	-	531,852
Total receipts	<u>86,879</u>	<u>82,098</u>	<u>-</u>	<u>14,444</u>	<u>140,846</u>	<u>49,236</u>	<u>-</u>	<u>693,597</u>	<u>53,809,417</u>
Disbursements:									
Current:									
Instruction	-	-	-	13,468	61,227	33,936	681	717,575	21,591,603
Support services	81,918	95,421	-	976	5,752	14,300	-	76,461	14,479,148
Noninstructional services	3,964	5,089	-	-	5,710	-	-	-	2,752,073
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,839,935
Debt services	-	-	-	-	-	-	-	-	13,049,587
Nonprogrammed charges	-	-	-	-	-	-	-	-	166,152
Interfund loans	997	-	-	-	68,157	1,000	-	-	73,948
Total disbursements	<u>86,879</u>	<u>100,510</u>	<u>-</u>	<u>14,444</u>	<u>140,846</u>	<u>49,236</u>	<u>681</u>	<u>794,036</u>	<u>54,952,446</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(18,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(681)</u>	<u>(100,439)</u>	<u>(1,143,029)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	5,787
Sale of capital assets	-	-	-	-	-	-	-	-	11,476
Transfers in	-	-	-	-	49,447	-	-	-	1,276,439
Transfers out	-	-	-	-	(49,447)	-	-	-	(1,276,439)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,263</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(18,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(681)</u>	<u>(100,439)</u>	<u>(1,125,766)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (18,412)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,439)</u>	<u>\$ 14,921,208</u>

FRANKLIN COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

DEPOSITS - TEXTBOOK RENTAL RECEIPTS

Textbook Rental Receipts were not deposited within a reasonable time. Of the textbook rental receipts tested, three receipts collected at the High School were not deposited timely. Receipt No. 1379 was collected on October 20, 2010, and deposited on November 1, 2010 (twelve days later). Receipt No. 1805 was collected on January 12, 2011, and deposited January 20, 2011 (eight days later). Receipt No. 2805 was collected on February 13, 2012, and deposited on February 17, 2012 (four days later).

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Franklin Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances 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 items 2012-2, 2012-3 and 2012-4.

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 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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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.

Our consideration of the internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2, 2012-3, and 2012-4. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

STATE BOARD OF ACCOUNTS

February 19, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

FRANKLIN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		2010-2011	\$ 70,085	\$ -
		2011-2012	-	371,575
			<u>70,085</u>	<u>371,575</u>
Total for program				
			<u>70,085</u>	<u>371,575</u>
National School Lunch Program				
	10.555			
		2010-2011	1,200,297	-
		2011-2012	-	988,835
			<u>1,200,297</u>	<u>988,835</u>
Total for program				
			<u>1,200,297</u>	<u>988,835</u>
Summer Food Service Program For Children				
	10.559			
		2010-2011	56,480	-
		2011-2012	-	69,965
			<u>56,480</u>	<u>69,965</u>
Total for program				
			<u>56,480</u>	<u>69,965</u>
Total for cluster			<u>1,326,862</u>	<u>1,430,375</u>
Child and Adult Care Food Program				
	10.558			
		2010-2011	27,435	-
		2011-2012	-	33,739
			<u>27,435</u>	<u>33,739</u>
Total for program				
			<u>27,435</u>	<u>33,739</u>
Team Nutrition Grants				
	10.574			
		2010-2011	-	350
		2010-2011	6,075	-
		2011-2012	6,075	-
			<u>12,150</u>	<u>350</u>
Total for program				
			<u>12,150</u>	<u>350</u>
Total for federal grantor agency			<u>1,366,447</u>	<u>1,464,464</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		10-4225	76,335	-
		2009-2010	-	-
		11-4225	467,025	105,907
		2010-2011	57,785	1,214
		12-4225	-	446,624
			<u>601,145</u>	<u>553,745</u>
Total for program				
			<u>601,145</u>	<u>553,745</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act (7951)				
	84.389			
		2010-2011	124,353	-
		2010-2011	11,372	-
		2011-2012	-	190,293
		2011-2012	-	681
			<u>135,725</u>	<u>190,974</u>
Total for program				
			<u>135,725</u>	<u>190,974</u>
Total for cluster			<u>736,870</u>	<u>744,719</u>
Education of Homeless Children and Youth Cluster				
	84.196			
		2009-2010	31,289	-
		2010-2011	23,194	37,848
		2011-2012	-	23,361
			<u>54,483</u>	<u>61,209</u>
Total for program				
			<u>54,483</u>	<u>61,209</u>
Total for cluster			<u>54,483</u>	<u>61,209</u>

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

FRANKLIN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Education Jobs Fund	84.410	2011-2012	-	693,596
School Year 2011-2012			-	693,596
Total for program			-	693,596
Pass-Through Special Services, Johnson County and Surrounding Schools				
Special Education Cluster (IDEA)				
ARRA - Special Education Grants to States, Recovery Act	84.391			
Special Education Part B (7953)		2009-2010	151,860	49,236
Maintenance of Effort (7943)		2009-2010	91,642	14,444
Total for program			243,502	63,680
Total for cluster			243,502	63,680
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
Project 08-4225 (5803)		08-4225	7,290	-
Project 09-4225 (5804)		09-4225	7,298	7,738
Total for program			14,588	7,738
Twenty-First Century Community Learning Centers	84.287			
Year 1 (6600)		2010-2011	183,978	13,100
Year 2 (6601)		2011-2012	-	311,820
Total for program			183,978	324,920
Educational Technology State Grant Cluster				
Educational Technology State Grants (6851)	84.318	2009-2010		
FY 2010-2011			10,188	-
Total for cluster			10,188	-
Improving Teacher Quality State Grants	84.367			
Title II, Part A 08-09 (6843)		2008-2009	62,583	-
Title II, Part A 09-10 (6844)		2009-2010	81,269	86,879
Title II, Part A 10-11 (6845)		2010-2011	-	82,098
Total for program			143,852	168,977
Total for federal grantor agency			1,387,461	2,064,839
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana Department of Education				
Medicaid Cluster				
Medical Assistance Program	93.778			
2010-2011		2010-2011	24,981	-
2011-2012		2011-2012	-	37,713
Total for program			24,981	37,713
Total for cluster			24,981	37,713
Total for federal grantor agency			24,981	37,713
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs	94.004			
2009-2010 (5151)		2009-2010	1,964	-
2010-2011 (5153)		2010-2011	18,418	2,931
Total for program			20,382	2,931
Total for federal grantor agency			20,382	2,931
Total federal awards expended			\$ 2,799,271	\$ 3,569,947

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

FRANKLIN COMMUNITY SCHOOL CORPORATION
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 Franklin Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial 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. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 8,186	\$ 44,104
National School Lunch Program	10.555	140,193	117,369

FRANKLIN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
84.367	Special Education Cluster (IDEA)
84.410	Improving Teacher Quality State Grants
	Education Jobs Fund
	Child Nutrition Cluster
84.287	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS - TEXTBOOK RENTAL

Extra-Curricular Account (ECA) Treasurers are responsible for collecting textbook rental money paid at their particular school. The ECA Treasurers are to make timely deposits of the textbook rental money into the School Corporation bank account; however, the ECA Treasurers are not always making timely deposits of the textbook rental receipts. The School Corporation does not have controls in place to verify that the ECA Treasurers are making timely deposits of textbook rental receipts.

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

Lack of internal controls could cause material misstatement to go undetected, which could cause the financial statements to be materially misstated.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

**FINDING 2012-2 - SPECIAL TESTS AND PROVISIONS -
PARTICIPATION OF PRIVATE SCHOOL CHILDREN**

Federal Agency: U.S. Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Number and Year (or Other Identifying Number): 2010/2011 and 2011/2012

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system over compliance with special tests and provisions for the participation of private school children. The failure to establish an effective internal control system places the school at risk of material noncompliance.

The School Corporation did not conduct consultations with private school officials to determine the kind of educational services to provide to eligible private school children regarding the Twenty-First Century Community Learning Centers program.

OMB Circular A-133, Subpart C, section 300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs."

20 USC § 7881 (c) (1) states:

"To ensure timely and meaningful consultation, a State educational agency, local educational agency, educational service agency, consortium of those agencies, or entity shall consult with appropriate private school officials during the design and development of the programs under this chapter, on issues such as

- (A) how the children's needs will be identified;
- (B) what services will be offered;

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

(C) how, where, and by whom the services will be provided;

(D) how the services will be assessed and how the results of the assessment will be used to improve those services;

(E) the size and scope of the equitable services to be provided to the eligible private school children, teachers, and other educational personnel and the amount of funds available for those services; and

(F) how and when the agency, consortium, or entity will make decisions about the delivery of services, including a thorough consideration and analysis of the views of the private school officials on the provision of contract services through potential third-party providers."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls to ensure all grant requirements are complied with.

FINDING 2012-3 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies; ARRA Title I Grants to Local Educational Agencies, and ARRA – Special Education Grant to States, Recovery Act

CFDA Number: 84.010, 84.389, and 84.391

Federal Award Number and Year (or Other Identifying Number): 2010/2011 and 2011/2012

Pass-Through Entity: Indiana Department of Education; Special Services, Johnson County and Surrounding Schools

Management of the School Corporation has not established an effective internal control system over compliance for allowable costs/cost principles. The failure to establish an effective internal control system places the school at risk of material noncompliance.

The School Corporation was required to maintain time and effort reports on all full and part time employees paid from the Title I Grants to Local Educational Agencies; ARRA Title I Grants to Local Educational Agencies, and ARRA - Special Education Grants to States, Recovery Act. No time and effort reports were maintained for the audit period.

OMB circular A 87, Attachment B, item 8h, states in part:

"(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi- annually and will be signed by the employee or supervisory official having first -hand knowledge of the work performed by the employee.

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls to ensure all grant requirements are complied with.

FINDING 2012-4 - CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: ARRA – Special Education Grant to States, Recovery Act

CFDA Number: 84.391

Federal Award Number and Year (or Other Identifying Number): 2009-10

Pass-Through Entity: Special Services, Johnson County and Surrounding Schools

Management of the School Corporation has not established an effective internal control system over compliance for cash management. The failure to establish an effective internal control system places the School Corporation at risk of material noncompliance.

The supporting documentation for reimbursement requests did not always agree to what was being requested. The unit did not keep documentation to support the differences. At times, requests for reimbursement were made with no supporting documentation.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 80.20 states in part:

(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to . . .

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

- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

- (b) The financial management systems of other grantees and subgrantees must meet the following standards: . . .
 - (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure all grant requirements are complied with.



Dr. David Clendening
Superintendent

Dr. Dave Sever
Assistant Superintendent

Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Ms. Lanett Stewart
Director of Educational Services

October 31, 2012

Finding No. 2010-3, PERIOD OF AVAILABILITY OF FUNDS

Federal Agency: U.S. Department of Education

Federal Program: ARRA State Fiscal Stabilization Fund—Education State Grants, Recovery Act

CFDA Numbers: 84.394

Pass-Through Entity: Indiana Department of Education

Summary Schedule of Prior Audit Findings

An issue with our ARRA funds was created as a result of a temporary loan to General Fund. This issue was precipitated due to a delay in receiving the Stabilization Fund update from our accounting software provider. Subsequent handling of funds was completed in an appropriate fashion.

Future issues with ARRA funds have been rectified through the updated accounting software, as well as the fact that the ARRA funds have expired. Unless the Federal Government institutes another round of funding to the state of Indiana this issue should have been addressed permanently. In the event that there is another round of ARRA funding, we believe we have safeguards in place to avoid future issues.

Sincerely yours,


Jeffrey R. Mercer
Director of Business and Operations



Dr. David Clendening
Superintendent

Dr. Dave Sever
Assistant Superintendent

Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Ms. Lanett Stewart
Director of Educational Services

October 31, 2012

Finding No. 2010.1, TITLE I—CASH MANAGEMENT

Finding No. 2010.2, IMPROVING TEACHER QUALITY STATE GRANTS—CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies, Title I Grants to Local Educational Agencies,
Recovery Act

Federal Program: Improving Teacher Quality State Grants

CFDA Numbers: 84.010; 84.389

CFDA Numbers: 84.367

Summary Schedule of Prior Audit Findings

In July, 2011 Tammy Jackson began work as the corporation grant liaison to assist in coordinating our grant management program. Tammy has revised our grants manual and has met with all building treasurers as well as affected administrative personnel to review the manual. In addition, Tammy has created an annual grants listing which details each grant (amount, encumbrance dates, spent by dates, final report dates, etc.) and distributes this to all individuals entrusted with administering grants. Further, the Business Office sends monthly reports to all individuals assigned to each grant, and this serves as a constant reminder of the status of the respective grants.

While we believe the above listed steps have added greatly to the effective administration of our grants corporation wide, the single largest impact lies in the newly instituted reimbursable nature of this grant. The previous issue of an excessive cash balance is addressed with this management revision. In addition, we do request reimbursement on a monthly basis in order to avoid not requesting reimbursement often enough.

Sincerely yours,



Jeffrey R. Mercer
Director of Business and Operations

FRANKLIN COMMUNITY SCHOOLS

Student-Centered • Innovative

Dr. David Clendening
Superintendent

Dr. Dave Sever
Assistant Superintendent

Mrs. Deb Brown-Nally
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Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

February 7, 2013

Finding 2012-1: Internal Controls – Textbook Rental

Contact Person: Jeffrey R. Mercer

Title of Contact Person: Director of Finance

Contact Number: (317) 738-5800

Corrective Action Plan

The Franklin Community School Corporation has begun the process of revising our series of internal controls regarding the timely deposits of textbook rental at Franklin Community High School. In concert with the building Principal we have developed a plan to allow our textbook coordinator to balance deposits in the morning permitting her ample time to address any and all issues and still visit the bank by days end. Additionally, our Assistant Deputy Treasurer will be completing mini-audits throughout the year to monitor textbook deposits.

Finally, I have met with all parties (Principal, Textbook Coordinator, Treasurer) and we have discussed the need to make any other adjustments, as needed, to insure the timely deposit of textbook rental dollars.

Sincerely yours,



Jeffrey R. Mercer
Executive Director of Finance

FRANKLIN COMMUNITY SCHOOLS

Student-Centered • Innovative

Dr. David Clendening
Superintendent

Dr. Dave Sever
Assistant Superintendent

Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

February 7, 2013

Finding 2012-2: **Participation by Private School Children and Teachers**

Code: **20 U.S.C. 7881: US Code – Section 7781**

Contact Person: Jeffrey R. Mercer

Title of Contact Person: Director of Finance

Contact Number: (317) 738-5800

Corrective Action Plan

The Franklin Community School Corporation was unaware of the need to consult Private Schools at the time we competed for and received the Twenty-First Century Community Learning Centers Grant.

As a result, we have had conversations with the Indiana Department of Education and our contact Dre Knox, to discuss how to correct this issue with our current grant as well as any future grants. Mr. Knox has asked that we generate a letter to be sent to the Private School in Franklin inviting them to participate in our "Blue Key" program. That letter will be generated and sent in the next two weeks.

Further, we will notify all corporation administrators in writing of the need to consult Private Schools during the planning phase of any/all grants which include this as a requirement.

Sincerely yours,


Jeffrey R. Mercer
Executive Director of Finance

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Mr. Bill Doty
Director of Operations

February 25, 2013

Federal Agency: Department of Education

Federal Program: Title I and Special Education

CFDA Number: 84.010 and 84.027

Federal Award Number and Year (or Other Identifying Number): 2010/2011 and 2011/2012

Pass-Through Entity: Indiana Department of Education

Franklin Community School Corporation is enacting the following corrective actions in order to ensure proper, accurate, and timely reporting for both the Title I and Special Education programs:

1. The Coordinator of Title I will prepare Time and Effort logs for all employees that are paid from multiple Federal grants. In addition, employees paid solely from Title I will be provided with semi-annual Time and Effort logs.
2. The Coordinator of Title I will review and sign the Time and Effort logs at the end of each month for employees paid from multiple funds. The completed forms will be maintained in the Time and Effort log binder. The Coordinator of Title I will collect all forms and maintain them in a Master File at the FCS Central Office. This file will be stored both digitally and in hard copy.
3. The Coordinator of Title I will review and sign the Time and Effort logs for all Title I employees paid solely from Title I at the end of each semester. The Master file will be maintained at the FCS Central Office, and copies will be kept both digitally and in hard copy.
4. The Superintendent, or designee, will review and sign the Time and Effort log for the Coordinator of Title I.
5. The Coordinator will provide the Superintendent with quarterly written updates on all compliance requirements for this Federal Grant.
6. The FCS Principals will be required to participate in regular policy and procedure training via written and oral presentations.
7. The Superintendent, or designee, will perform internal audits pertaining to the Time and Effort documentation. A written summary will be provided to the Coordinator of Title I within five days of this internal review.

Franklin Community Schools are cognizant of the need to comply and meet the requirements of all Federal grants. This issue will be corrected and available for the State Board of Accounts and the IDOE Title I office review at any time.

Sincerely yours,



Dr. David Clendening
Superintendent

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Dr. Dave Sever
Assistant Superintendent

Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

February 25, 2013

Federal Agency: Department of Education

Federal Program: Special Education Cluster

CFDA Number: 84.391

Federal Award Number and Year (or Other Identifying Number): 2009-10

Pass-Through Entity: Johnson County Special Services

Franklin Community Schools worked in concert with Special Services Johnson County to administer the Special Education ARRA dollars. Special Services request for monthly reimbursements fell prior to the end of the month and required Franklin Community Schools to project the full monthly expenditures prior to occurring. As a result, reimbursement requests didn't always match actual expenditures. While we were diligent in planning our reimbursement requests with our Special Education supervisors, we did not retain the specifics for each monthly projection.

Two corrective measures have been put in place to avoid any future issues with reimbursables.

1. All expenditures will be calculated at month's end, and reimbursement requests will be made for the "full" monthly expense as opposed to a partial month.
2. All supporting documentation will be retained as it relates to any reimbursable grant. This will ensure ready access to the proper supplemental documentation for any reimbursement expenditures and/or questions.

Sincerely yours,



Jeffrey R. Mercer
Executive Director of Finance

FRANKLIN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2013, with Jeffrey Mercer, Director of Finance, and Dr. David E. Clendening, Superintendent of Schools. The officials concurred with our audit finding.