

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
FRANKLIN COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
04/12/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Connie Lang Sharon Pohlman	07-01-10 to 06-30-11 07-01-11 to 06-30-13
Superintendent of Schools	Dr. Debbie Howell	07-01-10 to 06-30-13
President of the School Board	Robert Jewell	07-01-10 to 06-30-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Franklin County 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.

In accordance with Government Auditing Standards, we have also issued a report dated April 2, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, Schedule of Long-Term Debt, and Schedule of Capital Assets, 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.



Bruce Hartman
State Examiner

April 2, 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 COUNTY COMMUNITY
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

We have audited the financial statement of the Franklin County Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated April 2, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement 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.

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.



Bruce Hartman
State Examiner

April 2, 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.

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FRANKLIN COUNTY 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	\$ 4,656,729	\$ 17,103,941	\$ 16,801,642	\$ -	\$ 4,959,028	\$ 18,035,585	\$ 17,505,280	\$ -	\$ 5,489,333
Debt Service	525,142	1,989,613	2,144,057	55,693	426,391	2,083,231	1,645,505	-	864,117
Retirement/Severance Bond Debt Service	12,247	-	-	(12,247)	-	-	-	-	-
Capital Projects	4,763,789	2,507,076	1,670,593	24,085	5,624,357	2,232,901	1,666,969	-	6,190,289
School Transportation	2,380,082	2,604,952	2,542,480	67,261	2,509,815	2,623,289	3,042,901	-	2,090,203
School Bus Replacement	163,427	253,560	186,578	2,750	233,159	210,289	113,643	-	329,805
Construction	22,780	-	-	(22,780)	-	-	-	-	-
School Lunch	122,683	1,112,640	1,100,903	-	134,420	1,093,224	1,121,085	-	106,559
Textbook Rental	176,801	215,023	103,077	-	288,747	250,739	394,092	-	145,394
Levy Excess	40,426	-	-	(40,426)	-	-	-	-	-
Educational License Plates	15,562	320	-	-	15,882	356	-	-	16,238
Early Intervention Grant 09-10	44,870	-	10,443	-	34,427	-	34,427	-	-
Early Intervention Grant 10-11	-	-	-	-	-	62,300	62,300	-	-
Early Intervention Grant 11-12	-	-	-	-	-	101,140	78,819	-	22,321
Early Intervention Reading Recovery	84	6,400	606	-	5,878	-	-	-	5,878
High Ability Grant 11-12	-	-	-	-	-	35,852	24,656	-	11,196
Gifted/Talented Grant 2009-2010	27,601	-	27,601	-	-	-	-	-	-
Gifted/Talented Grant 2010-2011	-	40,635	27,457	-	13,178	-	13,178	-	-
Education Technology	-	59,889	59,889	-	-	-	-	-	-
Distance Learning	22,838	-	8,187	-	14,651	-	216	-	14,435
Medicaid Reimbursement	10,892	6	2,817	-	8,081	-	979	-	7,102
Non-English Speaking Programs P.L. 273-1999	87	-	-	-	87	-	-	-	87
Connect 2000	3,674	5,427	3,022	-	6,079	4,932	6,929	-	4,082
Echo15-FCHS Biomed	-	-	-	-	-	40,000	10,287	-	29,713
Excess PTRC Distributions	-	74,336	-	(74,336)	-	54,916	-	-	54,916
Title I 2009-10	11,234	56,162	67,396	-	-	-	-	-	-
Title I 2010-11	-	289,688	289,688	-	-	254,310	254,310	-	-
Title I 2011-12	-	-	-	-	-	397,696	372,620	16,274	41,350
Drug Free Schools Grant 2009-10	3,762	4,452	6,237	-	1,977	1,049	3,026	-	-
Vocational and Technical Board Grants	-	20,000	20,000	-	-	-	-	-	-
Medicaid Reimbursement - Federal	28,728	19	291	-	28,456	4,746	97	-	33,105
Title II 2008-09	25,484	-	25,484	-	-	-	-	-	-
Title II 2010-11	-	114,195	110,417	-	3,778	25,006	28,784	-	-
Title II Part A 2011-12	-	-	-	-	-	46,135	64,560	-	(18,425)
Title I - Grants to LEAs	9,593	98,632	104,105	-	4,120	51,296	55,816	-	(400)
Education Jobs	-	-	-	-	-	451,081	490,519	-	(39,438)
QZAB FCHS Improvements and Renovations	-	-	-	-	-	-	1,530,728	1,975,075	444,347
Payroll	156,701	4,084,829	4,051,727	-	189,803	4,196,703	4,319,301	-	67,205
Totals	\$ 13,225,216	\$ 30,641,795	\$ 29,364,697	\$ -	\$ 14,502,314	\$ 32,256,776	\$ 32,841,027	\$ 1,991,349	\$ 15,909,412

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

FRANKLIN COUNTY 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 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, 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 COUNTY 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.

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

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

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

E. Disbursements

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

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

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

Non-instructional 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.

Non-programmed 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.

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

F. Other Financing Sources and Uses

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

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

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.

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

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

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

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

Funding Policy and Annual Pension Cost

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

B. 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012.

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

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Franklin County High School Building Corporation (the lessor), Franklin County Middle School Building Corporation (lessor), and Franklin County Community School Building Corporation (lessor). The lessors were organized as not for profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2011 and 2012, totaled \$1,700,500 and \$1,267,750, respectively.

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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 COUNTY 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 4,656,729	\$ 525,142	\$ 12,247	\$ 4,763,789	\$ 2,380,082	\$ 163,427	\$ 22,780	\$ 122,683	\$ 176,801	\$ 40,426
Receipts:										
Local sources	101,987	1,824,587	-	2,329,671	2,601,006	253,560	-	513,425	-	-
Intermediate sources	275	-	-	-	-	-	-	-	-	-
State sources	16,837,358	-	-	-	-	-	-	11,211	215,023	-
Federal sources	-	-	-	-	-	-	-	575,881	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	165,026	-	174,166	-	-	-	-	-	-
Other	164,321	-	-	3,239	3,946	-	-	12,123	-	-
Total receipts	17,103,941	1,989,613	-	2,507,076	2,604,952	253,560	-	1,112,640	215,023	-
Disbursements:										
Current:										
Instruction	12,658,211	-	-	-	-	-	-	-	-	-
Support services	3,890,048	-	-	911,086	2,542,480	186,578	-	-	103,077	-
Noninstructional services	253,383	-	-	-	-	-	-	1,100,903	-	-
Facilities acquisition and construction	-	-	-	583,671	-	-	-	-	-	-
Debt services	-	1,979,030	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	165,027	-	175,836	-	-	-	-	-	-
Total disbursements	16,801,642	2,144,057	-	1,670,593	2,542,480	186,578	-	1,100,903	103,077	-
Excess (deficiency) of receipts over disbursements	302,299	(154,444)	-	836,483	62,472	66,982	-	11,737	111,946	-
Other financing sources (uses):										
Transfers in	-	55,693	-	24,085	67,261	2,750	-	-	-	-
Transfers out	-	-	(12,247)	-	-	-	(22,780)	-	-	(40,426)
Total other financing sources (uses)	-	55,693	(12,247)	24,085	67,261	2,750	(22,780)	-	-	(40,426)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	302,299	(98,751)	(12,247)	860,568	129,733	69,732	(22,780)	11,737	111,946	(40,426)
Cash and investments - ending	\$ 4,959,028	\$ 426,391	\$ -	\$ 5,624,357	\$ 2,509,815	\$ 233,159	\$ -	\$ 134,420	\$ 288,747	\$ -

FRANKLIN COUNTY 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)

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	Educational License Plates	Early Intervention Grant 09-10	Early Intervention Grant 10-11	Early Intervention Grant 11-12	Early Intervention Reading Recovery	High Ability Grant 11-12	Gifted/Talented Grant 2009-10	Gifted/Talented Grant 2010-11	Education Technology	Distance Learning
Cash and investments - beginning	\$ 15,562	\$ 44,870	\$ -	\$ -	\$ 84	\$ -	\$ 27,601	\$ -	\$ -	\$ 22,838
Receipts:										
Local sources	-	-	-	-	6,400	-	-	-	-	-
Intermediate sources	320	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	37,430	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	59,889	-
Interfund loans	-	-	-	-	-	-	-	3,205	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	320	-	-	-	6,400	-	-	40,635	59,889	-
Disbursements:										
Current:										
Instruction	-	10,443	-	-	606	-	27,175	24,252	-	8,187
Support services	-	-	-	-	-	-	426	-	59,889	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	3,205	-	-
Total disbursements	-	10,443	-	-	606	-	27,601	27,457	59,889	8,187
Excess (deficiency) of receipts over disbursements	320	(10,443)	-	-	5,794	-	(27,601)	13,178	-	(8,187)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	320	(10,443)	-	-	5,794	-	(27,601)	13,178	-	(8,187)
Cash and investments - ending	\$ 15,882	\$ 34,427	\$ -	\$ -	\$ 5,878	\$ -	\$ -	\$ 13,178	\$ -	\$ 14,651

FRANKLIN COUNTY 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)

	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Connect 2000	Echo 15- FCHS Biomed	Excess PTRC Distributions	Title I 2009-10	Title I 2010-11	Title I 2011-12	Drug Free Schools Grant 2009-10	Vocational and Technical Board Grants
Cash and investments - beginning	\$ 10,892	\$ 87	\$ 3,674	\$ -	\$ -	\$ 11,234	\$ -	\$ -	\$ 3,762	\$ -
Receipts:										
Local sources	-	-	-	-	74,336	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6	-	5,427	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	56,162	266,325	-	4,452	20,000
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	23,363	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	6	-	5,427	-	74,336	56,162	289,688	-	4,452	20,000
Disbursements:										
Current:										
Instruction	2,817	-	-	-	-	42,778	266,078	-	6,237	-
Support services	-	-	3,022	-	-	5,169	20,367	-	-	20,000
Noninstructional services	-	-	-	-	-	-	1,000	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	19,449	2,243	-	-	-
Total disbursements	2,817	-	3,022	-	-	67,396	289,688	-	6,237	20,000
Excess (deficiency) of receipts over disbursements	(2,811)	-	2,405	-	74,336	(11,234)	-	-	(1,785)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(74,336)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(74,336)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,811)	-	2,405	-	-	(11,234)	-	-	(1,785)	-
Cash and investments - ending	\$ 8,081	\$ 87	\$ 6,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,977	\$ -

FRANKLIN COUNTY 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)

	Medicaid Reimbursement - Federal	Title II 2008-09	Title II 2010-11	Title II Part A 2011-12	Title I - Grants to LEAs	Education Jobs	QZAB FCHS Improvements & Renovations	Payroll	Totals
Cash and investments - beginning	\$ 28,728	\$ 25,484	\$ -	\$ -	\$ 9,593	\$ -	\$ -	\$ 156,701	\$ 13,225,216
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,704,972
Intermediate sources	-	-	-	-	-	-	-	-	595
State sources	-	-	-	-	-	-	-	-	17,106,455
Federal sources	19	-	110,504	-	98,632	-	-	-	1,131,975
Temporary loans	-	-	-	-	-	-	-	-	59,889
Interfund loans	-	-	3,691	-	-	-	-	-	369,451
Other	-	-	-	-	-	-	-	4,084,829	4,268,458
Total receipts	19	-	114,195	-	98,632	-	-	4,084,829	30,641,795
Disbursements:									
Current:									
Instruction	291	25,484	106,726	-	70,088	-	-	-	13,249,373
Support services	-	-	-	-	34,017	-	-	-	7,776,159
Noninstructional services	-	-	-	-	-	-	-	-	1,355,286
Facilities acquisition and construction	-	-	-	-	-	-	-	-	583,671
Debt services	-	-	-	-	-	-	-	-	1,979,030
Nonprogrammed charges	-	-	-	-	-	-	-	4,051,727	4,051,727
Interfund loans	-	-	3,691	-	-	-	-	-	369,451
Total disbursements	291	25,484	110,417	-	104,105	-	-	4,051,727	29,364,697
Excess (deficiency) of receipts over disbursements	(272)	(25,484)	3,778	-	(5,473)	-	-	33,102	1,277,098
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	149,789
Transfers out	-	-	-	-	-	-	-	-	(149,789)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(272)	(25,484)	3,778	-	(5,473)	-	-	33,102	1,277,098
Cash and investments - ending	\$ 28,456	\$ -	\$ 3,778	\$ -	\$ 4,120	\$ -	\$ -	\$ 189,803	\$ 14,502,314

FRANKLIN COUNTY 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 4,959,028	\$ 426,391	\$ -	\$ 5,624,357	\$ 2,509,815	\$ 233,159	\$ -	\$ 134,420	\$ 288,747	\$ -
Receipts:										
Local sources	108,360	1,988,165	-	2,136,165	2,611,907	210,289	-	489,100	-	-
Intermediate sources	148	-	-	-	-	-	-	-	-	-
State sources	16,615,028	-	-	-	-	-	-	11,103	250,739	-
Federal sources	-	-	-	-	-	-	-	560,569	-	-
Interfund loans	-	95,066	-	96,736	-	-	-	-	-	-
Other	1,312,049	-	-	-	11,382	-	-	32,452	-	-
Total receipts	<u>18,035,585</u>	<u>2,083,231</u>	<u>-</u>	<u>2,232,901</u>	<u>2,623,289</u>	<u>210,289</u>	<u>-</u>	<u>1,093,224</u>	<u>250,739</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	12,263,165	-	-	-	-	-	-	-	-	-
Support services	4,993,486	-	-	1,021,174	3,042,901	113,643	-	-	394,092	-
Noninstructional services	248,629	-	-	-	-	-	-	1,121,085	-	-
Facilities acquisition and construction	-	-	-	550,729	-	-	-	-	-	-
Debt services	-	1,550,439	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	95,066	-	95,066	-	-	-	-	-	-
Total disbursements	<u>17,505,280</u>	<u>1,645,505</u>	<u>-</u>	<u>1,666,969</u>	<u>3,042,901</u>	<u>113,643</u>	<u>-</u>	<u>1,121,085</u>	<u>394,092</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>530,305</u>	<u>437,726</u>	<u>-</u>	<u>565,932</u>	<u>(419,612)</u>	<u>96,646</u>	<u>-</u>	<u>(27,861)</u>	<u>(143,353)</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>530,305</u>	<u>437,726</u>	<u>-</u>	<u>565,932</u>	<u>(419,612)</u>	<u>96,646</u>	<u>-</u>	<u>(27,861)</u>	<u>(143,353)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 5,489,333</u>	<u>\$ 864,117</u>	<u>\$ -</u>	<u>\$ 6,190,289</u>	<u>\$ 2,090,203</u>	<u>\$ 329,805</u>	<u>\$ -</u>	<u>\$ 106,559</u>	<u>\$ 145,394</u>	<u>\$ -</u>

FRANKLIN COUNTY 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)

	Educational License Plates	Early Intervention Grant 09-10	Early Intervention Grant 10-11	Early Intervention Grant 11-12	Early Intervention Reading Recovery	High Ability Grant 11-12	Gifted/Talented Grant 2009-10	Gifted/Talented Grant 2010-11	Education Technology	Distance Learning
Cash and investments - beginning	\$ 15,882	\$ 34,427	\$ -	\$ -	\$ 5,878	\$ -	\$ -	\$ 13,178	\$ -	\$ 14,651
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	356	-	-	-	-	-	-	-	-	-
State sources	-	-	62,300	101,140	-	35,852	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	356	-	62,300	101,140	-	35,852	-	-	-	-
Disbursements:										
Current:										
Instruction	-	606	30,000	78,819	-	24,656	-	10,875	-	216
Support services	-	33,821	32,300	-	-	-	-	2,303	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	34,427	62,300	78,819	-	24,656	-	13,178	-	216
Excess (deficiency) of receipts over disbursements	356	(34,427)	-	22,321	-	11,196	-	(13,178)	-	(216)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	356	(34,427)	-	22,321	-	11,196	-	(13,178)	-	(216)
Cash and investments - ending	\$ 16,238	\$ -	\$ -	\$ 22,321	\$ 5,878	\$ 11,196	\$ -	\$ -	\$ -	\$ 14,435

FRANKLIN COUNTY 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)

	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Connect 2000	Echo 15- FCHS Biomed	Excess PTRC Distributions	Title I 2009-10	Title I 2010-11	Title I 2011-12	Drug Free Schools Grant 2009-10	Vocational and Technical Board Grants
Cash and investments - beginning	\$ 8,081	\$ 87	\$ 6,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,977	\$ -
Receipts:										
Local sources	-	-	-	40,000	54,916	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	4,932	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	254,310	397,696	1,049	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,932	40,000	54,916	-	254,310	397,696	1,049	-
Disbursements:										
Current:										
Instruction	979	-	-	10,287	-	-	211,334	340,568	3,026	-
Support services	-	-	6,929	-	-	-	20,481	32,052	-	-
Noninstructional services	-	-	-	-	-	-	4,550	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	17,945	-	-	-
Total disbursements	979	-	6,929	10,287	-	-	254,310	372,620	3,026	-
Excess (deficiency) of receipts over disbursements	(979)	-	(1,997)	29,713	54,916	-	-	25,076	(1,977)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	16,274	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	16,274	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(979)	-	(1,997)	29,713	54,916	-	-	41,350	(1,977)	-
Cash and investments - ending	\$ 7,102	\$ 87	\$ 4,082	\$ 29,713	\$ 54,916	\$ -	\$ -	\$ 41,350	\$ -	\$ -

FRANKLIN COUNTY 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)

	Medicaid Reimbursement - Federal	Title II 2008-09	Title II 2010-11	Title II Part A 2011-12	Title I - Grants to LEAs	Education Jobs	QZAB FCHS Improvements & Renovations	Payroll	Totals
Cash and investments - beginning	\$ 28,456	\$ -	\$ 3,778	\$ -	\$ 4,120	\$ -	\$ -	\$ 189,803	\$ 14,502,314
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,638,902
Intermediate sources	-	-	-	-	-	-	-	-	504
State sources	-	-	-	-	-	-	-	-	17,081,094
Federal sources	4,746	-	25,006	46,135	51,296	451,081	-	-	1,791,888
Interfund loans	-	-	-	-	-	-	-	-	191,802
Other	-	-	-	-	-	-	-	4,196,703	5,552,586
Total receipts	4,746	-	25,006	46,135	51,296	451,081	-	4,196,703	32,256,776
Disbursements:									
Current:									
Instruction	97	-	28,784	64,560	29,257	490,519	-	-	13,587,748
Support services	-	-	-	-	26,559	-	16,589	-	9,736,330
Noninstructional services	-	-	-	-	-	-	-	-	1,374,264
Facilities acquisition and construction	-	-	-	-	-	-	1,491,642	-	2,042,371
Debt services	-	-	-	-	-	-	22,497	-	1,572,936
Nonprogrammed charges	-	-	-	-	-	-	-	4,319,301	4,319,301
Interfund loans	-	-	-	-	-	-	-	-	208,077
Total disbursements	97	-	28,784	64,560	55,816	490,519	1,530,728	4,319,301	32,841,027
Excess (deficiency) of receipts over disbursements	4,649	-	(3,778)	(18,425)	(4,520)	(39,438)	(1,530,728)	(122,598)	(584,251)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	1,975,075	-	1,975,075
Transfers in	-	-	-	-	-	-	-	-	16,274
Total other financing sources (uses)	-	-	-	-	-	-	1,975,075	-	1,991,349
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,649	-	(3,778)	(18,425)	(4,520)	(39,438)	444,347	(122,598)	1,407,098
Cash and investments - ending	\$ 33,105	\$ -	\$ -	\$ (18,425)	\$ (400)	\$ (39,438)	\$ 444,347	\$ 67,205	\$ 15,909,412

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Franklin County School Building Corp (FCHS)	\$ 550,809	\$ 840,000	Debt Service
Franklin County Middle School Building Corp (BMS)	7,130,000	859,000	Debt Service
Franklin County Community School Building Corp (MTC/LES)	3,980,000	60,461	Debt Service
Notes and loans payable:			
Common School Loan A0474	2,898,000	275,310	Debt Service
Common School Loan A1489 (Technology)	59,889	20,830	Debt Service
Bonds payable:			
General obligation bonds:			
QZAB - FCHS Technology	<u>1,985,000</u>	<u>99,888</u>	Debt Service
Total debt	<u>\$ 16,603,698</u>	<u>\$ 2,155,490</u>	

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2012

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and buildings	\$ 38,285,771
Improvements other than buildings	968,317
Machinery and equipment	<u>10,069,402</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 49,323,490</u></u>

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed was accurate.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation's Central Office and should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

ORDINANCES AND RESOLUTIONS - SCHOOL LUNCH

The School Corporation has a policy regarding delinquent student account balances for school lunch. The policy states in part: "Students who have an outstanding balance of \$25 or more shall be given a peanut butter sandwich, milk and fruit until the balance is paid." We noted that 10 students at Laurel Elementary and 41 students at Brookville Elementary had outstanding balances exceeding \$25 and continued to be served regular student lunches.

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

GIFT CARDS - INTERNAL CONTROLS

The School Corporation purchased Amazon gift cards in the amount of \$7,250 in the month of September, and iTunes gift cards in the amount of \$2,500 in the month of May during the school year 2011-12. School Corporation officials stated that the cards were purchased and provided to staff to load electronic books and education "apps" onto the Kindles or iPads used by students and teachers. However, we noted the following internal control deficiencies:

1. There was no School Board authorization to allow for the use of gift cards as a means to make purchases.
2. No internal control system was implemented to identify the staff members provided the gift cards and there were no invoices or supporting documentation identifying the specific electronic books and education apps purchased.
3. There was no reconciliation provided by the staff members showing the dollar amount of the gift card received, actual purchases, and the resulting gift card balance.

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

The Indiana Department of Education, Division of School of School Finance, provided guidance to schools for making volume purchases of "apps" in a memorandum dated January 7, 2011. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 COUNTY COMMUNITY
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

Compliance

We have audited the Franklin County 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.

Internal Control Over Compliance

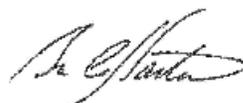
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal 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.

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.



Bruce Hartman
State Examiner

April 2, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

FRANKLIN COUNTY 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	FY 2010-11 FY 2011-12	\$ 108,504 -	\$ - 107,287
Total for program			<u>108,504</u>	<u>107,287</u>
National School Lunch Program	10.555	FY 2010-11 FY 2011-12	544,251 -	- 525,937
Total for program			<u>544,251</u>	<u>525,937</u>
Total for federal grantor agency			<u>652,755</u>	<u>633,224</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	10-2475 11-2475 12-2475	67,395 289,688 -	- 254,310 397,696
Total for program			<u>357,083</u>	<u>652,006</u>
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	2009-10 2010-11	10,657 93,449	- 55,416
Total for program			<u>104,106</u>	<u>55,416</u>
Total for cluster			<u>461,189</u>	<u>707,422</u>
Pass-Through Indiana Department of Education Special Education Cluster (IDEA) Special Education Grants to States	84.027	H027A0900084	-	70,000
Pass-Through Union County/College Corner Joint School District ARRA Special Education - Grants to States, Recovery Act	84.391	33310-013-SN01	94,302	12,471
ARRA Special Education - Preschool Grants, Recovery Act	84.392	44410-013-SN01	11,929	7,178
Total for cluster			<u>106,231</u>	<u>89,649</u>
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities State Grants	84.186	09-2475	6,236	3,026
Improving Teacher Quality State Grants	84.367	10-2475 11-2475	110,418 -	25,006 46,135
Total for program			<u>110,418</u>	<u>71,141</u>
Education Jobs Fund	84.410	2475	-	451,081
Total for federal grantor agency			<u>684,074</u>	<u>1,322,319</u>
Total federal awards expended			<u>\$ 1,336,829</u>	<u>\$ 1,955,543</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Franklin County Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial 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
School Breakfast Program	10.553	\$ 12,173	\$ 12,267
National School Lunch Program	10.555	60,598	60,100

FRANKLIN COUNTY 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?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Title I, Part A Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 2, 2013, with Dr. Debbie Howell, Superintendent of Schools; Sharon Pohman, Treasurer; and Robert Jewell, President of the School Board. The officials concurred with our audit findings.